

HOUSE SUBSTITUTE FOR
SENATE BILL NO. 796

A bill to amend 1994 PA 451, entitled "Natural resources and environmental protection act," by amending sections 1902, 1903, and 1904 (MCL 324.1902, 324.1903, and 324.1904), section 1902 as amended by 1996 PA 134 and sections 1903 and 1904 as added by 1995 PA 60, and by adding section 1907a.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 1902. (1) ~~The~~ IN ACCORDANCE WITH SECTION 35 OF ARTI-
2 CLE IX OF THE STATE CONSTITUTION OF 1963, THE Michigan natural
3 resources trust fund is established in the state treasury. The
4 trust fund shall consist of all bonuses, rentals, delayed
5 rentals, and royalties collected or reserved by the state under
6 provisions of leases for the extraction of nonrenewable resources
7 from state owned lands. However, the trust fund shall not

SB796, As Passed House, February 20, 2002

Senate Bill No. 796

2

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

3 (a) State owned lands acquired with money appropriated from
4 the game and fish protection fund created in part 435.

5 (b) State owned lands acquired with money appropriated from
6 the subfund account created by former section 4 of ~~the Kammer~~
7 ~~recreational land trust fund act of 1976,~~ former ~~Act No. 204 of~~
8 ~~the Public Acts of 1976~~ 1976 PA 204.

9 (c) State owned lands acquired with money appropriated from
10 related federal funds made available to the state under chapter
11 899, 50 Stat. 917, 16 U.S.C. 669 to 669b and 669c to 669i, com-
12 monly known as the federal aid in wildlife restoration act, or
13 chapter 658, 64 Stat. 430, 16 U.S.C. 777 to 777e, 777f to 777i,
14 and 777k to 777l, commonly known as the federal aid in fish res-
15 toration act.

16 (d) Money received by the state from net proceeds allocable
17 to the nonconventional fuel credit contained in section 29 of the
18 internal revenue code of 1986, 26 U.S.C. 29, as provided for in
19 section 503.

20 (2) Notwithstanding subsection (1), until the trust fund
21 reaches an accumulated principal of ~~-\$400,000,000.00~~
22 \$500,000,000.00, \$10,000,000.00 of the revenues from bonuses,
23 rentals, delayed rentals, and royalties described in this sec-
24 tion, but not including money received by the state from net pro-
25 ceeds allocable to the nonconventional fuel credit contained in
26 section 29 of the internal revenue code of 1986, 26 U.S.C. 29, as
27 provided for in section 503, otherwise dedicated to the trust

SB796, As Passed House, February 20, 2002

Senate Bill No. 796

3

1 fund that are received by the trust fund each state fiscal year
2 shall be transferred to the state treasurer for deposit into the
3 Michigan state parks endowment fund created in section 74119.
4 However, until the trust fund reaches an accumulated principal of
5 ~~-\$400,000,000.00~~ \$500,000,000.00, in any state fiscal year, not
6 more than 50% of the total revenues from bonuses, rentals,
7 delayed rentals, and royalties described in this section, but not
8 including net proceeds allocable to the nonconventional fuel
9 credit contained in section 29 of the internal revenue code of
10 1986, 26 U.S.C. 29, as provided in section 503, otherwise dedi-
11 cated to the trust fund that are received by the trust fund each
12 state fiscal year shall be transferred to the Michigan state
13 parks endowment fund. To implement this subsection, until the
14 trust fund reaches an accumulated principal of ~~-\$400,000,000.00~~
15 \$500,000,000.00, the department shall transfer 50% of the money
16 received by the trust fund each month pursuant to subsection (1)
17 to the state treasurer for deposit into the Michigan state parks
18 endowment fund. The department shall make this transfer on the
19 last day of each month or as soon as practicable thereafter.
20 However, not more than a total of \$10,000,000.00 shall be trans-
21 ferred in any state fiscal year pursuant to this subsection.

