

HOUSE SUBSTITUTE FOR
SENATE BILL NO. 551

A bill to amend 1994 PA 451, entitled
"Natural resources and environmental protection act,"
by amending sections 1902, 1903, and 1907 (MCL 324.1902, 324.1903,
and 324.1907), sections 1902 and 1907 as amended by 2012 PA 619 and
section 1903 as amended by 2011 PA 117.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 1902. (1) In accordance with section 35 of article IX of
2 the state constitution of 1963, the Michigan natural resources
3 trust fund is established in the state treasury. The trust fund
4 shall consist of all bonuses, rentals, delayed rentals, and
5 royalties collected or reserved by the state under provisions of
6 leases for the extraction of nonrenewable resources from state
7 owned lands. However, the trust fund shall not include bonuses,

1 rentals, delayed rentals, and royalties collected or reserved by
2 the state from the following sources:

3 (a) State owned lands acquired with money appropriated from
4 the former game and fish protection fund or the game and fish
5 protection account of the Michigan conservation and recreation
6 legacy fund provided for in section 2010.

7 (b) State owned lands acquired with money appropriated from
8 the subfund account created by former section 4 of former 1976 PA
9 204.

10 (c) State owned lands acquired with money appropriated from
11 related federal funds made available to the state under the
12 Pittman-Robertson wildlife restoration act, 16 USC 669 to ~~669k,~~
13 **669I**, or the Dingell-Johnson sport fish restoration act, 16 USC 777
14 to ~~777n.~~**777M**.

15 (d) Money received by the state from net proceeds allocable to
16 the nonconventional source production credit contained in section
17 45k of the internal revenue code of 1986, 26 USC 45k, as provided
18 for in section 503.

19 ~~—— (2) Notwithstanding subsection (1), until the trust fund~~
20 ~~reaches an accumulated principal of \$500,000,000.00, \$10,000,000.00~~
21 ~~of the revenues from bonuses, rentals, delayed rentals, and~~
22 ~~royalties described in this section, but not including money~~
23 ~~received by the state from net proceeds allocable to the~~
24 ~~nonconventional source production credit contained in section 45k~~
25 ~~of the internal revenue code of 1986, 26 USC 45k, as provided for~~
26 ~~in section 503, otherwise dedicated to the trust fund that are~~
27 ~~received by the trust fund each state fiscal year shall be~~

1 ~~transferred to the state treasurer for deposit into the Michigan~~
2 ~~state parks endowment fund. However, until the trust fund reaches~~
3 ~~an accumulated principal of \$500,000,000.00, in any state fiscal~~
4 ~~year, not more than 50% of the total revenues from bonuses,~~
5 ~~rentals, delayed rentals, and royalties described in this section,~~
6 ~~but not including net proceeds allocable to the nonconventional~~
7 ~~source production credit contained in section 45k of the internal~~
8 ~~revenue code of 1986, 26 USC 45k, as provided in section 503,~~
9 ~~otherwise dedicated to the trust fund that are received by the~~
10 ~~trust fund each state fiscal year shall be transferred to the~~
11 ~~Michigan state parks endowment fund. To implement this subsection,~~
12 ~~until the trust fund reaches an accumulated principal of~~
13 ~~\$500,000,000.00, the department shall transfer 50% of the money~~
14 ~~received by the trust fund each month pursuant to subsection (1) to~~
15 ~~the state treasurer for deposit into the Michigan state parks~~
16 ~~endowment fund. The department shall make this transfer on the last~~
17 ~~day of each month or as soon as practicable thereafter. However,~~
18 ~~not more than a total of \$10,000,000.00 shall be transferred in any~~
19 ~~state fiscal year pursuant to this subsection.~~

20 (2) ~~(3)~~—The trust fund may receive appropriations, money, or
21 other things of value.

22 (3) ~~(4)~~—The state treasurer shall direct the investment of the
23 trust fund. The state treasurer shall have the same authority to
24 invest the assets of the trust fund as is granted to an investment
25 fiduciary under the public employee retirement system investment
26 act, 1965 PA 314, MCL 38.1132 to ~~38.1140m~~. **38.1141**.

