

**HOUSE SUBSTITUTE FOR
SENATE BILL NO. 763**

A bill to amend 1994 PA 451, entitled "Natural resources and environmental protection act," by amending sections 1901, 1902, 1903, 1904, 1907, 1907a, and 1911 (MCL 324.1901, 324.1902, 324.1903, 324.1904, 324.1907, 324.1907a, and 324.1911), sections 1901 and 1903 as amended by 2018 PA 238, sections 1902 and 1907 as amended by 2018 PA 166, section 1904 as amended by 2002 PA 52, section 1907a as amended by 2012 PA 619, and section 1911 as added by 2010 PA 32; and to repeal acts and parts of acts.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

- 1** Sec. 1901. As used in this part:
- 2** (a) "Board" means the Michigan natural resources trust fund
- 3** board established in section 1905.

1 (b) "Local unit of ~~government~~ or ~~"local unit"~~ **GOVERNMENT OR**
2 **PUBLIC AUTHORITY**" means a county, city, township, village, school
3 district, the Huron-Clinton metropolitan authority, or any
4 authority composed of counties, cities, townships, villages, or
5 school districts, or any combination ~~thereof~~, **OF THESE ENTITIES**,
6 and legally constituted to provide public recreation.

7 (C) **"MICHIGAN STATE PARKS ENDOWMENT FUND" MEANS THE MICHIGAN**
8 **STATE PARKS ENDOWMENT FUND ESTABLISHED IN SECTION 35A OF ARTICLE IX**
9 **OF THE STATE CONSTITUTION OF 1963 AND PROVIDED FOR IN SECTION**
10 **74119.**

11 (D) ~~(e)~~ "Trust fund" means the Michigan natural resources
12 trust fund established in section 35 of article IX of the state
13 constitution of 1963.

14 Sec. 1902. (1) In accordance with section 35 of article IX of
15 the state constitution of 1963, the Michigan natural resources
16 trust fund is established in the state treasury. ~~The~~ **SUBJECT TO**
17 **SECTION 1904, THE** trust fund shall consist of all bonuses, rentals,
18 delayed rentals, and royalties collected or reserved by the state
19 under provisions of leases for the extraction of nonrenewable
20 resources from ~~state-owned~~ **STATE-OWNED** lands. However, the trust
21 fund shall not include bonuses, rentals, delayed rentals, and
22 royalties collected or reserved by the state from the following
23 sources:

24 (a) ~~State-owned~~ **STATE-OWNED** lands acquired with money
25 appropriated from the former game and fish protection fund or the
26 game and fish protection account of the Michigan conservation and
27 recreation legacy fund provided for in section 2010.

1 (b) ~~State owned~~ **STATE-OWNED** lands acquired with money
2 appropriated from the subfund account created by former section 4
3 of former 1976 PA 204.

4 (c) ~~State owned~~ **STATE-OWNED** lands acquired with money
5 appropriated from related federal funds made available to the state
6 under the Pittman-Robertson wildlife restoration act, 16 USC 669 to
7 669i, or the Dingell-Johnson sport fish restoration act, 16 USC 777
8 to 777m.

9 (d) Money received by the state from net proceeds allocable to
10 the nonconventional source production credit contained in section
11 45k of the internal revenue code of 1986, 26 USC 45k, as provided
12 for in section 503.

13 (2) ~~The~~ **IN ADDITION TO THE REVENUES DESCRIBED IN SUBSECTION**
14 **(1), THE** trust fund may receive appropriations, money, or other
15 things of value.

16 (3) The state treasurer shall direct the investment of the
17 trust fund. The state treasurer shall have the same authority to
18 invest the assets of the trust fund as is granted to an investment
19 fiduciary under the public employee retirement system investment
20 act, 1965 PA 314, MCL 38.1132 to 38.1141.

21 (4) The department shall annually prepare a report containing
22 an accounting of revenues and expenditures from the trust fund.
23 This report shall identify the interest and earnings of the trust
24 fund from the previous year, the cumulative total amount of
25 unexpended interest and earnings held by the trust fund, the
26 investment performance of the trust fund during the previous year,
27 and the total amount of appropriations from the trust fund during

1 the previous year. This report shall be provided to the senate and
2 house of representatives appropriations committees and the standing
3 committees of the senate and house of representatives with
4 jurisdiction over issues pertaining to natural resources and the
5 environment.

6 Sec. 1903. (1) Subject to the limitations of this part and of
7 section 35 of article IX of the state constitution of 1963, the
8 interest and earnings of the trust fund in any 1 state fiscal year
9 may be expended in subsequent state fiscal years only for the
10 following purposes:

11 (a) ~~The acquisition~~ **ACQUISITION** of land or rights in land for
12 recreational uses or protection of the land because of its
13 environmental importance or its scenic beauty.

14 (b) ~~The development~~ **DEVELOPMENT, RENOVATION, AND REDEVELOPMENT**
15 of public recreation facilities.

