

**SUBSTITUTE FOR
SENATE BILL NO. 280**

A bill to amend 1994 PA 451, entitled
"Natural resources and environmental protection act,"
by amending sections 1901, 1902, 1903, 1905, 1907, and 1907a (MCL
324.1901, 324.1902, 324.1903, 324.1905, 324.1907, and 324.1907a),
section 1901 as added by 1995 PA 60, sections 1902, 1905, 1907, and
1907a as amended by 2012 PA 619, and section 1903 as amended by
2011 PA 117, and by adding section 1907b.

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.
- 4 (b) "Economic development revenue bonds (oil and gas
- 5 revenues), series 1982A, dated December 1, 1982" includes bonds

1 refunding these bonds, provided that any refunding bonds mature no
2 later than September 1, 1994.

3 (c) "Local unit of government" means a county, city, township,
4 village, school district, the Huron-Clinton metropolitan authority,
5 or any authority composed of counties, cities, townships, villages,
6 or school districts, or any combination thereof, which authority is
7 legally constituted to provide public recreation.

8 (d) "Total expenditures" means the amounts actually expended
9 from the trust fund as authorized by section ~~1903(1) and (2)~~.1903.

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

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

22 (a) State owned lands acquired with money appropriated from
23 the former game and fish protection fund or the game and fish
24 protection account of the Michigan conservation and recreation
25 legacy fund provided for in section 2010.

26 (b) State owned lands acquired with money appropriated from
27 the subfund account created by former section 4 of former 1976 PA

1 204.

2 (c) State owned lands acquired with money appropriated from
3 related federal funds made available to the state under the
4 Pittman-Robertson wildlife restoration act, 16 USC 669 to ~~669k,~~
5 **669I**, or the Dingell-Johnson sport fish restoration act, 16 USC 777
6 to ~~777n-777M.~~

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

11 ~~——(2) Notwithstanding subsection (1), until the trust fund~~
12 ~~reaches an accumulated principal of \$500,000,000.00, \$10,000,000.00~~
13 ~~of the revenues from bonuses, rentals, delayed rentals, and~~
14 ~~royalties described in this section, but not including money~~
15 ~~received by the state from net proceeds allocable to the~~
16 ~~nonconventional source production credit contained in section 45k~~
17 ~~of the internal revenue code of 1986, 26 USC 45k, as provided for~~
18 ~~in section 503, otherwise dedicated to the trust fund that are~~
19 ~~received by the trust fund each state fiscal year shall be~~
20 ~~transferred to the state treasurer for deposit into the Michigan~~
21 ~~state parks endowment fund. However, until the trust fund reaches~~
22 ~~an accumulated principal of \$500,000,000.00, in any state fiscal~~
23 ~~year, not more than 50% of the total revenues from bonuses,~~
24 ~~rentals, delayed rentals, and royalties described in this section,~~
25 ~~but not including net proceeds allocable to the nonconventional~~
26 ~~source production credit contained in section 45k of the internal~~
27 ~~revenue code of 1986, 26 USC 45k, as provided in section 503,~~

1 otherwise dedicated to the trust fund that are received by the
 2 trust fund each state fiscal year shall be transferred to the
 3 Michigan state parks endowment fund. To implement this subsection,
 4 until the trust fund reaches an accumulated principal of
 5 \$500,000,000.00, the department shall transfer 50% of the money
 6 received by the trust fund each month pursuant to subsection (1) to
 7 the state treasurer for deposit into the Michigan state parks
 8 endowment fund. The department shall make this transfer on the last
 9 day of each month or as soon as practicable thereafter. However,
 10 not more than a total of \$10,000,000.00 shall be transferred in any
 11 state fiscal year pursuant to this subsection.

12 (2) ~~(3)~~—The trust fund may receive appropriations, money, or
 13 other things of value.