27 (4) ~~(5)~~—The department shall annually prepare a report

1 containing an accounting of revenues and expenditures from the
2 trust fund. This report shall identify the interest and earnings of
3 the trust fund from the previous year, **THE CUMULATIVE TOTAL AMOUNT**
4 **OF UNEXPENDED INTEREST AND EARNINGS HELD BY THE TRUST FUND**, the
5 investment performance of the trust fund during the previous year,
6 and the total amount of appropriations from the trust fund during
7 the previous year. This report shall be provided to the senate and
8 house of representatives appropriations committees and the standing
9 committees of the senate and house of representatives with
10 jurisdiction over issues pertaining to natural resources and the
11 environment.

12 ~~—— (6) As used in this section, "Michigan state parks endowment~~
13 ~~fund" means the Michigan state parks endowment fund established in~~
14 ~~section 35a of article IX of the state constitution of 1963 and~~
15 ~~provided for in section 74119.~~

16 Sec. 1903. (1) Subject to the limitations of this part and of
17 section 35 of article IX of the state constitution of 1963, the
18 interest and earnings of the trust fund in any 1 state fiscal year
19 may be expended in subsequent state fiscal years only for the
20 following purposes:

21 (a) The acquisition of land or rights in land for recreational
22 uses or protection of the land because of its environmental
23 importance or its scenic beauty.

24 (b) The development of public recreation facilities.

25 (c) The administration of the fund, including payments in lieu
26 of taxes on state-owned land purchased through the trust fund. The
27 legislature shall make appropriations from the trust fund each

1 state fiscal year to make full payments in lieu of taxes on state-
2 owned land purchased through the trust fund, as provided in section
3 2154.

4 ~~—— (2) In addition to the money described in subsection (1), 33-~~
5 ~~1/3% of the money, exclusive of interest and earnings, received by~~
6 ~~the trust fund in any state fiscal year may be expended in~~
7 ~~subsequent state fiscal years for the purposes described in~~
8 ~~subsection (1). However, the authorization for the expenditure of~~
9 ~~money provided in this subsection does not apply after the state~~
10 ~~fiscal year in which the total amount of money in the trust fund,~~
11 ~~exclusive of interest and earnings and amounts authorized for~~
12 ~~expenditure under this section, exceeds \$500,000,000.00.~~

13 (2) ~~(3)~~—An expenditure from the trust fund may be made in the
14 form of a grant to a local unit of government or public authority,
15 subject to all of the following conditions:

16 (a) The grant is used for the purposes described in subsection
17 (1).

18 (b) The grant is matched by the local unit of government or
19 public authority with at least 25% of the total cost of the
20 project.

21 (3) ~~(4)~~—Not less than 25% of the total amounts made available
22 for expenditure from the trust fund from any state fiscal year
23 shall be expended for acquisition of land and rights in land, and
24 not more than 25% of the total amounts made available for
25 expenditure from the trust fund from any state fiscal year shall be
26 expended for development of public recreation facilities.

27 (4) ~~(5)~~—If property that was acquired with money from the

1 trust fund is subsequently sold or transferred by ~~the~~**THIS** state to
2 a nongovernmental entity, ~~the~~**THIS** state shall forward to the state
3 treasurer for deposit into the trust fund an amount of money equal
4 to the following:

5 (a) If the property was acquired solely with trust fund money,
6 the greatest of the following:

7 (i) The net proceeds of the sale.

8 (ii) The fair market value of the property at the time of the
9 sale or transfer.

10 (iii) The amount of money that was expended from the trust
11 fund to acquire the property.

12 (b) If the property was acquired with a combination of trust
13 fund money and other restricted funding sources governed by federal
14 or state law, an amount equal to the percentage of the funds
15 contributed by the trust fund for the acquisition of the property
16 multiplied by the greatest of the amounts under subdivision (a) (i),
17 (ii), and (iii).