22 (3) In addition to the contents of the trust fund described
23 in subsection (1), the trust fund shall consist of money trans-
24 ferred to the trust fund pursuant to section 1909.

25 (4) The trust fund may receive appropriations, money, or
26 other things of value.

SB796, As Passed House, February 20, 2002

Senate Bill No. 796

4

1 (5) The state treasurer shall direct the investment of the
2 trust fund. THE STATE TREASURER SHALL HAVE THE SAME AUTHORITY TO
3 INVEST THE ASSETS OF THE TRUST FUND AS IS GRANTED TO AN INVEST-
4 MENT FIDUCIARY UNDER THE PUBLIC EMPLOYEE RETIREMENT SYSTEM
5 INVESTMENT ACT, 1965 PA 314, MCL 38.1132 TO 38.1140/.

6 (6) THE DEPARTMENT SHALL ANNUALLY PREPARE A REPORT CONTAIN-
7 ING AN ACCOUNTING OF REVENUES AND EXPENDITURES FROM THE TRUST
8 FUND. THIS REPORT SHALL IDENTIFY THE INTEREST AND EARNINGS OF
9 THE TRUST FUND FROM THE PREVIOUS YEAR, THE INVESTMENT PERFORMANCE
10 OF THE TRUST FUND DURING THE PREVIOUS YEAR, AND THE TOTAL AMOUNT
11 OF APPROPRIATIONS FROM THE TRUST FUND DURING THE PREVIOUS YEAR.
12 THIS REPORT SHALL BE PROVIDED TO THE SENATE AND HOUSE OF REPRE-
13 SENTATIVES APPROPRIATIONS COMMITTEES AND THE STANDING COMMITTEES
14 OF THE SENATE AND HOUSE OF REPRESENTATIVES WITH JURISDICTION OVER
15 ISSUES PERTAINING TO NATURAL RESOURCES AND THE ENVIRONMENT.

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

21 (a) The acquisition of land or rights in land for recrea-
22 tional uses or protection of the land because of its environmen-
23 tal importance or its scenic beauty.

24 (b) The development of public recreation facilities.

25 (c) The administration of the fund, including payments in
26 lieu of taxes on state owned land purchased through the trust
27 fund.

SB796, As Passed House, February 20, 2002

Senate Bill No. 796

5

1 (2) In addition to the money described in subsection (1),
2 33-1/3% of the money, exclusive of interest and earnings,
3 received by the trust fund in any state fiscal year may be
4 expended in subsequent state fiscal years for the purposes
5 described in subsection (1). However, the authorization for the
6 expenditure of money provided in this subsection does not apply
7 after the state fiscal year in which the total amount of money in
8 the trust fund, exclusive of interest and earnings and amounts
9 authorized for expenditure under this section, exceeds
10 ~~-\$200,000,000.00-~~ \$500,000,000.00.

11 (3) An expenditure from the trust fund may be made in the
12 form of a grant to a local unit of government, subject to the
13 following conditions:

14 (a) The grant is used for the purposes described in
15 subsection (1) and meets the requirements of either subdivision
16 (b) or (c).

17 (b) A grant for the purposes described in subsection (1)(a)
18 is matched by the local unit of government or public authority
19 with at least 25% of the total cost of the project.

20 (c) A grant for the purposes described in subsection (1)(b)
21 is matched by the local unit of government with 25% or more of
22 the total cost of the project.

23 (4) Not less than 25% of the total amounts made available
24 for expenditure from the trust fund from any state fiscal year
25 shall be expended for acquisition of land and rights in land, and
26 not more than 25% of the total amounts made available for

SB796, As Passed House, February 20, 2002

Senate Bill No. 796

6

1 expenditure from the trust fund from any state fiscal year shall
2 be expended for development of public recreation facilities.

