

Legislative Analysis



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House Bill 4035 as reported from committee

Sponsor: Rep. Scott VanSingel

Committee: Natural Resources and Outdoor Recreation

Complete to 3-24-21

Analysis available at
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BRIEF SUMMARY: House Bill 4035 would amend the Natural Resources and Environmental Protection Act (NREPA) to modify provisions concerning payments in lieu of taxes.

FISCAL IMPACT: House Bill 6466 is unlikely to affect costs or revenues for the Department of Natural Resources. The bill would not directly affect costs or revenues for local governments but would provide them with the opportunity to receive special assessment reimbursements from the state under certain conditions and prioritize disbursements for lake level assessments in the future.

THE APPARENT PROBLEM:

According to committee testimony, the special assessments under current payment in lieu of taxes arrangements are often not prioritized, with inadequate appropriations available to make the payments. Local commissioners who were supposed to receive the payments have had to sue the state for payment. Legislation had been offered to ensure that the special assessment payments are a priority in the allocation of payments in lieu of taxes.

THE CONTENT OF THE BILL:

Under NREPA, the Department of Treasury pays into the treasury of each county where tax-reverted, recreation, forest, or other lands under the control and supervision of the Department of Natural Resources are located a tax in an amount specified in the act. The act provides that the tax levied is in lieu of all other taxes levied against the state lands under any existing law.

The amount received by the county is currently distributed proportionally based on the number of acres of the lands located in each township and school district, with 50% distributed to the county general fund and 50% to the township general fund.

The bill would amend the distributions so that, for disbursements made on or after December 1, 2022, distributions to county boards for special assessments for lake level controls that were levied under Part 307 (Inland Lake Levels) of NREPA but have not been paid would receive priority. The remaining amount of the disbursement would be distributed with 50% to the county general fund and 50% to the township general fund.

MCL 324.2150

BACKGROUND INFORMATION:

Payments in lieu of taxes (PILT) are payments to local units of government from the State of Michigan in lieu of property taxes for the land owned by the state and administered by the DNR. The payments are made by the Department of Treasury, and only on those public lands administered by the DNR.¹

ARGUMENTS:**For:**

Supporters of the bill argue that making the special assessment payments under the payments in lieu of taxes that the state owes is essential to avoid unnecessary lawsuits and provides an adequate mechanism for the state to pay its obligations. Making these payments a priority in the law would ensure that the payments are made as necessary.

Against:

No arguments against the bill were presented during committee testimony.

POSITIONS:

Representatives of the Department of Natural Resources testified in support of the bill.
(3-11-21)

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Fiscal Analyst: Austin Scott

■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.

¹ https://www.michigan.gov/dnr/0,4570,7-350-79136_79262_80437---,00.html