
Senate Fiscal Agency
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SFA**BILL ANALYSIS**

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Senate Bill 798 (as reported without amendment)
Sponsor: Senator Christopher D. Dingell
Committee: Appropriations

CONTENT

The bill would amend the Natural Resources and Environmental Protection Act to allow a change in the investment of the Michigan State Parks Endowment Fund (MSPEF); to change the allowable level of appropriations from the MSPEF; and to require a report.

The bill would give the State Treasurer the authority to invest the MSPEF in the same manner as the State Employees' Retirement Fund (SERF) is invested. Currently, the assets of the MSPEF may not be invested in stocks (although up to 70% of the assets of the SERF may be invested in stocks within certain limitations). The bill would require the State Treasurer to report annually to the Appropriations Committees and the natural resources and environment committees of the Legislature on the revenues and expenditures of the MSPEF. The report would have to describe specifically the impact of the expanded investment options on the revenues and expenditures of the MSPEF.

The bill would increase the amount the Legislature is permitted to appropriate from the MSPEF from \$5 million, annually adjusted for inflation, to the greater of \$6 million, annually adjusted for inflation, or 10% of the accumulated principal.

The bill is tie barred to Senate Joint Resolution T, which would amend the State Constitution to exempt certain funds from the prohibition on investment in stocks.

MCL 324.74119

FISCAL IMPACT

If the MSPEF were invested in the same manner as the SERF is invested, and if it is assumed that the earnings rate of the SERF is similar to the earnings rate of the last 15 years, then the MSPEF would earn approximately 6.5% more per year than currently earned. In FY 2000-01, if the MSPEF earned at the annual average rate of the SERF, then the earnings of the Fund would be approximately \$6.1 million greater than under current investment restrictions.

Under the bill, the level of allowable spending from the MSPEF would be increased as well. In FY 1999-2000, allowable spending would have been up to approximately \$9 million, compared with approximately \$6 million as was allowed.

Date Completed: 11-2-01

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