14 (3) ~~(4)~~—The state treasurer shall direct the investment of the
 15 trust fund. The state treasurer shall have the same authority to
 16 invest the assets of the trust fund as is granted to an investment
 17 fiduciary under the public employee retirement system investment
 18 act, 1965 PA 314, MCL 38.1132 to ~~38.1140m~~ **38.1141. TO MITIGATE**
 19 **AGAINST THE FLUCTUATION OF INVESTMENT PERFORMANCE, THE STATE**
 20 **TREASURER MAY ESTABLISH A STABILIZATION ACCOUNT WITHIN THE TRUST**
 21 **FUND CONSISTING OF INTEREST AND EARNINGS OF THE TRUST FUND.**

22 (4) ~~(5)~~—The department shall annually prepare a report
 23 containing an accounting of revenues and expenditures from the
 24 trust fund. This report shall identify the interest and earnings of
 25 the trust fund from the previous year, **THE CUMULATIVE TOTAL AMOUNT**
 26 **OF UNEXPENDED INTEREST AND EARNINGS HELD BY THE TRUST FUND, THE**
 27 **AMOUNT OF MONEY IN THE TRUST FUND'S STABILIZATION ACCOUNT, the**

1 investment performance of the trust fund during the previous year,
2 and the total amount of appropriations from the trust fund during
3 the previous year. This report shall be provided to the senate and
4 house of representatives appropriations committees and the standing
5 committees of the senate and house of representatives with
6 jurisdiction over issues pertaining to natural resources and the
7 environment.

8 ~~—— (6) As used in this section, "Michigan state parks endowment~~
9 ~~fund" means the Michigan state parks endowment fund established in~~
10 ~~section 35a of article IX of the state constitution of 1963 and~~
11 ~~provided for in section 74119.~~

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

17 (a) The acquisition of land or rights in land for recreational
18 uses or protection of the land because of its environmental
19 importance or its scenic beauty.

20 (b) The development of public recreation facilities.

21 (c) The administration of the fund, including **FULL FUNDING FOR**
22 **ALL** payments in lieu of taxes on state-owned land purchased through
23 the trust fund. The legislature shall make appropriations from the
24 trust fund each state fiscal year to make full payments in lieu of
25 taxes on state-owned land purchased through the trust fund, as
26 provided in section 2154.

27 ~~—— (2) In addition to the money described in subsection (1), 33-~~

1 ~~1/3% of the money, exclusive of interest and earnings, received by~~
2 ~~the trust fund in any state fiscal year may be expended in~~
3 ~~subsequent state fiscal years for the purposes described in~~
4 ~~subsection (1). However, the authorization for the expenditure of~~
5 ~~money provided in this subsection does not apply after the state~~
6 ~~fiscal year in which the total amount of money in the trust fund,~~
7 ~~exclusive of interest and earnings and amounts authorized for~~
8 ~~expenditure under this section, exceeds \$500,000,000.00.~~

9 (2) ~~(3)~~—An expenditure from the trust fund may be made in the
10 form of a grant to a local unit of government or public authority,
11 subject to all of the following conditions:

12 (a) The grant is used for the purposes described in subsection
13 (1).

14 (b) The grant is matched by the local unit of government or
15 public authority with at least 25% of the total cost of the
16 project.

17 (3) ~~(4)~~—Not less than 25% of the total amounts made available
18 for expenditure from the trust fund from any state fiscal year
19 shall be expended for acquisition of land and rights in land, and
20 not more than 25% of the total amounts made available for
21 expenditure from the trust fund from any state fiscal year shall be
22 expended for development of public recreation facilities.

23 (4) ~~(5)~~—If property that was acquired with money from the
24 trust fund is subsequently sold or transferred by ~~the~~**THIS** state,
25 ~~to a nongovernmental entity, the~~**THIS** state shall forward to the
26 state treasurer for deposit into the trust fund an amount of money
27 equal to the following:

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

3 (i) The net proceeds of the sale.

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

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

8 (b) If the property was acquired with a combination of trust
9 fund money and other restricted funding sources governed by federal
10 or state law, an amount equal to the percentage of the funds
11 contributed by the trust fund for the acquisition of the property
12 multiplied by the greatest of the amounts under subdivision (a) (i),
13 (ii), and (iii).

14 Sec. 1905. (1) The Michigan natural resources trust fund board
15 is established within the department. The board ~~shall have~~**HAS** the
16 powers and duties of an agency transferred under a type I transfer
17 pursuant to section 3 of the executive organization act of 1965,
18 1965 PA 380, MCL 16.103. The board shall be administered under the
19 supervision **OF THE** department and the department shall offer its
20 cooperation and aid to the board and shall provide suitable offices
21 and equipment for the board.

22 (2) The board ~~shall consist~~**CONSISTS** of 5 members. The members
23 shall include the director or a member of the commission as
24 determined by the commission, and 4 residents of ~~the~~**THIS** state to
25 be appointed by the governor with the advice and consent of the
26 senate.

