

RECREATIONAL AUTHORITY REQUIREMENTS AND POWERS

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House Bills 4694, 4695, and 4798 as introduced

Sponsor: Rep. Gregory Markkanen

Committee: Natural Resources and Outdoor Tourism

Complete to 9-3-25

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

SUMMARY:

House Bills 4694 and 4695 would 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 the powers and responsibilities of an authority. House Bill 4798 would amend the Natural Resources and Environmental Protection Act (NREPA) to include a recreational authority in the definition of a *local unit of government or public authority* for purposes of Part 19 of NREPA, which contains provisions regarding the Natural Resources Trust Fund.

House Bills 4694 and 4695 would amend the Recreational Authorities Act to change the provisions governing the formation of recreational authorities. House Bill 4694 contains substantive provisions, and House Bill 4695 includes definitions of terms relevant to those provisions and also would rename the act as the “Recreational and Natural Resources Authority Act.” The bills are described together below.

Recreational authority establishment and purpose

Under current law, *two or more* municipalities¹ may enter into an agreement to establish a recreational authority.

The bills would allow a *single* municipality to establish a recreational authority.

Currently, 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 additionally allow an authority to be formed for the 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, which would include such things as landscaped tracts; picnic grounds; playgrounds; athletic fields; camps; campgrounds; zoological or botanical gardens; living historical farms; boating, hunting, fishing, birding,

¹ For purposes of the act, *municipality* means a city, county, village, township, or school district.

or swimming areas; foraging or fruit picking; and foot, snowmobile, ORV, bicycle, or 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 allowed as a dedicated use of a park as now defined in the act (those dedicated uses are already identical to the first three items above).

Recreational authority funding

A recreational authority is now 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.) The bills would allow an authority to borrow money or issue bonds to support allowable activities in a public forest or natural resources area.

In addition, the bills would provide that a recreational authority is a *local unit of government or public authority* under Part 19 (Natural Resources Trust Fund) of NREPA (see HB 4798).

Articles of incorporation

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

More generally, 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. The bills also 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 is partisan or nonpartisan.

For recreational authorities whose purpose includes a public forest and natural resources area, the articles could 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 municipality participating in the authority. The payment in lieu of taxes could 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 all or a portion of a public forest and natural resources area. The use restrictions or limitations could

prohibit one or more of the uses 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 all or a portion of a public forest and natural resources area are established by the authority, and for the amendment or removal of the restrictions or limitations.

Recreational authority board

The bills would amend provisions related to the board of a recreational authority to grant an authority's board 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.

Recreational authority powers

The bills would add language authorizing a recreational authority to do any of the following:

- 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.
- Allow 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.

Dissolution of a recreational authority

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 authority's articles of incorporation, the debts or liabilities of that authority would not become 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 in existence before the bill takes effect, 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.

Third-party rights

Finally, the bills would provide 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.

MCL 123.1135 et seq. and proposed MCL 123.1140 (HB 4694)

MCL 123.1131 and 123.1133 (HB 4695)

House Bill 4798 would amend Part 19 (Natural Resources Trust Fund) of NREPA to provide that a recreational authority under the "Recreational Authorities Act" is a *local unit of government or public authority* for purposes of Part 19.²

Part 19 of NREPA authorizes expenditures from the Michigan Natural Resources Trust Fund in the form of grants to *local units of government or public authorities*, subject to specified conditions.³

MCL 324.1901

House Bills 4694 and 4695 are tie-barred to each other, and House Bills 4694 and 4798 are tie-barred to each other. A bill can take effect only if each bill it is tie-barred to is also enacted.

FISCAL IMPACT:

House Bills 4694 and 4695 are unlikely to directly affect costs or revenues for the Department of Natural Resources or local units of government. The permissive nature of the provisions in the bills would not impose a mandatory fiscal impact on governmental units but would expand options for establishing a recreational authority and further define authority governance. Funding for the department's Parks and Recreation Division totals 1,102.4 FTE positions and \$143.2 million Gross (\$8.5 million GF/GP) in FY 2024-25. Total funding for the department equals 2,545.3 FTE positions and \$534.6 million Gross (\$76.8 million GF/GP) in FY 2024-25.

House Bill 4798 is unlikely to affect costs or revenues for DNR or local units of government.

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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.

² Part 19 of NREPA now defines *local unit of government or public authority* as a county, city, township, village, school district, the Huron-Clinton Metropolitan Authority, or any authority composed of counties, cities, townships, villages, or school districts, or any combination of these entities, and legally constituted to provide public recreation.

³ <https://www.legislature.mi.gov/documents/mcl/pdf/MCL-451-1994-I-19.pdf>