



HOUSE BILL No. 5246

December 17, 1993, Introduced by Reps. Bodem, Yokich, Alley, Middaugh, Brackenridge, Gnodtke, Jamian, McManus, Gernaat, Goschka, Dalman, Hill, McNutt, Murphy, Freeman, Randall, Bender, Clack, Shepich, Byrum, Wetters, Weeks and Profit and referred to the Committee on Conservation, Environment and Great Lakes.

A bill to amend sections 3, 4, 5, and 6 of Act No. 101 of the Public Acts of 1985, entitled "Michigan natural resources trust fund act," being sections 318.503, 318.504, 318.505, and 318.506 of the Michigan Compiled Laws.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Sections 3, 4, 5, and 6 of Act No. 101 of the
2 Public Acts of 1985, being sections 318.503, 318.504, 318.505,
3 and 318.506 of the Michigan Compiled Laws, are amended to read as
4 follows:

5 Sec. 3. (1) ~~The~~ EXCEPT AS PROVIDED IN SUBSECTION (2), THE
6 Michigan natural resources trust fund is established in the state
7 treasury. The trust fund shall consist of all bonuses, rentals,
8 delayed rentals, and royalties collected or reserved by the state
9 under provisions of leases for the extraction of nonrenewable

1 resources from state owned lands. However, the trust fund shall
2 not include bonuses, rentals, delayed rentals, and royalties col-
3 lected or reserved by the state from the following sources:

4 (a) State owned lands acquired with money appropriated from
5 the game and fish protection fund.

6 (b) State owned lands acquired with money appropriated from
7 the subfund account created by former section 4 of the Kammer
8 recreational land trust fund act of 1976, Act No. 204 of the
9 Public Acts of 1976.

10 (c) State owned lands acquired with money appropriated from
11 related federal funds made available to the state under 16
12 U.S.C. 669 to 669i or 16 U.S.C. 777 to 777k.

13 (2) NOTWITHSTANDING SUBSECTION (1), BEGINNING OCTOBER 1,
14 1994, \$10,000,000.00 OF THE REVENUES FROM BONUSES, RENTALS,
15 DELAYED RENTALS, AND ROYALTIES DESCRIBED IN THIS SECTION OTHER-
16 WISE DEDICATED TO THE TRUST FUND THAT ARE RECEIVED BY THE STATE
17 EACH YEAR SHALL BE DEPOSITED INTO THE MICHIGAN STATE PARKS ENDOW-
18 MENT FUND CREATED IN SECTION 11A OF ACT NO. 149 OF THE PUBLIC
19 ACTS OF 1960, BEING SECTION 318.311A OF THE MICHIGAN COMPILED
20 LAWS. HOWEVER, IN ANY YEAR, NOT MORE THAN 50% OF THE TOTAL REVE-
21 NUES FROM BONUSES, RENTALS, DELAYED RENTALS, AND ROYALTIES
22 DESCRIBED IN THIS SECTION THAT ARE RECEIVED BY THE STATE SHALL BE
23 DEPOSITED INTO THE MICHIGAN STATE PARKS ENDOWMENT FUND.

24 (3) ~~-(2)-~~ In addition to the contents of the trust fund
25 described in subsection (1), the trust fund shall consist of
26 money transferred to the trust fund pursuant to section 12.

1 (4) ~~-(3)-~~ The trust fund may receive appropriations, money,
2 or other things of value.

3 (5) ~~-(4)-~~ The state treasurer shall direct the investment of
4 the trust fund.

5 Sec. 4. (1) Subject to the limitations of this act and of
6 section 35 of article IX of the state constitution of 1963, the
7 interest and earnings of the trust fund in any 1 state fiscal
8 year may be expended in ~~the following~~ SUBSEQUENT state fiscal
9 ~~year~~ YEARS only for the following purposes:

10 (a) The acquisition of land or rights in land for recrea-
11 tional uses or protection of the land because of its environmen-
12 tal importance or its scenic beauty.

13 (b) The development of public recreation facilities.

14 (c) The administration of the fund, including payments in
15 lieu of taxes on state owned land purchased through the trust
16 fund.

17 (2) In addition to the money described in subsection (1),
18 33-1/3% of the money, exclusive of interest and earnings,
19 received by the trust fund in any state fiscal year may be
20 expended in the following state fiscal year for the purposes
21 described in subsection (1). However, the authorization for the
22 expenditure of money provided in this subsection ~~shall~~ DOES not
23 apply after the fiscal year in which the total amount of money in
24 the trust fund, exclusive of interest and earnings, exceeds ~~the~~
25 ~~limitation on the fund prescribed in section 6~~ \$200,000,000.00.

