

# Legislative Analysis

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## STATE PARKS

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**Senate Bill 1279 (Substitute H-1)**  
**Sponsor: Sen. Jason E. Allen**

**Senate Bill 1280 (Substitute H-1)**  
**Sponsor: Sen. Patricia L. Birkholz**

**Senate Bill 1281 as passed by the Senate**  
**Sponsor: Sen. Tony Stamas**

**Senate Committee: Natural Resources and Environmental Affairs**  
**House Committee: Conservation and Outdoor Recreation**

### **First Analysis (9-21-04)**

**BRIEF SUMMARY:** The bills would provide for an income tax checkoff for the State Parks Endowment Fund, create the Citizen's Committee for Michigan State Parks, and create the "gem of the parks" award, state parks "volunteer of the year" award, and the state parks "employee of the year" award.

**FISCAL IMPACT: Senate Bill 1279** - The proposed income tax refund designation would provide additional revenue to the Michigan State Parks Endowment Fund. A similar designation for the Nongame Wildlife Fund generated \$534,400 in FY 1998-99. Actual income to the Michigan State Parks Endowment Fund would depend on the number of taxpayers choosing to make a donation and amounts donated.

**Senate Bill 1280** - There would be no fiscal impact on the state or on local governmental units. The expenses of the Citizen's Committee for Michigan State Parks are not expected to be significant. Costs of the committee can be absorbed within the existing DNR annual appropriation.

**Senate Bill 1281** - This bill would not have a fiscal impact on the state or on local governmental units.

### **THE APPARENT PROBLEM:**

Michigan's state park system was established in 1919, with the creation of the state park commission by Public Act 218. Traditionally, financial support for the operation, maintenance, and development of the state park system has come from the state's general fund and user fees (including camping fees, concession revenue, and motor vehicle entry permits). However, financing the operations of the state park system has proven to be a difficult endeavor for quite some time now. In FY 1975, the state general fund accounted for nearly 70 percent of the state revenue for the state park system, with the balance being

provided by user fees. By FY 1988, the funding ratio was nearly reversed, with the general fund accounting for 37.7 percent of the total funding support and user fees accounting for 62.3 percent of the total funding support. In FY 1993, general fund support declined even further, accounting for only 21.5 percent of the total funding support.

A 1989 House committee report notes that the increased reliance on user fees and the reduction of state general fund support resulted in real declines in operational funding for the state park system. The decline in state appropriations for the state park system resulted in higher user fees, seasonal park closures, deferred maintenance and capital improvement projects, and staff reductions. In 1989, amid concern over the declining state of the state park system, the director of the Department of Natural Resources established the 13-member Citizens Committee for Michigan State Parks to identify the most pressing concerns facing the state park system and recommend a course of action to address those concerns.

In 1992, the special committee issued its strategic plan for the state park system, which recommended the establishment of a constitutionally protected endowment fund solely used for the operation, maintenance, and improvement of the state park system. Two years later, conveniently timed in conjunction with the 75<sup>th</sup> Anniversary of the state park system, voters overwhelmingly approved the establishment of the Michigan State Parks Endowment Fund within the state constitution. The endowment fund is used for the operation, maintenance, and capital improvements at state parks, and for the acquisition of land or rights in land for state parks. In FY 2004, the endowment fund provided \$10.8 million in financial support for the state park system.

Despite recent efforts to stabilize state funding for the state park system, general fund support for the state park system was eliminated with the enactment of the FY 2004 DNR budget amid general fund budgetary constraints, and the state park system is now funded entirely by user fees and earnings from the endowment fund. The elimination of general fund support places increased pressure on the Department of Natural Resources to operate the state park system, as it cannot continually raise user fees to support park operations and maintenance. Given the precarious financial situation facing the state park system today, its decreased staffing levels, and its increased reliance on the work of volunteers, it is believed that there needs to be additional funding, additional citizen input regarding system management, and recognition of individuals and services that contribute in making the state's 97 state parks the centerpiece of the state's natural resources system.

## ***THE CONTENT OF THE BILL:***

### **Senate Bill 1279 - Income Tax Checkoff**

The bill would amend the Income Tax Act (MCL 206.437) to create an income tax check-off permitting taxpayers to designate at least \$2 - subtracted from their refund or added to

their tax liability - on their income tax returns to the Michigan State Parks Endowment Fund. The checkoff would be available for tax year 2004, and each subsequent tax year. In each year, an amount equal to the total amount designated under the checkoff - less an amount for administrative costs - would be distributed to the Michigan State Parks Endowment Fund. The checkoff would have to be clearly and unambiguously printed on the first page of the tax return, if practicable.

### **Senate Bill 1280 - Citizens Committee for Michigan State Parks**

The bill would amend Part 741 of the Natural Resources and Environmental Protection Act (MCL 324.74101 and 324.74102a) to establish the Citizens Committee for Michigan State Parks, a 17-member advisory committee generally charged with the responsibility for maintaining and preserving the state's state parks and its programs.

***Duties.*** The bill specifies that the duties of the committee would include the following:

- Advise the governor, Natural Resources Commission, and legislature on state parks policy, and provide guidance on state park development, management, and planning issues.
- Develop a broad variety of programs, facilities, and services for individuals utilizing the state parks.
- Inform and educate the public on the importance of, and need for, state parks.
- Involve citizens in the planning and development of state parks, and ensure that facilities, programs, and projects are barrier-free and accessible to all individuals.
- Establish and maintain effective public relations regarding state parks.
- Provide advice on financial planning and budgetary support for state parks.
- Act as a liaison between agencies to ensure a cooperative effort to provide effective and economical services at state parks.
- Evaluate state parks programs, facilities, services, and relationship.
- Advise the Department of Natural Resources on the "gem of the park award", "volunteer of the year award", and "employee of the year award" (proposed in SB 1281).

