



Statewide Proposal 1 of 2020

FUNDING FORMULA *for* *the* MICHIGAN NATURAL RESOURCES TRUST FUND

Proposal Type

Legislatively Referred Amendment to the State Constitution.

Background

In 1976, the Michigan Legislature created the Michigan Natural Resources Trust Fund (MNRTF) as a vehicle for accepting royalties from oil, gas, and mining industries, when they extract minerals from public land. Michigan has used the fund to acquire land for public use and to make improvements in outdoor recreational opportunities—including trails, boat launches, and other facilities—through a grant process. During the past forty years, the MNRTF has spent over \$1 billion for recreational opportunities within all of Michigan's eighty-three counties. According to current Department of Natural Resources (DNR) projections, approximately \$15–20 million is likely to be available each year for grants, “dependent on revenue, investment earnings and interest accruing to the Trust Fund in a particular fiscal year.”¹ DNR reviews the grant applications, and the MNRTF Board submits final recommendations to the Michigan Legislature so the appropriations can be allocated. The legislation that established the fund has been amended by the voters several times.² In its current form, the law:

- Allows the MNRTF to spend a minimum of twenty-five percent of its assets annually on acquiring new land (25–100%).
- Limits the fund's expenditures for recreational development projects to twenty-five percent of its assets (0–25%).³
- Caps the fund's principal balance at \$500 million, which was reached in 2011. Excess funds are distributed to the Michigan State Parks Endowment Fund (MSPEF) to improve state parks.

- Allows for one third of annual revenues, plus earnings and interest, to be appropriated each year.

To address several restrictions in the current formula, the Michigan Legislature voted to place Proposal 1 on the November ballot as a constitutional amendment.

Proposal Summary

The new formula outlined in Proposal 1 would:

- Require at least twenty-five percent of the annual Michigan Natural Resources Trust Fund allocations to be used for development and renovation of existing public recreation facilities and a minimum of twenty-five percent for land acquisition and protection.
- Allow fifty percent of the fund's annual revenue, plus interest and earnings, to be spent per year.
- Require twenty percent of the funding expended from the Michigan State Parks Endowment Fund to go towards capital improvements at state parks.
- Allow excess royalties to be distributed to the MSPEF, up to the funding level of \$800,000. Any additional money would be distributed again to the MNRTF.

Supporters

[Vote Yes for MI Water](#), Wildlife, and Parks has been established as a ballot question committee to support this proposal. Other supporters include organizations such as the Alliance for the Great Lakes, DTE Energy, Ducks Unlimited, League of Women Voters of Michigan, Michigan Bow Hunters Association, Michigan Charter Boats Association, Michigan Environment Council, Michigan Farm Bureau, Michigan Forest Products Council, Michigan Hunting Dog Federation,

Michigan League of Conservation Voters, Michigan NAACP Environmental & Climate Justice Committee, Michigan Oil and Gas Association, Michigan Pheasants Forever, Michigan Recreation and Parks Association, Michigan Trails and Greenways Alliance, Michigan United Conservation Clubs, Michigan Waterfront Alliance, National Wildlife Federation, National Wild Turkey Federation—Michigan Chapter, Natural Resources Defense Council, Ruffed Grouse Society and American Woodcock Society, SEIU Michigan State Council, State Council Michigan Quality Deer Management Association, The Nature Conservancy, and Transportation Riders United. **According to supporters, the proposal:**⁴

1. Does not cost Michiganders a cent—it simply changes how existing funds can be expended to give greater flexibility for the funding and updating of trails, playgrounds, and accessible boat launches.
2. Prioritizes land conservation and recreation funding for Michigan communities annually, while also saving responsibly for future generations.
3. Ensure all future royalties are dedicated to conservation and recreation by removing the cap.

Opponents

Opponents include organizations such as the Sierra Club Michigan and *The Detroit News* Editorial Board. **According to the opponents, the proposal:**⁵

1. Shifts the prioritization of MNRTF money away from purchasing land and towards maintaining facilities, which is shortsighted. There is only so much land available, and Michigan could miss out on the acquisition of a great piece of land.
2. Requires revenue from a non-renewable source to provide for ongoing and increasing needs, which creates further financial problems. Constitutional changes may be needed to better protect the land, but this proposal is not the answer.
3. Current MNRTF funds are sufficient. Changes should be made so royalties can address other needs. ●

Official Proposal Text

A proposed constitutional amendment to allow money from oil and gas mining on state-owned lands to continue to be collected in state funds for land protection and creation and maintenance of parks, nature areas, and public recreation facilities; and to describe how money in those state funds can be spent. This proposed constitutional amendment would:

- Allow the State Parks Endowment Fund to continue receiving money from sales of oil and gas from state-owned lands to improve, maintain and purchase land for State parks, and for Fund administration, until its balance reaches \$800,000,000.
- Require subsequent oil and gas revenue from state-owned lands to go into the Natural Resources Trust Fund.
- Require at least 20% of Endowment Fund annual spending go toward State park improvement.
- Require at least 25% of Trust Fund annual spending go toward parks and public recreation areas and at least 25% toward land conservation.

Should this proposal be adopted?

Yes No

The Michigan Catholic Conference Board of Directors does not have a position on Proposal 1.

1. "Natural Resources Trust Fund" webpage, Department of Natural Resources, Accessed 9/28/20: bit.ly/3cAu6VQ. 2. "Fiscal Focus: Michigan Natural Resources Trust Fund," House Fiscal Agency, September 2012: bit.ly/30hxP5K. 3. "Voters Will Decide Whether DNR Trust Fund Money Can Be Put Towards More Park Development, MLive, 2/16/19: bit.ly/3mJqeX8. 4. Vote Yes for MI Water, Wildlife and Parks website, accessed 9/23/20: miwaterwildlifeparks.com. 5. "Sierra Club Opposes Changes to State Conservation Law," Sierra Club Michigan Chapter, accessed 9/30/20: bit.ly/3l1rEe4 and "Vote 'no' on Prop 1 to free future resources," *The Detroit News*, 10/27/20: bit.ly/2TzORKo.