



Senate Fiscal Agency
P. O. Box 30036
Lansing, Michigan 48909-7536



BILL ANALYSIS

Telephone: (517) 373-5383
Fax: (517) 373-1986
TDD: (517) 373-0543

Senate Bill 1279 (as introduced 6-2-04)

Sponsor: Senator Jason E. Allen

Committee: Natural Resources and Environmental Affairs

Date Completed: 6-8-04

CONTENT

The bill would amend the Income Tax Act to permit an individual to designate on his or her tax return that \$2 or more of his or her income tax refund be contributed to the Michigan State Parks Endowment Fund. The designation would be available for the 2004 tax year and each tax year thereafter.

If a person's refund were not sufficient to make a contribution, the person could designate a contribution amount, which would have to be added to his or her tax liability for the tax year.

The tax designation would have to be printed clearly and unambiguously on the first page of the State individual income tax return forms.

Notwithstanding any other allocations or disbursements required by the Act, each year that the contribution designation for the State Parks Endowment Fund was in effect, an amount equal to the cumulative designation, less the amount appropriated to the Department of Treasury to implement the bill's requirements, would have to be appropriated from the General Fund and deposited in the Michigan State Parks Endowment Fund and be used solely for the purposes of the Fund.

Proposed MCL 206.437

BACKGROUND

A 1994 amendment to the State Constitution created the Michigan State Parks Endowment Fund to finance operations, maintenance, and capital improvements at State parks, and the acquisition of land or rights in land for State parks. In August 2002, the voters approved a constitutional amendment to change the distribution formula and allow the State Treasurer to invest in equity securities and other types of investments.

Under Part 741 (State Parks System) of the Natural Resources and Environmental Protection Act and Article IX, Section 35 of the State Constitution, up to \$10 million per year of revenue from oil and gas bonuses, rentals, and royalties from State-owned land, which otherwise is dedicated to the Michigan Natural Resources Trust Fund, is to be deposited into the Endowment Fund, until the Trust Fund reaches an accumulated principal of \$500 million. At that point, all revenue otherwise dedicated to the Natural Resources Trust Fund must go to the State Parks Endowment Fund until it reaches an accumulated principal of \$800 million. At the end of the 2003 fiscal year, the balance in the Natural Resources Trust Fund was \$291.6 million.

Under Article IX, Section 35a, the Legislature may appropriate up to 50% of the oil and gas revenue transferred to the Endowment Fund, plus interest and earnings and private contributions or other revenue. Once the accumulated principal in the Endowment Fund reaches \$800 million, only the interest and earnings of the Fund in excess of the amount needed to maintain the \$800 million principal limit may be spent. At the end of the 2002-03 fiscal year, the balance in the Endowment Fund was \$126.6 million.

Legislative Analyst: Claire Layman

FISCAL IMPACT

The bill would increase revenue to the Michigan State Parks Endowment Fund by an indeterminate amount. There is currently one tax contribution designation on the State income tax form, for the gubernatorial State Campaign Fund. In tax year 2002, \$1,518,360 was contributed to the State Campaign Fund from this designation. Two other designations once were available and both ended in 1999. In their last year of availability, the Children's Trust Fund designation generated \$938,300 and the Nongame Wildlife Fund designation generated \$534,400.

Fiscal Analyst: Bill Bowerman
Jessica Runnels

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.