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**SFA**



**BILL ANALYSIS**

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Senate Bill 150 (Substitute S-2 as passed by the Senate)  
Sponsor: Senator Jason E. Allen  
Committee: Natural Resources and Environmental Affairs

Date Completed: 4-9-03

### **RATIONALE**

Cities located on Michigan waterways may be eligible to receive money from the State and Federal government, through the Department of Natural Resources, in order to build, operate, or maintain harbors, provided members of the public have access to and use of the harbors to dock their boats. Some universities and community colleges located on or near the Great Lakes also maintain harbors, usually open to the public, in order to provide their students with learning opportunities on the water. Northwestern Michigan College in Traverse City, for example, is home to the Great Lakes Maritime Academy, which trains engineers and deck officers for nonmilitary duty in the Merchant Marines. Also, Grand Valley State University owns two research vessels, one harbored in Grand Haven and the other in Muskegon, that serve as floating laboratory-classrooms for study of the aquatic environment of Lake Michigan and its adjoining waters. Because these higher educational institutions and others like them serve the public interest, it has been suggested that colleges and universities also should be eligible to receive funding for the development of harbors, public boating access sites, and participation in Federal projects.

### **CONTENT**

**The bill would amend Parts 781 and 791 of the Natural Resources and Environmental Protection Act to:**

- Permit public colleges and universities to enter into contracts and agreements with the Department of Natural Resources (DNR) to finance harbor or waterway projects.**
- Allow public colleges and universities to receive funding for participation in**

**Federal projects, the development of harbors, and public boating access sites.**

- Require the DNR's operational requirements for public boating access site grants to be contained in a grant agreement, which could include provisions described in the bill.**

Currently, by a vote of their legislative bodies, local units of government situated on inland Great Lakes waterways, or channels to nearby inland lakes and streams that may be opened for navigation and shelter of light draft vessels, may enter into contracts and agreements with the DNR to accomplish the purposes of Part 781, which establishes the Michigan State Waterways Commission and Fund. The bill would permit public colleges and universities also to enter into contracts and agreements with the DNR consistent with this part.

Under Part 781, the Department is authorized to finance local agencies' participation in Federal projects, and to enter into agreements with political subdivisions in connection with Federal projects. The bill would add public colleges and universities to those agencies eligible to enter into agreements with the DNR and receive DNR financing of participation in Federal projects.

Part 781 establishes the Michigan State Waterways Fund for, in part, the provision of grants to local units of government to acquire and develop harbors of refuge and public boating access. Local units of government may use the grants for a required match under a State or Federal program. The bill would add public colleges and universities to the entities that may receive Fund grants.

Also, the DNR is responsible for a public boating access sites grant program under Part 781. The program provides money from the State Waterways Fund to local units of government to acquire land for public boating access sites and to develop the sites. Under the bill, public colleges and universities also could receive this funding. The Act requires the local units of government to agree to operate the public boating access sites in accordance with the DNR's operational requirements. Under the bill, the DNR would have to include its requirements in a grant agreement between the recipient and the DNR. The agreement could include any of the following provisions as required by the DNR:

- The public boating access site and its facilities would have to be open to the public at all times on equal and reasonable terms.
- Net revenues accrued from the operation of the public boating access site would have to be separately accounted for and reserved in a restricted fund by the grantee for the future maintenance or expansion of the public boating access site or, with the DNR's approval, the construction of other recreational boating facilities.
- If a fee were charged for the use of the access site, the fee would have to be the same as the fee set by the Department, unless otherwise provided in the agreement or authorized by the DNR.
- The grantee would have to reserve the site and its facilities exclusively for the use or daily rental of recreational watercraft, unless otherwise provided in the agreement or authorized by the DNR.
- Commercial operations would be prohibited from regularly using the site, unless otherwise provided in the agreement or authorized by the DNR.

Public colleges and universities, as well as local units of government, would have to agree to the DNR's operational requirements, as specified in the grant agreement.

Under Part 791 (Harbor Development), the DNR may purchase and then lease real property accessible to water for the development of marinas. Part 791 permits the DNR to enter into lease agreements with local units of government acting jointly with the DNR as a lessor. Revenue from each lease must be apportioned according to the

proportional share of the investment made by the DNR and the local unit of government in the construction of nonrevenue-producing harbor facilities, and in consideration of the entities' relative land investments. The bill would permit public colleges and universities also to enter into lease agreements with the DNR, with revenue apportioned as it is with local units of government.

MCL 324.78106 et al.

### **BACKGROUND**

The State Waterways Fund, created in the Natural Resources and Environmental Protection Act, is used by the Department of Natural Resources to construct, operate, and maintain recreational boating facilities, and to acquire property for recreational boating facilities. Additionally, the DNR uses the Fund to provide 50% matching grants to local units of government for the acquisition and development of harbors and public boating access sites, and to pay taxes on property purchased with the Fund. Revenue from the State gasoline tax and boater registration fees is credited to the Fund.

### **ARGUMENTS**

*(Please note: The arguments contained in this analysis originate from sources outside the Senate Fiscal Agency. The Senate Fiscal Agency neither supports nor opposes legislation.)*

#### **Supporting Argument**

The Great Lakes Maritime Academy, a division of Northwestern Michigan College (NMC), is one of only six maritime academies authorized by the Federal government to train engineers and officers for the U.S. Merchant Marine, as well as the U.S. Coast Guard. According to NMC representatives, Academy graduates are in high demand as the current ranks of Merchant Marines near retirement. The shipping industry depends on these trained individuals to pilot the freighters, harbor tugs, bulk carriers, and barges that transport much of the manufacturing material upon which the country's economy relies. In fact, 95% of all cargo (by weight) is moved in or out of the United States by water. The United States Maritime Administration predicts that cargo movement through U.S. ports will triple between 2000 and 2020, thus necessitating more trained officers.

Toward that end, NMC is constructing a modernized facility that will house the Maritime Academy, a new water resource center, and a culinary arts program. At the new campus, students from these programs will use a revamped naval submarine surveillance vessel, renamed *The State of Michigan*, as a training vessel. Potentially, Academy cadets will crew it as part of their sea training, NMC water resources students will use the vessel as a research platform, and culinary arts students will staff the galley. In order for this 225-foot vessel and three smaller Academy vessels to be docked, the harbor must be rebuilt. Funding from the State Waterways Fund would help defray the cost of revamping the harbor. (Some of the renovation costs are paid for by a \$34.7 million bond the college passed in 1999.) Overall, the new facilities will provide better Great Lakes vessel and research training to students, while continuing to serve as a public harbor.

Grand Valley State University's two research vessels are available to schools, colleges and universities, and other groups that want a hands-on experience with water sampling and analysis. Aquatic science instructors from Grand Valley's Annis Water Resources Institute accompany each group and lead participants through water and sediment sampling. Reportedly, one of the vessels found a source of E. coli contamination last year in the waters off Allegan County. If colleges and universities were permitted to seek additional public funding for the expansion of harbors and marinas, perhaps additional schools would consider expanding their curriculum to offer programs like this one.

Legislative Analyst: Claire Layman

### **FISCAL IMPACT**

The bill provides that, if a fee were charged for use of a public boating access site, the fee would have to be the same as the fee rates set by the DNR, except as otherwise provided in a grant agreement or authorized by the DNR. This could result in an increase or reduction of fee revenue to the grant recipient if its current fee differs from the fee set by the DNR.

Fiscal Analyst: Jessica Runnels

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.