27 (3) The terms of the appointive members ~~shall be~~**ARE** 4 years,

1 except that of those first appointed, 1 shall be appointed for 1
2 year, 1 shall be appointed for 2 years, 1 shall be appointed for 3
3 years, and 1 shall be appointed for 4 years.

4 (4) The appointive members may be removed by the governor for
5 inefficiency, neglect of duty, or malfeasance in office.

6 (5) Vacancies on the board shall be filled for the unexpired
7 term in the same manner as the original appointments.

8 (6) The board may incur expenses necessary to carry out its
9 powers and duties under this part and shall compensate its members
10 for actual expenses incurred in carrying out their official duties.

11 Sec. 1907. (1) The board shall ~~determine~~**CONSIDER** which lands
12 and rights in land within ~~the~~**THIS** state should be acquired and
13 which public recreation facilities should be developed with money
14 from the trust fund and shall submit **ITS RECOMMENDATION** to the
15 legislature ~~in January of each year~~ a list of those lands and
16 rights in land and those public recreation facilities that the
17 board ~~has determined~~**RECOMMENDS** should be acquired or developed
18 with trust fund money, compiled in order of priority. **THE LIST**
19 **PREPARED UNDER THIS SUBSECTION SHALL BE BASED UPON THE ACCOUNTING**
20 **OF REVENUES AVAILABLE FOR EXPENDITURE AS DESCRIBED IN THE REPORT**
21 **PREPARED UNDER SECTION 1902(4) AND SHALL CONTAIN PROPOSED**
22 **APPROPRIATIONS FOR THE DEVELOPMENT OF PUBLIC RECREATION FACILITIES**
23 **EQUAL TO 25% OF THE INTEREST AND EARNINGS OF THE TRUST FUND FROM**
24 **THE PREVIOUS YEAR. IN ADDITION, IF THE BOARD HAS RECEIVED OTHER**
25 **APPLICATIONS FOR THE DEVELOPMENT OF PUBLIC RECREATION FACILITIES**
26 **THAT MEET THE REQUIREMENTS OF THIS PART, THE BOARD SHALL PROPOSE**
27 **THE USE OF UP TO 25% OF THE MONEY IN THE STABILIZATION ACCOUNT**

1 ESTABLISHED IN SECTION 1902(3) TO FUND THOSE PROJECTS. In preparing
2 the list under this subsection, the board shall do all of the
3 following:

4 (A) GIVE CONSIDERATION TO THE PURCHASE OF RIGHTS IN LAND
5 PREVIOUSLY PURCHASED WITH FEDERAL FUNDS OR OTHER RESTRICTED STATE
6 FUNDS IN A MANNER THAT ALLOWS RESTRICTIONS TO BE REMOVED TO PROVIDE
7 FOR GREATER USE OF THE PROPERTY.

8 (B) GIVE CONSIDERATION TO THE REIMBURSEMENT OF FEDERAL FUNDS
9 THAT WERE USED TO PURCHASE RIGHTS IN LAND IN A MANNER THAT ALLOWS
10 RESTRICTIONS TO BE REMOVED TO PROVIDE FOR GREATER USE OF THE
11 PROPERTY.

12 (C) GIVE CONSIDERATION TO FUNDING THE ACQUISITION OF LAND OR
13 RIGHTS IN LAND UNDER SECTION 1903(1)(A) FOR LAND THAT HAS ALREADY
14 BEEN DEVELOPED FOR RECREATION PURPOSES OR THAT IS PROPOSED FOR
15 DEVELOPMENT FOR RECREATION PURPOSES. HOWEVER, LAND OR RIGHTS IN
16 LAND ARE ELIGIBLE FOR ACQUISITION UNDER THIS SUBDIVISION ONLY IF
17 THE LAND IS NOT CURRENTLY MANAGED FOR PUBLIC OUTDOOR RECREATION.

18 (D) ~~(a)~~—Give a preference to the following:

19 (i) A project or acquisition that is located within a local
20 unit of government that has adopted a resolution in support of the
21 project or acquisition.

22 (ii) The acquisition of land and rights in land for
23 recreational trails that intersect the downtown areas of cities and
24 villages.

