



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 Joint Resolution Z (as introduced 6-29-10)
Sponsor: Senator Roger Kahn, M.D.
Committee: Natural Resources and Environmental Affairs

Date Completed: 6-29-10

CONTENT

Senate Joint Resolution Z would add Section 31 to Article V of the State Constitution to prohibit a person from drilling a well within Michigan waters, including the Great Lakes, or beneath the bottomlands of the Great Lakes for the exploration or production of oil or natural gas. The joint resolution also would prohibit the State from authorizing the drilling of such a well.

"Great Lakes" would include the connecting waterways and connected bays and harbors of the Great Lakes.

The joint resolution would have to be submitted to voters at the next general election, if two-thirds of the members elected to and serving in each house of the Legislature approved it.

BACKGROUND

In 1982, Michigan statutorily banned offshore drilling in the Great Lakes. The ban was extended to directional, or slant, drilling in 2002. The Natural Resources and Environmental Protection Act prohibits the Department of Natural Resources and Environment from entering into a contract that allows drilling operations beneath the lake bottomlands of the Great Lakes, the connected bays or harbors of the Great Lakes, or the connecting waterways for the exploration or production of oil or gas. ("Connecting waterways" means the St. Marys River, the Detroit River, the St. Clair River, and Lake St. Clair.)

The Federal Energy Policy Act of 2005 (Public Law 109-58) also prohibits the issuance of a Federal or state permit for new oil and gas slant, directional, or offshore drilling in or under one or more of the Great Lakes.

Legislative Analyst: Julie Cassidy

FISCAL IMPACT

Senate Joint Resolution Z would have an indeterminate fiscal impact on State and local governments. Currently, there is no drilling for oil or natural gas on the Great Lakes in United States territory, so a constitutional ban on this activity would have no immediate effect on revenue that the State collects for oil and gas leases. Future drilling on the Great Lakes, however, could provide oil and gas lease revenue, as the bottomlands of the Great Lakes are the exclusive property of the states bordering them. Any drilling on the Great Lakes or slant-drilling into the Great Lakes, therefore, would have to come under a lease with one of the states bordering the Great Lakes or Canada, if allowed by law. Such leases

entered into by Michigan would net an indeterminate amount of revenue that would be deposited into the Natural Resources Trust Fund.

Fiscal Analyst: Josh Sefton

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