



Senate Fiscal Agency
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BILL ANALYSIS



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Senate Bill 280 (Substitute S-1 as reported)
Sponsor: Senator Darwin L. Booher
Committee: Appropriations

CONTENT

The bill would amend Part 19 (Natural Resources Trust Fund) of the Natural Resources and Environmental Protection Act to do the following:

- Remove the requirement that while the Michigan Natural Resources Trust Fund (MNRTF) has a corpus balance below \$500.0 million, \$10.0 million be transferred from the MNRTF to the State Parks Endowment Fund each year.
- Remove the requirement that as long as the corpus balance of the MNRTF is less than \$500.0 million, not more than one-third of money received by the MNRTF, exclusive of interest and earnings, be spent each year.
- Allow the State Treasurer to establish a stabilization reserve in the MNRTF to mitigate against fluctuation in investment returns, and require the Department of Natural Resources (DNR) to include the amount in the stabilization reserve in the Department's annual report on the MNRTF.
- Allow the MNRTF to be used to fully fund all payments in lieu of taxes on State-owned land purchased through the MNRTF.
- Require that the list of projects recommended by the MNRTF Board for funding be based on the accounting of revenue available for expenditure as reflected in the DNR's annual report, and that proposed appropriations for public recreation facilities equal 25% of the prior year's interest and earnings from the MNRTF, and 25% of any additional proposed appropriations.
- Allow the MNRTF to be used for the purchase of land or rights in land previously purchased with Federal or other restricted funds, and for reimbursement of Federal funds used to purchase land or rights in land, to provide for greater use of the land.
- Allow acquisitions to include land that has already been developed or proposed for development for public recreation facilities.
- Require that for each parcel of land recommended for acquisition, the DNR provide a description of how it would be consistent with the Strategic Plan, and any land use restrictions the DNR intended to impose.
- Require the MNRTF Board's list of recommended projects to include the DNR's scoring of development projects (in addition to the scoring of acquisition projects).
- Prohibit the Legislature from appropriating money from the MNRTF for a project that had not been scored by the MNRTF Board.
- Allow the Legislature to appropriate all or a portion of the money held in the stabilization account of the MNRTF.
- Require the DNR, before MNRTF funds were released to a grantee, to enter into an agreement with the recipient including an annual accounting of grant expenditures, and if the project were not completed within two years, a requirement that the grant recipient request an extension.
- Allow the DNR to terminate a grant agreement if progress were not being made and the project were not likely to be completed, and allow the Attorney General to bring action to recover the grant.

- Require the DNR, before purchasing land using any fund source other than the Land Exchange Facilitation Fund, to first apply for an MNRTF grant, and proceed with the purchase using other fund sources only if the grant request were denied.
- Require the DNR to release funds to the recipient of a development grant within 30 days after entering into a grant agreement.
- Limit members of the MNRTF Board to two terms.

Additionally, the bill would allow land use restrictions on land purchased with MNRTF money to be changed only if the local government where the land was located adopted a resolution in support of the change and if the Natural Resources Commission approved the change.

MCL 324.1901 et al.

FISCAL IMPACT

The bill would have a neutral fiscal impact on the Department of Natural Resources and on local units of government. Generally, the bill would likely increase the number of projects recommended by the MNRTF Board each year. To the extent that the Legislature appropriated funding for the potentially increased number of projects, the spendable balance in the MNRTF, which was about \$78.7 million at the end of fiscal year 2016-17, would decrease over time. Once that spendable balance was reduced, the dollar amount of projects funded each year would not be substantially different than if the bill were not enacted, and would depend on interest and earnings on the corpus balance of the MNRTF. The corpus balance of the MNRTF is \$500.0 million, and typically yields investment interest of about 5.0% per year, or about \$25.0 million.

Date Completed: 5-17-17

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