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BILL ANALYSIS

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Senate Bill 551 (as passed by the Senate)
Sponsor: Senator Dave Hildenbrand
Committee: Appropriations

Date Completed: 9-12-17

CONTENT

The bill would amend Part 19 (Natural Resources Trust Fund) of the Natural Resources and Environmental Protection Act to do the following:

- Remove the requirement that while the Michigan Natural Resources Trust Fund (MNRTF) has a corpus balance below \$500.0 million, \$10.0 million be transferred from the MNRTF to the State Parks Endowment Fund each year.
- Require the annual report on the Michigan Natural Resources Trust Fund to include a figure for the cumulative total of unspent interest and earnings held by the MNRTF.
- Remove the requirement that as long as the corpus balance of the MNRTF is less than \$500.0 million, not more than one-third of money received by the MNRTF, exclusive of interest and earnings, be spent each year.
- Require that the list of projects recommended for funding by the MNRTF Board be based on the accounting of revenue and expenditures in the annual report, and upon the recommendation of a group made up of the following: the Governor, the State Treasurer, the Senate Majority Leader, and the Speaker of the House (or designees for any of those individuals) and one member of the MNRTF Board, selected by the Board.

That group would have to recommend the amount of money that should be made available for the following: acquisition projects; development projects; MNRTF administration; and, if money were available after funding recommendations were made for those purposes, an amount that should be retained in the MNRTF to mitigate against future investment return fluctuations.

MCL 324.1902 et al.

FISCAL IMPACT

The bill would have a neutral fiscal impact on the Department of Natural Resources and on local units of government. Generally, the bill could have an effect on the number of projects funded each year as well as the associated dollar figure. To the extent that funding was appropriated for the potentially increased number of projects, the spendable balance in the MNRTF, which was about \$78.7 million at the end of fiscal year 2016-17, would decrease over time. Once that spendable balance was spent down, the dollar amount of projects funded each year would not be substantially different than if the bill had not been enacted, and would be dependent on interest and earnings on the corpus balance of the MNRTF. On the other hand, the bill could result in fewer projects each year if the group created under the bill determined that a greater amount of the MNRTF spendable balance should be held in reserve. The corpus balance of the MNRTF is \$500.0 million, and typically yields investment interest of about 5.0% per year, or about \$25.0 million.

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