***Membership.*** The 17 members of the committee would be appointed by the director of the DNR in consultation with the NRC, with initial appoints being made within 60 days after the bill's effective date. The term of office would be four years, except that initial appointments would be for staggered terms of two, three, and four years. Committee members would not be compensated for their service, though they could be reimbursed for actual and necessary expenses incurred while acting in their official capacity as committee members.

A member could be removed from office for incompetence, dereliction of duty, malfeasance, misfeasance, or nonfeasance, or any other good cause, upon a majority vote of members. A member would have to be removed if he or she did not attend four consecutive committee meetings.

***Procedures.*** The DNR director would call the first committee meeting, at which time the committee would elect a chair and officers from its membership. After the first meeting, the committee would have to meet at least twice per year, and at the call of the chair or upon request from at least nine committee members.

A quorum of nine members would be needed for the transaction of business at a meeting, and to take official action of the committee. Committee meetings would have to comply with the provisions of the Open Meetings Act, and documents utilized by the committee in the course of an official function would be subject to the Freedom of Information Act.

Proposed policy positions would have to be provided to members at least one week prior to the meeting at which they are acted upon. The committee could adopt an emergency resolution (foregoing the one week notice requirement) upon the approval of a three-quarters majority of those present at the meeting.

### **Senate Bill 1281 - State Parks Awards Program**

The bill would amend Part 741 of the Natural Resources and Environmental Protection Act (MCL 324.74124) to require the Department of Natural Resources to create three annual awards related to the preservation and maintenance of the state park system.

-- The “gem of the parks” award would be awarded in recognition of key state parks and their contribution to the entire state park system.

-- The “volunteer of the year” award would be awarded to recognize outstanding individuals who donate time or money to support the state park system.

-- The “employee of the year” award would be award to recognize outstanding state park system employees.

The DNR would have to develop a set of criteria for the awards that considers contribution to the preservation of the state’s natural resources and environment, amount of money donated, and length of time donated or years employed. In addition, the DNR would be required to forward the names of award recipients to the appropriate legislative standing committees.

### ***HOUSE COMMITTEE ACTION:***

The House Committee on Conservation and Outdoor Recreation adopted technical amendments to Senate Bill 1279 that specified that the checkoff be printed on the first page of the tax return only if practicable and clarified language specifying that money

from the checkoff be deposited in the endowment fund. In addition, the committee adopted an amendment to Senate Bill 1280 that increased the number of committee members necessary for a quorum from six to nine.

### ***BACKGROUND INFORMATION:***

The Michigan State Parks Endowment Fund was established within the state constitution with the passage of Ballot Proposal P of 1994, and is also established in Part 741 of the Natural Resources and Environmental Protection Act. The endowment fund was financed by \$40 million from the sale of the Accident Fund of Michigan, and currently receives up to \$10 million in oil and gas royalties paid to the Michigan Natural Resources Trust Fund until the trust fund reaches an accumulated principal of \$500 million, at which point all of the funds previously dedicated to the trust fund will be deposited into the endowment fund until the endowment fund reaches an accumulated principal of \$800 million (adjusted annually for inflation). Until the endowment fund reaches an accumulated principal of \$800 million, the legislature may appropriate up to 50 percent of the money from received from the Michigan Natural Resources Trust Fund plus any interest and earnings and any private contributions or other revenue to the endowment fund. Once the accumulated principal reaches an accumulated principal of \$800 million, only the interest and earnings of the endowment fund - less an amount for administrative costs related to the endowment fund - may be available for expenditure.

### ***ARGUMENTS:***

#### ***For:***

The elimination of general fund support for the state's 97 state parks presents several problems for the operation and use of those parks. When the state park system becomes heavily reliant on user fees - from camping fees, motor vehicle entry permits, and concession revenue - its principal funding source becomes unstable, as the system becomes dependent on park attendance. The result, as has been seen in the past, can be real declines in state support for the parks, which leads to reductions in staffing, deferred maintenance and capital improvements, and cuts in programs. All of these then lead to a decrease in park attendance and the accompanying user fees that support the parks; this in turn results in further cutbacks. This is a vicious funding cycle that is hard to break. In the absence of general fund support, one of the few options left to increase park revenues is an increase in user fees. However, the Department of Natural Resources cannot do that every year, as continued increases may effectively "price-out" park visitors. State parks are, however, maintained for the benefit of all Michigan citizens. To that end, the income tax checkoff proposed by Senate Bill 1279 provides state residents with a means to voluntarily support the state park system. The revenue from the checkoff, while not likely to be very large, will alleviate some of the financial pressures facing the state park system today, though it does not provide any long-term funding solution.

Senate Bill 1280 reconstitutes the state parks citizen's advisory committee. This committee was first appointed by the director of the DNR in 1989 to identify and address several problems (including funding) facing the state park system. That group, which has

since disbanded, played an important role in developing new policies for park management and planning, and recommended the establishment of the State Parks Endowment Fund. Given the current financial situation of the state park system, it is again appropriate that a citizen's advisory committee be established.

Finally, Senate Bill 1281 provides for three awards recognizing the important work of park volunteers and employees, and recognizes exceptional state parks. In recent years, state parks have been operated and maintained by state park employees who have been asked to "do more with less", and by a number of dedicated volunteers. These individuals have done a great deal for the benefit of the parks and the public, and it is appropriate that they be commended for their good deeds.

***POSITIONS:***

The Michigan United Conservation Clubs supports the bills. (9-21-04)

The Department of Natural Resources is neutral on Senate Bill 1280 and Senate Bill 1281. (9-15-04)

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■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.