18 Sec. 1907. (1) The board shall determine which lands and
19 rights in land within ~~the~~**THIS** state should be acquired and which
20 public recreation facilities should be developed with money from
21 the trust fund and shall submit to the legislature in January of
22 each year a list of those lands and rights in land and those public
23 recreation facilities that the board has determined should be
24 acquired or developed with trust fund money, compiled in order of
25 priority. **THE LIST PREPARED UNDER THIS SUBSECTION SHALL BE BASED**
26 **UPON THE ACCOUNTING OF REVENUES AVAILABLE FOR EXPENDITURE AS**
27 **DESCRIBED IN THE REPORT PREPARED UNDER SECTION 1902(4) AND UPON THE**

1 RECOMMENDATION UNDER SUBSECTION (2) .

2 (2) BY DECEMBER 1 OF EACH YEAR, THE GOVERNOR OR HIS OR HER
3 DESIGNEE, THE STATE TREASURER OR HIS OR HER DESIGNEE, THE SENATE
4 MAJORITY LEADER OR HIS OR HER DESIGNEE, AND THE SPEAKER OF THE
5 HOUSE OF REPRESENTATIVES OR HIS OR HER DESIGNEE, AND 1 MEMBER OF
6 THE BOARD SELECTED BY THE BOARD, SHALL RECOMMEND TO THE BOARD THE
7 AMOUNT OF MONEY THAT SHOULD BE MADE AVAILABLE TO FUND EACH OF THE
8 FOLLOWING:

9 (A) ACQUISITIONS UNDER SECTION 1903(1) (A) .

10 (B) DEVELOPMENT PROJECTS UNDER SECTION 1903(1) (B) .

11 (C) ADMINISTRATION OF THE TRUST FUND UNDER SECTION 1903(1) (C) .

12 (D) IF THERE IS ADDITIONAL MONEY AVAILABLE AFTER FUNDING
13 RECOMMENDATIONS ARE MADE FOR SUBDIVISIONS (A) , (B) , AND (C) , AN
14 AMOUNT THAT SHOULD BE RETAINED BY THE TRUST FUND TO MITIGATE
15 POTENTIAL FUTURE INVESTMENT RETURN FLUCTUATIONS.

16 (3) In preparing the list under ~~this~~ subsection (1), the board
17 shall do all of the following:

18 (a) Give a preference to the following:

19 (i) A project or acquisition that is located within a local
20 unit of government that has adopted a resolution in support of the
21 project or acquisition.

22 (ii) The acquisition of land and rights in land for
23 recreational trails that intersect the downtown areas of cities and
24 villages.

25 (b) Identify each parcel of land that is recommended for
26 acquisition by legal description and include the estimated cost of
27 acquisition and assessed value.

1 (c) Provide a scoring of each parcel of land recommended for
2 acquisition individually.

3 (d) Give consideration to an acquisition that meets either or
4 both of the following:

5 (i) Is located within a county that contains 50% or more
6 privately owned land.

7 (ii) Allows motorized recreational use.

8 **(4)** ~~(2)~~—In preparing the list of lands to be acquired or
9 developed under subsection (1), the following apply:

10 (a) The board shall not include an acquisition of land on the
11 list if the board determines that the seller was harassed,
12 intimidated, or coerced into selling his or her land by the
13 department, a local unit of government, or a qualified conservation
14 organization.

15 (b) A project or acquisition may be named in honor or memory
16 of an individual or organization.

17 **(5)** ~~(3)~~—The list prepared under subsection (1) shall be
18 accompanied by estimates of total costs for the proposed
19 acquisitions and developments.

20 **(6)** ~~(4)~~—The board shall supply with the list prepared under
21 subsection (1) a statement of the guidelines used in listing and
22 assigning the priority of these proposed acquisitions and
23 developments.

24 **(7)** ~~(5)~~—The legislature shall approve by law the lands and
25 rights in land and the public recreation facilities to be acquired
26 or developed each year with money from the trust fund.

27 **(8)** ~~(6)~~—As used in this section, "qualified conservation

1 organization" means that term as it is defined in section 7o of the
2 general property tax act, 1893 PA 206, MCL 211.7o.