

**Summary: House Appropriations Committee
Recommendation
NATURAL RESOURCES
FY 2004-05 Senate Bill 1068**



Analyst: Kirk Lindquist

	FY 2003-04 YTD (as of 2/12/04)	Executive	Senate	House	Enacted	Difference: House from FY 2003-04 YTD	
						Amount	%
IDG/IDT	\$3,437,900	\$3,528,700	\$3,528,700	\$3,528,700		\$90,800	2.6
Federal	33,706,600	34,629,300	34,629,300	37,195,200		3,488,600	2.7
Local	0	0	0	0		0	0.0
Private	1,871,400	2,024,300	2,024,300	2,024,300		152,900	8.2
Restricted	186,358,700	188,075,700	188,075,600	188,058,900		1,700,200	0.9
GF/GP	28,089,400	25,643,100	25,040,100	24,873,100		(3,216,300)	(11.4)
Gross	\$253,464,000	\$253,901,100	\$253,298,000	\$255,680,200		\$2,216,200	0.9
FTEs	2,094.5	2,076.5	2,077.5	2,072.5		(22.0)	(1.0)

Overview

The Department of Natural Resources manages, conserves, and protects Michigan's resources. Programs include forest management, land and minerals management, wildlife and fisheries management, conservation law enforcement, and State Park and forest campground programs. Federal funds support game and fish habitat maintenance, emerald ash borer eradication, and hunter safety protection programs.

Summary of FY 2004-05 Major Budget Issues

Department-wide

The Senate included separate line items for travel and reduced travel appropriations. The House did not concur. The House instituted an across the board 6% General Fund reduction.

Payments in Lieu of Taxes on Purchased Lands

Tax payments for FY 2004-05 would be made from the statutory Revenue Sharing appropriation. This \$8.3 million grant to local governmental units would be made from the General Fund. Beginning in the current year, approximately \$6.3 million would not be spent from restricted funds. This revenue would be available for resource and recreational programs managed by the Department.

Snowmobile Trail Maintenance

The recent fee increase on snowmobiles has generated approximately \$1.0 million in new revenue for trail maintenance.

Major Budget Changes from FY 2003-04 YTD Appropriations:**FY 2003-04 YTD
(as of 2/12/04)****House
Change****1. Payments in Lieu of Taxes**

Line item would no longer be in the DNR budget. Instead, tax payments would be made from the statutory Revenue Sharing appropriation in the Department of Treasury. No restricted fund support is included in the FY 2004-05 budget. This \$6.3 million amount would be available for resource and recreational programs managed by the Department. The House created an item of difference.

	Gross	\$8,272,800	(\$8,268,800)
Restricted	6,259,900		(6,256,900)
GF/GP	\$2,012,900		(\$2,011,900)

Executive: (\$8,272,800)

Senate: (\$8,272,800)

2. Snowmobile Trail Maintenance

Expanded state and local snowmobile trails program appropriating the added amount realized through the recently enacted fee increase.

	Gross	\$8,585,900	\$1,042,500
Restricted	8,585,900		1,042,500

Executive: \$1,042,500

Senate: \$1,042,500

3. Marine Safety Grants

Reduces Marine Safety grant funds. These grants are provided to county sheriffs to partially support the cost of enforcing watercraft laws. Annual revenue to the Marine Safety Fund is not sufficient to cover the traditional funding level of the program. A fee increase may be necessary to support the current grant level.

	Gross	\$2,805,000	\$0
Restricted	2,805,000		0

Executive: (\$500,000)

Senate: \$0

4. Funding Shift: Forest Fire Suppression

Replaces General Fund support with Forest Development Fund revenue.

	Gross	\$9,506,000	\$0
Federal	734,400		0
Restricted	2,913,200		1,000,000
GF/GP	\$5,858,400		(\$1,000,000)

Executive: \$0

Senate: \$0

5. Retail Sales System Contract

Increased automation contract reflecting increased software and systems enhancement costs realized with the recent upgrade of point-of-sale terminals used for hunting and fishing license sales.

	Gross	\$5,241,700	\$200,000
Federal	200,000		0
Restricted	4,945,900		200,000
GF/GP	\$95,800		\$0

Executive: \$200,000

Senate: \$200,000

Major Budget Changes from FY 2003-04 YTD Appropriations:**FY 2003-04 YTD
(as of 2/12/04)****House
Change****6. Economic Adjustments and Employee Related Savings**

Increased each line item supporting pay roll expenses to cover the cost of scheduled pay increases and fringe benefit costs (\$13,365,000). Employee salaries are to increase by 7% and health insurance premiums are to increase by 13.6%. The contribution rates for the defined benefit and defined contribution retirement programs are increasing as well, reflecting the system costs related to the recent early retirement program.

Gross	\$8,567,900
IDG	90,800
Federal	922,700
Private	52,900
Restricted	6,780,700
GF/GP	\$720,800

Workforce related savings (\$4,797,100) are recommended to offset the cost of included economic adjustments. Savings (amounting to 5% of payroll) are to be achieved through state employee contract concessions.

Executive: \$8,567,900

Senate: \$8,567,900

Major Boilerplate Changes from FY 2003-04:**Sec. 206. "Contingency Fund Transfer" Language: Federal, Restricted, Local and Private – NEW**

Same language included in earlier budget acts. Spending authorization may be increased through the legislative transfer process.

Sec. 217. Payments in Lieu of Taxes on Purchased Lands – NEW

Requires the department to certify to the State Treasurer the amounts and funding sources for PILT payments.

Sec. 218. Porcupine Mountain Ski Hill PILT Payment – NEW

Requires PILT payment for the ski hill operation to be made from ski hill fee revenue.

Sec. 407. Commission Subsidy to License Agents @ 5% – DELETED

Required the provision of a 5% sales commission to game and fish license agents.

Sec. 702. State Park Refuse Collection Practices – DELETED

Requires the Department to continue to collect trash at state parks.

Sec. 704. Defibrillators at State Parks – DELETED

Requires the Department to place defibrillators at state parks.

Sec. 801. State Forest Certification – NEW

Requires a report on the State forest management plan.

Sec. 805. Southwest Michigan Forester – NEW

Requires the department to assign one forester to handle forest management matters for state lands in southwest Michigan.