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BILL



ANALYSIS

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House Joint Resolution Z (Substitute H-2 as passed by the House)
House Bill 5870 (Substitute H-2 as passed by the House)
Sponsor: Representative Randy Richardville
House Committee: Conservation and Outdoor Recreation
Senate Committee: Natural Resources and Environmental Protection

Date Completed: 11-8-04

CONTENT

House Joint Resolution Z (H-2) would amend Article IX of the State Constitution to do the following:

- Create the "Michigan Conservation and Recreation Legacy Fund".
- Require the State Treasurer to establish within the Legacy Fund specific restricted accounts (which, under the House bill, would replace funds created by statute).
- Require money in the accounts to be spent only for specific purposes (which would parallel those identified in statute for the existing funds).
- Establish the Michigan Game and Fish Protection Trust Fund and the Michigan Nongame Fish and Wildlife Trust Fund within the Constitution.

House Bill 5870 (H-2) would amend the Natural Resources and Environmental Protection Act to:

- Provide in statute for the Legacy Fund and the restricted accounts proposed by House Joint Resolution Z (H-2).
- Transfer to those accounts the balance of the existing funds that the accounts would replace.
- Dedicate to the accounts the revenue that presently is credited to the existing funds.

The bill also would re-establish the existing Game and Fish Protection Trust Fund and Nongame Fish and Wildlife Trust Fund as the Trust Funds proposed by the joint resolution. Those Trust

Funds would consist of the assets of the Funds before the bill's effective date, and would receive the same revenue that the existing Funds receive.

The bill is tie-barred to the joint resolution.

House Joint Resolution Z (H-2)

Legacy Fund

Establishment of Fund & Accounts. The joint resolution would create the Conservation and Recreation Legacy Fund. The State Treasurer would have to establish within the Fund restricted accounts as authorized by the resolution, and could establish additional subaccounts as authorized by law. Interest and earnings accruing from each account or subaccount would have to be credited to that account or subaccount. The State Treasurer would have to direct the investment of the Fund, and could receive gifts, grants, bequests, or assets from any source for deposit into a particular account or subaccount. The assets of the Fund would have to be invested as provided by law.

The joint resolution would establish the following accounts within the Legacy Fund:

- Forest Recreation Account
- Game and Fish Protection Account
- Off-Road Vehicle Account
- Recreation Improvement Account
- Snowmobile Account
- State Park Improvement Account
- Waterways Account

Forest Recreation Account. This account would consist of revenue derived from concessions, leases, contracts, and fees from activities on State forestland, and other revenue as authorized by law. Money in the account could be spent only for the development, improvement, operation, promotion, and maintenance of forest recreation activities, and for the administration of the account.

Game & Fish Protection Account. This account would consist of revenue derived from hunting and fishing licenses, passbooks, permits, fees, concessions, leases, contracts, and activities; damages paid for the illegal taking of game and fish; revenue from fees, licenses, and permits related to game, game areas, and game fish; and other revenue as authorized by law. Money in the account could be spent only for the following:

- The development, improvement, operation, promotion, and maintenance of game and fish programs and facilities.
- The acquisition of land and rights in land that support game and fish.
- Research to support game and fish programs.
- The enforcement and administration of the State's game, fish, and fur laws, including the necessary equipment and apparatus incident to the operation and enforcement of those laws.
- The protection, propagation, distribution, and control of game, fish, birds, fur-bearing animals, and other wildlife.
- The administration of the account, which could include payments in lieu of taxes on State-owned land that had been or would be purchased through the account.

Off-Road Vehicle (ORV) Account. This account would consist of revenue derived from fees imposed upon the use or registration of ORVs and other revenue as authorized by law. Money in the account could be spent only for the following:

- Signage for and the improvement, maintenance, and construction of ORV trails, routes, or areas.
- The administration and enforcement of State regulations related to ORVs.
- The leasing of land for use by ORVs.
- The acquisition of easements, permits, or other agreements for the use of land for ORV trails, routes, or areas.

- The restoration of the natural resources of the State on public land damaged by ORV use.
- Safety education programs related to ORV operation.
- The administration of the ORV account.

Recreation Improvement Account. This account would consist of all tax revenue derived from the sale of 2% of the gasoline sold in the State for consumption in internal combustion engines, and other revenue as authorized by law. Of the money in the account, 80% would have to be transferred annually to the waterways account to be used for purposes of that account; and 14% would have to be transferred annually to the snowmobile account to be used for its purposes. The remainder of the money would have to be used for recreation projects and for the administration of the recreation improvement account.

Of the money credited to recreational projects in a fiscal year, at least 25% of any funds designated for projects intended for ORVs would have to be spent on projects to repair damage as a result of pollution, impairment, or destruction of air, water, or other natural resources, or the public trust, as a result of ORV use.

Snowmobile Account. This account would consist of revenue derived from fees imposed for the registration or use of snowmobiles; revenue derived from the use of snowmobile trails; transfers from the recreation improvement account; and other revenue as authorized by law. Money in the snowmobile account could be spent only for the following:

- The planning, construction, maintenance, and acquisition of trails and areas for snowmobiles.
- Provision of access to trails and areas for snowmobile use.
- Provision of basic snowmobile facilities.
- Administration and enforcement of State regulations related to snowmobiles.
- Safety education programs related to snowmobile operation.