25 (E) ~~(b)~~—Identify each parcel of land that is recommended for
26 acquisition by legal description and include the estimated cost of
27 acquisition and assessed value.

1 (F) FOR EACH PARCEL OF LAND THAT IS RECOMMENDED FOR
2 ACQUISITION BY THE DEPARTMENT, INCLUDE BOTH OF THE FOLLOWING:

3 (i) THE PROVISIONS OF THE STRATEGIC PLAN PROVIDED FOR IN
4 SECTION 503 APPLICABLE TO THAT PARCEL AND A DESCRIPTION OF HOW THE
5 ACQUISITION OF THAT LAND WILL BE CONSISTENT WITH THE STRATEGIC
6 PLAN.

7 (ii) ALL RESTRICTIONS ON ACCESS TO THE LAND OR USES OF THE
8 LAND THAT THE DEPARTMENT INTENDS TO IMPOSE IF THE LAND IS ACQUIRED
9 BY THE DEPARTMENT.

10 (G) ~~(e)~~ Provide a scoring of each parcel of land THAT MEETS
11 THE REQUIREMENTS OF THIS PART recommended for acquisition AND A
12 SCORING OF EACH PROJECT RECOMMENDED FOR DEVELOPMENT OF PUBLIC
13 RECREATION FACILITIES THAT MEETS THE REQUIREMENTS OF THIS PART,
14 individually.

15 (H) ~~(d)~~ Give consideration to an acquisition that meets either
16 or both of the following:

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

19 (ii) Allows motorized recreational use.

20 (2) In preparing the list of lands to be acquired or developed
21 under subsection (1), the following apply:

22 (a) The board shall not include an acquisition of land on the
23 list if the board determines that the seller was harassed,
24 intimidated, or coerced into selling his or her land by the
25 department, a local unit of government, or a qualified conservation
26 organization.

27 (b) A project or acquisition may be named in honor or memory

1 of an individual or organization.

2 (3) The list prepared under subsection (1) shall be
3 accompanied by estimates of total costs for the proposed
4 acquisitions and developments.

5 (4) The board shall supply with the list prepared under
6 subsection (1) a statement of the guidelines used in listing and
7 assigning the priority of these proposed acquisitions and
8 developments.

9 (5) The legislature shall ~~approve by law the~~ **APPROPRIATE MONEY**
10 **FOR THE FUNDING OF** lands and rights in land and the public
11 recreation facilities to be acquired or developed each year with
12 money from the trust fund. **THE LEGISLATURE MAY INCLUDE IN THIS**
13 **APPROPRIATION ALL OR A PORTION OF THE MONEY HELD IN THE**
14 **STABILIZATION ACCOUNT AUTHORIZED UNDER SECTION 1902(3). HOWEVER,**
15 **THE LEGISLATURE SHALL NOT FUND A PROJECT THAT HAS NOT BEEN SCORED**
16 **BY THE BOARD UNDER SECTION 1907.**

17 (6) As used in this section, "qualified conservation
18 organization" means that term as it is defined in section 70 of the
19 general property tax act, 1893 PA 206, MCL 211.70.

20 Sec. 1907a. (1) **FOLLOWING THE APPROPRIATION OF MONEY UNDER**
21 **SECTION 1907 FOR USE AS A GRANT TO A LOCAL UNIT OF GOVERNMENT OR**
22 **PUBLIC AUTHORITY, BUT PRIOR TO THE RELEASE OF THAT MONEY, THE**
23 **DEPARTMENT SHALL ENTER INTO A GRANT AGREEMENT WITH THE RECIPIENT OF**
24 **THE GRANT. THE GRANT AGREEMENT MUST INCLUDE THE FOLLOWING**
25 **PROVISIONS:**

26 (A) **AN ANNUAL ACCOUNTING OF THE EXPENDITURE OF THE GRANT**
27 **PROCEEDS.**

1 (B) IF THE PROJECT HAS NOT BEEN COMPLETED AND THE GRANT HAS
2 NOT BEEN TERMINATED WITHIN 2 YEARS, THE RECIPIENT OF THE GRANT MUST
3 REQUEST AN EXTENSION OF THE GRANT AGREEMENT FROM THE DEPARTMENT.

4 THIS REQUEST MUST INCLUDE BOTH OF THE FOLLOWING:

5 (i) THE STATUS OF THE PROJECT.