16 (c) ~~The administration~~ **ADMINISTRATION** of the **TRUST** fund,
17 including payments in lieu of taxes on state-owned land purchased
18 through the trust fund. The legislature shall make appropriations
19 from the trust fund each state fiscal year to make full payments in
20 lieu of taxes on state-owned land purchased through the trust fund,
21 as provided in section 2154.

22 (2) An expenditure from the trust fund may be made in the form
23 of a grant to a local unit of government or public authority,
24 subject to all of the following conditions:

25 (a) The grant is used for the purposes described in subsection
26 (1).

27 (b) The grant is matched by the local unit or public authority

1 with at least 25% of the total cost of the project.

2 (3) Not less than 25% of the ~~total amounts~~ **MONEY** made
3 available for expenditure from the trust fund from any state fiscal
4 year shall be expended for acquisition of land and rights in land
5 **FOR RECREATIONAL USES OR PROTECTION OF THE LAND BECAUSE OF ITS**
6 **ENVIRONMENTAL IMPORTANCE OR ITS SCENIC BEAUTY**, and not ~~more~~ **LESS**
7 than 25% of the ~~total amounts~~ **MONEY** made available for expenditure
8 from the trust fund from any state fiscal year shall be expended
9 for development, **RENOVATION, AND REDEVELOPMENT** of public recreation
10 facilities.

11 (4) If property that was acquired with money from the trust
12 fund is subsequently sold or transferred by this state to a
13 nongovernmental entity, this state shall forward to the state
14 treasurer for deposit into the trust fund an amount of money equal
15 to the following:

16 (a) If the property was acquired solely with trust fund money,
17 the greatest of the following:

18 (i) The net proceeds of the sale.

19 (ii) The fair market value of the property at the time of the
20 sale or transfer.

21 (iii) The amount of money that was expended from the trust
22 fund to acquire the property.

23 (b) If the property was acquired with a combination of trust
24 fund money and other restricted funding sources governed by federal
25 or state law, an amount equal to the percentage of the funds
26 contributed by the trust fund for the acquisition of the property
27 multiplied by the greatest of the amounts under subdivision (a) (i),

1 (ii), and (iii).

2 (5) This part is subject to section 2132a.

3 Sec. 1904. ~~The~~**UNTIL THE MICHIGAN STATE PARKS ENDOWMENT FUND**
 4 **REACHES AN ACCUMULATED PRINCIPAL OF \$800,000,000.00, THE** amount
 5 accumulated in the trust fund shall not exceed \$500,000,000.00,
 6 exclusive of interest and earnings and amounts authorized for
 7 expenditure under this part. Any amount of money that would be a
 8 part of the trust fund but for the limitation stated in this
 9 section shall be deposited in the Michigan state parks endowment
 10 fund created in section 74119, until the Michigan state parks
 11 endowment fund reaches an accumulated principal of \$800,000,000.00.
 12 After the Michigan state parks endowment fund reaches an
 13 accumulated principal of \$800,000,000.00, ~~any money that would be~~
 14 ~~part of the Michigan state parks endowment fund but for this~~
 15 ~~limitation shall be distributed as provided by law.~~**THE ACCUMULATED**
 16 **PRINCIPAL LIMIT FOR THE TRUST FUND PROVIDED IN THIS SECTION NO**
 17 **LONGER APPLIES AND THE REVENUES FROM BONUSES, RENTALS, DELAYED**
 18 **RENTALS, AND ROYALTIES DESCRIBED IN SECTION 1902 SHALL BE DEPOSITED**
 19 **INTO THE TRUST FUND FOR EXPENDITURE AS PROVIDED IN THIS PART.**

20 Sec. 1907. (1) The board shall determine which lands and
 21 rights in land within this state should be acquired **FOR**
 22 **RECREATIONAL USES OR PROTECTION OF LAND BECAUSE OF ITS**
 23 **ENVIRONMENTAL IMPORTANCE OR ITS SCENIC BEAUTY** and which public
 24 recreation facilities should be developed, **RENOVATED, AND**
 25 **REDEVELOPED** with money from the trust fund and shall submit to the
 26 legislature in January of each year a list of those lands and
 27 rights in land and those public recreation facilities that the

1 board has determined should be acquired or developed, **RENOVATED,**
2 **AND REDEVELOPED** with trust fund money, compiled in order of
3 priority. The list prepared under this subsection shall be based
4 upon the accounting of revenues available for expenditure as
5 described in the report prepared under section 1902(4) and upon
6 consideration of any consensus recommendation submitted under
7 subsection (2) that is consistent with section 35 of article 9 of
8 the state constitution of 1963.

9 (2) By December 1 of each year, the governor or his or her
10 designee, the state treasurer or his or her designee, the senate
11 majority leader or his or her designee, and the speaker of the
12 house of representatives or his or her designee, and 1 member of
13 the board selected by the board, shall meet and develop a consensus
14 recommendation to be submitted to the board on the amount of money
15 that should be made available to fund each of the following:

16 (a) Acquisitions under section 1903(1)(a).

17 (b) Development, **RENOVATION, AND REDEVELOPMENT** projects under
18 section 1903(1)(b).