1 (3) An expenditure from the trust fund may be made in the
2 form of a grant to a local unit of government, subject to the
3 following conditions:

4 (a) The grant is used for the purposes described in
5 subsection (1) and meets the requirements of either subdivision
6 (b) or (c).

7 (b) A grant for the purposes described in subsection (1)(a)
8 is matched by the local unit of government or public authority
9 with at least 25% of the total cost of the project.

10 (c) A grant for the purposes described in subsection (1)(b)
11 is matched by the local unit of government with 25% or more of
12 the total cost of the project.

13 (4) Not less than 25% of the total expenditures from the
14 trust fund in any fiscal year shall be expended for acquisition
15 of land and rights in land, and not more than 25% of the total
16 expenditures from the trust fund in any fiscal year shall be
17 expended for development of public recreation facilities.

18 (5) During the first 3 fiscal years after the effective date
19 of this act, not less than 15% of the total expenditures from the
20 trust fund shall be expended for development of public recrea-
21 tional facilities. However, at the request of the legislature or
22 the governor, the board may suspend the requirement of this sub-
23 section in order to permit the acquisition of land or rights in
24 land of exceptional statewide significance.

25 Sec. 5. (1) The money received by the trust fund as
26 bonuses, rentals, delayed rentals, and royalties from the term
27 mineral interest previously held by the heritage trust under

1 former Act No. 327 of the Public Acts of 1982 shall be
2 distributed in the following order of priority:

3 (a) ~~For~~ UNTIL SEPTEMBER 30, 1994, FOR deposit in the
4 Michigan economic development fund created by section 5 of Act
5 No. 70 of the Public Acts of 1982, being section 125.1905 of the
6 Michigan Compiled Laws, or its successor, on the first day of
7 each calendar quarter until the date on which the Michigan eco-
8 nomic development authority or its successor makes the final pay-
9 ment of principal and interest on its economic development reve-
10 nue bonds (oil and gas revenues), series 1982A, dated December 1,
11 1982:

12 (i) \$3,750,000.00, through September 30, 1987.

13 (ii) \$5,000,000.00, after September 30, 1987.

14 (b) For deposit in the research center fund created by
15 section 27 of Act No. 70 of the Public Acts of 1982, being sec-
16 tion 125.1927 of the Michigan Compiled Laws, or its successor,
17 \$1,000,000.00 on the first day of each calendar quarter up to a
18 total of \$25,000,000.00, less the total amount deposited in the
19 research center fund and its successor, if any, before ~~the~~
20 ~~effective date of this act~~ OCTOBER 1, 1985.

21 (2) If a quarterly payment is less than the amounts speci-
22 fied in subsection (1)(a) and (b), other payments within the
23 fiscal year of the state shall be increased so that the total
24 quarterly payments in the fiscal year shall equal the aggregate
25 quarterly payments for that fiscal year as specified in
26 subsection (1) and to the extent that funds are available. On
27 each quarterly payment date, priority shall be given to the

1 payments for the Michigan economic development fund or its
2 successor. However, payments not made within the fiscal year
3 shall not be carried forward to increase the quarterly amounts
4 specified in subsection (1)(a) and (b) in any succeeding fiscal
5 year.

6 (3) The amounts transferred pursuant to subsection (1)(a)
7 shall be deposited in accounts as provided by the master bond
8 resolution for the economic development revenue bonds (oil and
9 gas revenues), series 1982A, dated December 1, 1982. However, to
10 the extent that any portion of the amounts transferred pursuant
11 to subsection (1)(a) is deposited in the surplus account estab-
12 lished by the master bond resolution, that portion shall be
13 subject to the following:

14 (a) During each of the state fiscal years beginning after
15 September 30, 1985, and through the state fiscal year beginning
16 October 1, 1992, the receipts and balance of the surplus account,
17 up to \$5,250,000.00 annually, shall be utilized for the autho-
18 rized purposes of the Michigan economic development fund created
19 by section 5 of Act No. 70 of the Public Acts of 1982, or its
20 successor.

21 (b) During each of the state fiscal years beginning after
22 September 30, 1985, and through the state fiscal year beginning
23 October 1, 1990, the receipts and balance of the surplus account,
24 up to \$2,667,000.00 annually, shall be utilized by the Michigan
25 economic development authority, or its successor, for the pur-
26 poses of the research center fund created by Act No. 70 of the
27 Public Acts of 1982, or its successor.