The account also could be used for its administration, including payments in lieu of taxes on State-owned land that had been or would be purchased through the Recreational Snowmobile Improvement Fund or the snowmobile account.

State Park Improvement Account. This account would consist of revenue derived from concessions, leases, contracts, fees, and permits for activities in State parks and recreation areas; damages paid to the State for illegal activities in State parks and recreation areas; and other revenue as authorized by law. Money in the account could be spent only for the development, improvement, operation, promotion, and maintenance of State parks and recreation areas, and for the administration of the account.

Waterways Account. This account would consist of revenue derived from watercraft registration fees assessed on the ownership or operation of watercraft in the State; revenue from fees charged for the moorage of watercraft at State-operated mooring facilities; revenue from fees charged for the use of State-operated public access sites; transfers from the recreation improvement account; all tax revenue derived from the sale of diesel fuel in the State that was used to generate power for the operation or propulsion of vessels on the waterways of the State; and other revenue as authorized by law.

Money in the account could be spent only for the following:

- The construction, operation, and maintenance of recreational boating facilities that provide public access to waterways or moorage of watercraft; and the acquisition of property for this purpose.
- Grants to local units of government and public colleges and universities for the provision of public access or moorage and law enforcement or boating education to recreational watercraft operators.
- The acquisition and development of harbors and public access sites.
- Education and the enforcement of laws related to watercraft operation. At least 49% of revenue from watercraft registration fees received by the account would have to be used for this purpose.
- The administration of programs funded by the account.
- The administration of the account, which could include payments in lieu of taxes on State-owned land that had been or would be purchased through the Michigan State Waterways Fund or the waterways account.

Game and Fish Protection Trust Fund

The Fund would consist of revenue derived from bonuses, rentals, delayed rentals, royalties, and other revenue collected or reserved by the State under leases or direct sale contracts accruing from State-owned land acquired with money from State or Federal game and fish protection funds or revenue accruing from land purchased with such revenue. The Fund also could receive gifts, grants, bequests, or assets from any source and other revenue as authorized by law.

The Fund would have to be invested as provided by law. Interest and earnings from these investments would have to be credited to the Fund.

The accumulated interest and earnings of the Fund, and up to \$6.0 million of the principal of the Fund, could be spent in any year for the purposes of the game and fish protection account.

Nongame Fish and Wildlife Trust Fund

The Fund would consist of revenue designated by members of the public for the benefit of nongame fish and wildlife. The Fund also could revenue gifts, grants, bequests, or assets from any source and other revenue as authorized by law. The assets of the Fund would have to be invested as provided by law, and the interest and earnings from these investments would have to be credited to the Fund.

The Fund would have to maintain a minimum principal balance of \$6.0 million. Interest and earnings of the Fund and other revenue not retained on a permanent basis could be spent only for the management of nongame fish and wildlife species consistent with a long-range plan for the management of Michigan's nongame fish and wildlife resources, and for the administration of the Fund.

Election; Implementation

The joint resolution would have to be submitted to the people of the State at the next general election as provided by law.

The Legislature would have to provide by law for the implementation of the proposed amendment.

House Bill 5870 (H-2)

Under the bill, the following Funds would be replaced by accounts of the same name: the Forest Recreation Fund, the Game and Fish Protection Fund, the State Park Improvement Fund, and the Recreation Improvement Fund. The off-road vehicle account would replace the Trail Improvement Fund and the Safety Education Fund. The bill would create the snowmobile account as well as the snowmobile registration fee subaccount and the recreational snowmobile trail improvement subaccount; the subaccounts would replace funds of the same names. The waterways account would replace the Michigan State Waterways Fund, the Harbor Development Fund, and the Marina Safety Fund.

Money in the accounts could be spent, upon appropriation, only as provided in the parts of the Act that govern the existing Funds.

In accordance with the proposed constitutional amendment, the Michigan Game and Fish Protection Trust Fund and the Michigan Nongame Fish and Wildlife Trust Fund would be established. They would replace the existing Game and Fish Protection Trust Fund and the Nongame and Fish Wildlife Trust Fund. The new Trust Funds would consist of the assets of the existing Funds immediately before the bill's effective date, as well as revenue that currently is dedicated to those Funds.

The bill would repeal Sections 71105 and 71107 (which create the Recreation Improvement Fund and provide for the carry-over of its balance from one fiscal year to the next), and Section 81118 (which creates the Safety Education Fund).

MCL 324.301 et al. (H.B. 5870)

Legislative Analyst: Suzanne Lowe

FISCAL IMPACT

The bills would have no direct fiscal impact on State or local government. No license or permit fees would be changed. For the past few years of declining State revenue, restricted funds sources have been used in

place of General Fund dollars. These uses have included the appropriation of fund balances to the General Fund. Establishing the funds and accounts in the State Constitution would limit the expanding uses of the revenue.

Fiscal Analyst: 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.