19 (c) Administration of the trust fund under section 1903(1)(c).

20 (d) If there is additional money available after funding
21 recommendations are made for subdivisions (a), (b), and (c), an
22 amount that should be retained by the trust fund to mitigate
23 potential future investment return fluctuations.

24 (3) In preparing the list under subsection (1), the board
25 shall do all of the following:

26 (a) Give a preference to the following:

27 (i) A project or acquisition that is located within a ~~local~~

1 ~~unit of government~~ **CITY, VILLAGE, TOWNSHIP, OR COUNTY** that has
2 adopted a resolution in support of the project or acquisition.

3 (ii) The acquisition of land and rights in land for
4 recreational trails that intersect the downtown areas of cities and
5 villages.

6 (b) Identify each parcel of land that is recommended for
7 acquisition by legal description and include the estimated cost of
8 acquisition and assessed value.

9 (c) Provide a scoring of each parcel of land recommended for
10 acquisition individually.

11 (d) Give consideration to an acquisition that meets either or
12 both of the following:

13 (i) Is located within a county that contains 50% or more
14 privately owned land.

15 (ii) Allows motorized recreational use.

16 (4) In preparing the list of lands to be acquired or developed
17 under subsection (1), the following apply:

18 (a) The board shall not include an acquisition of land **OR**
19 **RIGHTS IN LAND** on the list if the board determines that the seller
20 was harassed, intimidated, or coerced into selling his or her land
21 **OR RIGHTS IN LAND** by the department, a local unit of government, or
22 a qualified conservation organization.

23 (b) A project or acquisition may be named in honor or memory
24 of an individual or organization.

25 (5) The list prepared under subsection (1) shall be
26 accompanied by estimates of total costs for the proposed
27 acquisitions and developments.

1 (6) The board shall supply with the ~~list~~**LISTS** prepared under
2 subsection (1) a statement of the guidelines used in listing and
3 assigning the priority of these proposed acquisitions and
4 developments, **RENOVATIONS, AND REDEVELOPMENTS.**

5 (7) The legislature shall approve by law the lands and rights
6 in land **TO BE ACQUIRED** and the public recreation facilities to be
7 ~~acquired or developed~~, **RENOVATED, OR REDEVELOPED** each year with
8 money from the trust fund.

9 (8) As used in this section, "qualified conservation
10 organization" means that term as it is defined in section 7o of the
11 general property tax act, 1893 PA 206, MCL 211.7o.

12 Sec. 1907a. (1) If within 2 years after a parcel of property
13 that is approved for acquisition or development, **RENOVATION, OR**
14 **REDEVELOPMENT** by the legislature has not been acquired or
15 developed, **RENOVATED, OR REDEVELOPED** in the manner determined by
16 the board and is not open for public use, the board shall report to
17 the standing committees of the senate and the house of
18 representatives with jurisdiction over issues related to natural
19 resources and the environment on the status of the project and the
20 reason why the property has not been purchased or developed,
21 **RENOVATED, OR REDEVELOPED** in the manner determined by the board.
22 The department shall post on its website a bimonthly report of
23 project status containing information described in this subsection.

24 (2) Following the appropriation of money from the trust fund,
25 if the public recreation project changes significantly, the board
26 shall submit the changes to the joint capital outlay subcommittee
27 of the legislature to review whether the proposed changed project

1 is consistent with the purpose of the appropriation. As used in
2 this subsection, "changes significantly" means changes to a project
3 such that the project would not have been funded had the change
4 been in place during the evaluation of the project.

5 Sec. 1911. (1) The local public recreation facilities fund is
6 created within the state treasury.

7 (2) The state treasurer may receive money or other assets from
8 any source for deposit into the local public recreation facilities
9 fund. The state treasurer shall direct the investment of the local
10 public recreation facilities fund. The state treasurer shall credit
11 to the local public recreation facilities fund interest and
12 earnings from local public recreation facilities fund investments.

13 (3) Money in the local public recreation facilities fund at
14 the close of the fiscal year shall remain in the local public
15 recreation facilities fund and shall not lapse to the general fund.

16 (4) The department of natural resources shall be the
17 administrator of the local public recreation facilities fund for
18 auditing purposes.

19 (5) The department of natural resources shall expend money
20 from the local public recreation facilities fund, upon
21 appropriation, only for grants to local units of government for the
22 development, **RENOVATION, AND REDEVELOPMENT** of public recreation
23 facilities pursuant to the same procedures of the board and
24 guidelines as apply under section 1907.

25 Enacting section 1. Section 1908 of the natural resources and
26 environmental protection act, 1994 PA 451, MCL 324.1908, is
27 repealed.

1 Enacting section 2. This amendatory act does not take effect
2 unless all of the following bills of the 99th Legislature are
3 enacted into law:

4 (a) Senate Bill No. 931.

5 (b) Senate Bill No. 932.

6 Enacting section 3. This amendatory act does not take effect
7 unless Senate Joint Resolution O of the 99th Legislature becomes a
8 part of the state constitution of 1963 as provided in section 1 of
9 article XII of the state constitution of 1963.