3 ~~(5) During the first 3 state fiscal years after October 1,~~
4 ~~1985, not less than 15% of the total expenditures from the trust~~
5 ~~fund shall be expended for development of public recreational~~
6 ~~facilities. However, at the request of the legislature or the~~
7 ~~governor, the board may suspend the requirement of this subsec-~~
8 ~~tion in order to permit the acquisition of land or rights in land~~
9 ~~of exceptional statewide significance.~~

10 (5) IF PROPERTY THAT WAS ACQUIRED WITH MONEY FROM THE TRUST
11 FUND IS SUBSEQUENTLY SOLD OR TRANSFERRED BY THE STATE TO A NON-
12 GOVERNMENTAL ENTITY, THE STATE SHALL FORWARD TO THE STATE TREA-
13 SURER FOR DEPOSIT INTO THE TRUST FUND AN AMOUNT OF MONEY EQUAL TO
14 THE FOLLOWING:

15 (A) IF THE PROPERTY WAS ACQUIRED SOLELY WITH TRUST FUND
16 MONEY, THE GREATEST OF THE FOLLOWING:

17 (i) THE NET PROCEEDS OF THE SALE.

18 (ii) THE FAIR MARKET VALUE OF THE PROPERTY AT THE TIME OF
19 THE SALE OR TRANSFER.

20 (iii) THE AMOUNT OF MONEY THAT WAS EXPENDED FROM THE TRUST
21 FUND TO ACQUIRE THE PROPERTY.

22 (B) IF THE PROPERTY WAS ACQUIRED WITH A COMBINATION OF TRUST
23 FUND MONEY AND OTHER RESTRICTED FUNDING SOURCES GOVERNED BY FED-
24 ERAL OR STATE LAW, AN AMOUNT EQUAL TO THE PERCENTAGE OF THE FUNDS
25 CONTRIBUTED BY THE TRUST FUND FOR THE ACQUISITION OF THE PROPERTY
26 MULTIPLIED BY THE GREATEST OF SUBDIVISION (A)(i), (ii), OR (iii).

SB796, As Passed House, February 20, 2002

Senate Bill No. 796

7

1 Sec. 1904. The amount accumulated in the trust fund shall
2 not exceed ~~\$400,000,000.00~~ \$500,000,000.00, exclusive of
3 interest and earnings and amounts authorized for expenditure
4 under this part. Any amount of money that would be a part of the
5 trust fund but for the limitation stated in this section shall be
6 deposited in the Michigan state parks endowment fund created in
7 section 74119, until the Michigan state parks endowment fund
8 reaches an accumulated principal of \$800,000,000.00. After the
9 Michigan state parks endowment fund reaches an accumulated prin-
10 cipal of \$800,000,000.00, any money that would be part of the
11 Michigan state parks endowment fund but for this limitation shall
12 be distributed as provided by law.

13 SEC. 1907A. IF WITHIN 2 YEARS AFTER A PARCEL OF PROPERTY
14 THAT IS APPROVED FOR ACQUISITION OR DEVELOPMENT BY THE LEGISLA-
15 TURE HAS NOT BEEN ACQUIRED OR DEVELOPED IN THE MANNER DETERMINED
16 BY THE BOARD AND IS NOT OPEN FOR PUBLIC USE, THE BOARD SHALL
17 REPORT TO THE STANDING COMMITTEES OF THE SENATE AND THE HOUSE OF
18 REPRESENTATIVES WITH JURISDICTION OVER ISSUES RELATED TO NATURAL
19 RESOURCES AND THE ENVIRONMENT ON THE STATUS OF THE PROJECT AND
20 THE REASON WHY THE PROPERTY HAS NOT BEEN PURCHASED OR DEVELOPED
21 IN THE MANNER DETERMINED BY THE BOARD.

22 Enacting section 1. This amendatory act does not take
23 effect unless Senate Joint Resolution T of the 91st Legislature
24 becomes a part of the state constitution of 1963 as provided in
25 section 1 of article XII of the state constitution of 1963.