1 (c) If the maximum amounts described in subdivisions (a) and
2 (b) are not available in any state fiscal year, the available
3 funds shall be divided for the purposes described in subdivisions
4 (a) and (b) in the same proportion as the maximum amounts are
5 allocated in subdivisions (a) and (b). If the maximum amounts
6 described in subdivisions (a) and (b) are not available in any 1
7 or more fiscal years, the deficiency or deficiencies shall be
8 recaptured for utilization in any state fiscal year commencing
9 before October 1, 1994, when the amount of the deficiencies
10 becomes available.

11 (d) During each of the state fiscal years beginning after
12 September 30, 1990, and through the state fiscal year beginning
13 October 1, 1993, the receipts and balance of the surplus account,
14 to the extent that they exceed the annual distributions described
15 in subdivisions (a) and (b) and up to \$5,000,000.00 annually, or
16 up to the sum of \$5,000,000.00 and the amount by which the amount
17 available under this subdivision during the previous state fiscal
18 year was less than \$5,000,000.00, whichever is greater, may be
19 authorized by the legislature to be utilized for the purposes
20 authorized by law for either the research center fund or its suc-
21 cessor, or the Michigan economic development fund or its succes-
22 sor, or may be divided for both purposes.

23 (e) Any amount remaining in the surplus account after the
24 distributions described in subdivisions (a), (b), (c), and (d)
25 have been made shall be retained in the surplus account until the
26 date on which the Michigan economic development authority or its
27 successor makes the final payment of principal and interest on

1 its economic development revenue bonds (oil and gas revenues),
2 series 1982A, dated December 1, 1982, and then shall be deposited
3 in the trust fund.

4 (4) After all of the distributions described in subsections
5 (1) and (2) have been made for a state fiscal year, the balance
6 of any money received BY THE TRUST FUND as bonuses, rentals,
7 delayed rentals, and royalties from the term mineral interest
8 previously held by the heritage trust shall be retained by the
9 trust fund, subject to the limitations described in section 6,
10 and shall be available to be expended as provided in section 4.

11 (5) The deposits required in subsections (1)(a) and (b)
12 and (2) shall be made by the state treasurer, at the direction of
13 the bondholder protection board created in section 11. The bond-
14 holder protection board shall file a report with the board imme-
15 diately after directing that any deposits required in
16 subsections (1)(a) and (b) and (2) be made, stating the amounts
17 of money deposited, the date the deposits were made, and the
18 extent to which subsection (2) has been applied. Before
19 January 9 of each year, the bondholder protection board shall
20 report to the board detailing the operations of the bondholder
21 protection board for the most recently completed state fiscal
22 year.

23 Sec. 6. The amount accumulated in the trust fund shall not
24 exceed ~~\$200,000,000.00~~ \$400,000,000.00, exclusive of interest
25 and earnings. Any amount of money that would be a part of the
26 trust fund but for the limitation stated in this section shall be
27 deposited ~~as provided by law~~ IN THE MICHIGAN STATE PARKS

1 ENDOWMENT FUND CREATED IN SECTION 11A OF ACT NO. 149 OF THE
2 PUBLIC ACTS OF 1960, BEING SECTION 318.311A OF THE MICHIGAN
3 COMPILED LAWS, UNTIL THE MICHIGAN STATE PARKS ENDOWMENT FUND
4 REACHES AN ACCUMULATED PRINCIPAL OF \$800,000,000.00. AFTER THE
5 MICHIGAN STATE PARKS ENDOWMENT FUND REACHES AN ACCUMULATED PRIN-
6 CIPAL OF \$800,000,000.00, ANY MONEY THAT WOULD BE PART OF THE
7 MICHIGAN STATE PARKS ENDOWMENT FUND BUT FOR THIS LIMITATION,
8 SHALL BE DISTRIBUTED AS PROVIDED BY LAW. However, only the bal-
9 ance remaining after the operation of section 5(1) and (2) shall
10 be subject to this section.

11 Section 2. This amendatory act shall not take effect unless
12 both of the following occur:

13 (a) Senate Joint Resolution E of the 87th Legislature
14 becomes part of the state constitution of 1963 as provided in
15 section 1 of article XII of the state constitution of 1963.

16 (b) House Bill No. 5064 of the 87th Legislature is enacted
17 into law.