

## RECREATIONAL AUTHORITY REQUIREMENTS AND POWERS

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### House Bills 4694 and 4695 as introduced

**Sponsor: Rep. Greg Markkanen**

**Committee: Natural Resources and Outdoor Tourism**

**Complete to 8-20-25**

Analysis available at  
<http://www.legislature.mi.gov>

### SUMMARY:

House Bills 4694 and 4695 would each amend the Recreational Authorities Act to change the requirements for forming a recreational authority, the purposes for which such an authority can be created, and an authority's powers and responsibilities. House Bill 4694 contains the substantive provisions, and House Bill 4695 includes definitions of terms relevant to those provisions. In addition, House Bill 4695 would rename the act as the "Recreational and Natural Resources Authority Act" to reflect the changes made by the bills. The bills are described together below.

Under current law, two or more municipalities may enter into an agreement to establish a recreational authority. An authority may be established for the purpose of acquiring, constructing, operating, maintaining, or improving one or more of the following:

- A public swimming pool.
- A public recreation center.
- A public auditorium.
- A public conference center.
- A public park.
- A public museum.
- A public historic farm.

The bills would allow a single municipality to establish a recreational authority and would also allow an authority to be formed for the additional purpose of acquiring, constructing, operating, maintaining, or improving a ***public forest and natural resources area***.

***Public forest and natural resources area*** would mean an area of land or water, or both, and buildings and other improvements on the area, that is designated by an authority to be used primarily for one or more of the following:

- Recreational purposes, including such things as landscaped tracts; picnic grounds; playgrounds; athletic fields; camps; campgrounds; zoological and botanical gardens; living historical farms; boating, hunting, fishing, and birding areas; swimming areas; foraging and fruit picking; and foot, snowmobile, ORV, bicycle, and bridle paths or trails.
- Open or scenic space.
- Environmental, conservation, nature, or wildlife areas.
- Forestry or natural resources management.
- Protection or preservation of cultural or historical resources.

- Any activity that is allowed to be a dedicated use of a park, as that term is already defined (the dedicated uses of a park, as defined by the bills, mirror the first three bullets listed above).

The bill also would specify that a recreational authority is a local unit of government or public authority under Part 19 (Natural Resources Trust Fund) of the Natural Resources and Environmental Protection Act (NREPA).

A recreational authority is currently allowed to levy a tax of up to one mill for a period of up to 20 years to support allowed activities, and the bill would extend that eligibility to a public forest and natural resources area. (One mill is equal to \$1 for every \$1,000 of a property's taxable value.) An authority could also borrow money or issue bonds to support allowable activities in a public forest or natural resources area.

As part of the current requirements for forming a recreational authority stated in section 5 of the act, articles of incorporation for the proposed authority must contain certain information about the proposed authority's governing board, its purpose, and its service area. Under the bills, if a recreational authority was created for the purpose of acquiring, constructing, operating, maintaining, or improving a public forest and natural resources area, then the articles must also include the process the authority would use to designate property owned by the authority as a public forest and natural resources area.

The bills would add language regarding the amendment of existing articles of incorporation for a recreational authority. If articles of incorporation did not contain a voting requirement for amending those articles, the bills would allow amendments using the same voting process that is used for the initial adoption of the articles. Additionally, the bills would allow the following to be a part of articles of incorporation for a recreational authority:

- Restrictions on the recreational authority's activities, including the sale of the authority's assets or property.
- If the authority has more than one participating municipality, how the allocation of the authority's property, assets, and funds among the municipalities on the dissolution of the authority would be handled.
- If the board of the authority is elected, whether the election of the board is partisan or nonpartisan.

For recreational authorities whose purpose includes a public forest and natural resources area, the articles may include the following:

- A provision to allow or require the authority to make payments in lieu of taxes to one or more other governmental subdivisions or units in which the public forest and natural resources area is located, including a participating municipality. The payment in lieu of taxes may be calculated using a formula agreed to by the authority and the other governmental subdivisions or units.
- One or more of the following:
  - One or more restrictions or limitations on the use of a public forest and natural resources area or portions of a public forest and natural resources area. The use restrictions or limitations could prohibit one or more of the uses permitted in a public forest and natural resources area that would be allowed under the bills.

- A process by which one or more restrictions or limitations on the use of a public forest and natural resources area, or portions thereof, are established by the authority, and the amendment or removal of the restrictions or limitations.

Section 7, which covers provisions regarding an authority's board, would be amended to grant the board of a recreational authority the ability to establish one or more committees to provide advice on specific issues relevant to the authority. The qualifications for appointment to an advisory committee would be determined by the board, and members of an advisory committee would serve at the pleasure of the board. An advisory committee could create volunteer subcommittees whose members would not serve at the pleasure of the board.

Section 9, which provides for a recreational authority's powers, would be amended to add the following as allowable actions:

- Sell, lease, license, or develop real and personal property held by the authority.
- Establish an endowment fund or other type of supporting fund to support the purposes of the authority.
- Subject to applicable laws and contractual obligations of the authority, make and enforce rules for the use of property the authority owns, operates, or manages.
- Permit and manage sustainable natural resource commercial activities including both of the following:
  - The development, management, and operation of sustainable commercial forestry.
  - The sale of carbon or other environmental credits or tax attributes.
- Manage, maintain, and improve real and personal property inside or outside of the territory of the authority that is not owned by the authority.
- Develop, construct, repair, and replace improvements to property, including buildings.
- Sue or be sued in any Michigan court.

Under provisions added by the bills, if a recreational authority were to dissolve, all property, funds, and assets of the authority would be vested in the participating municipality or municipalities, and except as otherwise provided in the articles of incorporation, the debts or liabilities of that authority would not become the debts or liabilities of the participating municipality or municipalities unless the participating municipality or municipalities agreed to assume those debts or liabilities. For an authority that was in existence before the bill's effective date, if its articles address the disposition of the authority's property, funds, and assets upon dissolution of that authority, then those articles would control.

If the property of a dissolved authority was designated as a public forest and natural resources area, that designated use would have to be continued even after the authority's dissolution. Should that designated use not be continued by the participating municipality or municipalities, the property would revert to the state. This reversionary interest would be in addition to, and would not alter or supersede, any other reversionary interest the state might hold in the property.

A participating municipality or municipalities could also elect to waive their right, in full or in part, to a property designated as a public forest and natural resources area in the event of a recreational authority's dissolution. If the participating municipality or municipalities waive

their rights, in full or in part, to the property, then the property or portion of the property would revert to the state.

Finally, the bill would add language stating that nothing in the act alters or supersedes any third-party rights, including the rights of the state or federal government, in or attached to the property owned by a recreational authority.

Effectiveness

House Bills 4694 and 4695 are tie-barred to each other, which means that each can take effect only if the other is enacted into law.

House Bill 4694 is also tie-barred to an unknown bill designated only by its Legislative Service Bureau bill request number.

**FISCAL IMPACT:**

A fiscal analysis is in progress.

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