6 (ii) REASONS WHY THE EXTENSION IS NEEDED.

7 (C) AT THE DISCRETION OF THE DEPARTMENT, THE EXTENSION REQUEST
8 MAY BE GRANTED.

9 (D) IF THE DEPARTMENT DETERMINES PROGRESS IS NOT BEING MADE ON
10 THE PROJECT AND THE PROJECT IS NOT LIKELY TO BE COMPLETED, THE
11 DEPARTMENT WILL TERMINATE THE GRANT AGREEMENT AND THE RECIPIENT OF
12 THE GRANT WILL BE REQUIRED TO WITHDRAW THE PROJECT AND IMMEDIATELY
13 RETURN THE ENTIRE PROCEEDS OF THE GRANT.

14 (2) WITHIN 30 DAYS AFTER ENTERING INTO A GRANT AGREEMENT UNDER
15 SUBSECTION (1) FOR THE DEVELOPMENT OF PUBLIC RECREATION FACILITIES,
16 THE DEPARTMENT SHALL RELEASE TO THE GRANT RECIPIENT THE ENTIRE
17 AMOUNT OF MONEY APPROPRIATED FOR THE GRANT.

18 (3) IF A GRANT AGREEMENT IS TERMINATED UNDER SUBSECTION (1),
19 THE ATTORNEY GENERAL, ON BEHALF OF THE DEPARTMENT, MAY BRING AN
20 ACTION TO RECOVER THE PROCEEDS OF THE GRANT.

21 (4) ~~(1) If within 2 years after a parcel of property that is~~
22 ~~approved for acquisition or development by the legislature has not~~
23 ~~been acquired or developed in the manner determined by the board~~
24 ~~and is not open for public use, the~~ **THE** board shall report to the
25 standing committees of the senate and the house of representatives
26 with jurisdiction over issues related to natural resources and the
27 environment ~~on the status of the project and the reason why the~~

1 ~~property has not been purchased or developed in the manner~~
2 ~~determined by the board.~~ **INFORMATION RECEIVED RELATED TO SUBSECTION**
3 **(1) (A) TO (D).** The department shall post on its website a bimonthly
4 report of project status ~~containing~~ **OF ALL OPEN PROJECTS FUNDED BY**
5 **THE TRUST FUND, INCLUDING** information described in this subsection.

6 (5) ~~(2)~~ Following the appropriation of money from the trust
7 fund, if ~~the~~ **A** public recreation project changes significantly, the
8 board shall submit the changes to the joint capital outlay
9 subcommittee of the legislature to review whether the proposed
10 changed project is consistent with the purpose of the
11 appropriation. As used in this subsection, "changes significantly"
12 means changes to a project such that the project would not have
13 been funded had the change been in place during the evaluation of
14 the project.

15 **SEC. 1907B. (1) EXCEPT FOR LAND PURCHASED ENTIRELY WITH**
16 **FUNDING FROM THE LAND EXCHANGE FACILITATION FUND CREATED IN SECTION**
17 **2134, THE DEPARTMENT SHALL NOT ACQUIRE LAND IN THIS STATE WITH**
18 **FUNDING FROM ANY SOURCE UNLESS THE DEPARTMENT HAS FIRST SUBMITTED**
19 **AN APPLICATION FOR FUNDING FROM THE TRUST FUND AND FUNDING FROM THE**
20 **TRUST FUND FOR THE ACQUISITION OF THAT LAND HAS BEEN DENIED.**

21 (2) UPON ACQUISITION OF LAND WITH MONEY FROM THE TRUST FUND,
22 THE DEPARTMENT SHALL MANAGE THAT LAND CONSISTENT WITH THE
23 RESTRICTIONS ON ACCESS AND USE OF THE LAND THAT WERE IDENTIFIED IN
24 SECTION 1907(1)(H). THE DEPARTMENT MAY CHANGE THE RESTRICTIONS ON
25 ACCESS OR USE OF THE LAND ONLY IF BOTH OF THE FOLLOWING CONDITIONS
26 ARE MET:

27 (A) THE GOVERNING BODY OF EACH CITY, VILLAGE, OR TOWNSHIP IN

1 WHICH THE LAND IS LOCATED ADOPTS A RESOLUTION IN SUPPORT OF THE
2 CHANGES.

3 (B) THE NATURAL RESOURCES COMMISSION APPROVES THE CHANGES.