



Natural Resources Trust Fund Needs a Makeover

By Russ Harding

Summary

The Natural Resources Trust Fund continues to purchase land that's not needed by the state. Michigan residents should be allowed to vote on several constitutional changes that would allow the fund to be used for related but more practical needs.

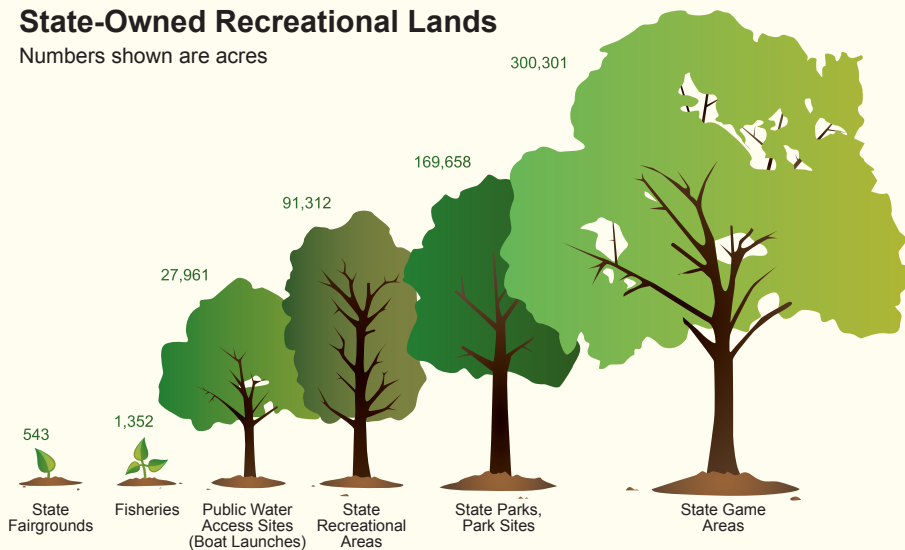
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The Michigan Natural Resources Trust Fund was established in 1976, and voters gave it constitutional protection from legislative “fund raids” in 1985. The trust fund gets money from royalties on the sale of state-owned mineral rights, including oil and gas drilling. Since its creation, the NRTF has doled out approximately \$873 million for its stated purposes, which are:

- Purchase of land because of its environmental importance or its scenic beauty, and for recreational purposes.
- The development of public recreation facilities.
- Administration, which may include payments to local governments in lieu of property taxes they would collect if the land was still in private hands.

State-Owned Recreational Lands

Numbers shown are acres



When the trust fund balance exceeds \$500 million (subject to some conditions), additional income is deposited into a State Park Endowment Fund, until that fund's balance is \$800 million. As of 2010, the NRTF had \$700.3 million in assets, of which \$72.5 million is eligible to be spent.

Recently, several bills have been introduced in the Legislature that would authorize using earnings from the trust fund's principal for various purposes, including road projects. Another bill, sponsored by Rep. Joel Johnson, R-Clare, would require (rather than simply allow)

that those state payments in lieu of taxes to local governments come out of the trust fund. This would free-up around \$500,000 annually that the state could use for other purposes, or return to taxpayers as tax cuts. Although some may claim that this use strays from the purpose of the fund, it is explicitly authorized in the constitutional language approved by voters in 1985.

Actually, that constitutional language should be amended to allow trust fund earnings to cover other items in the Department of Natural Resources budget. Gov. Rick Snyder has recommended \$323.7 million in spending for the department in the next fiscal year, of which

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\$242.3 million is earmarked as tax and fee revenue, \$68.6 million is federal money, and \$13.7 million is from the state's general fund, which is "discretionary" money the Legislature can use for any purpose.

The NRTF could easily cover that general fund portion without jeopardizing any of its other purposes, in the process freeing up revenue for other important uses. Constitutional language providing for this change should be constructed in a manner that would prohibit the DNR's budget from growing faster than the rate of inflation.

Two other mandates in NRTF language should also be amended. One requires at least 25 percent of earnings from the fund be used to buy land, and the other caps at 25 percent the amount of earnings that can be used for maintenance and operations related to that state land. The DNR is already having difficulty in managing the department's considerable land holdings, as seen in the recent closing of numerous state forest campgrounds. It simply does not make sense to keep buying more state land when the DNR claims it lacks sufficient resources to properly manage current responsibilities.

The time to change the Natural Resource Trust Fund is now. Few would argue that the trust fund has not benefited outdoor recreation opportunities in the state. But times have changed. It is no longer sound public policy to keep acquiring more state land just because the money is available, while ignoring the long-term fiscal consequences of these actions. In the past, Michigan voters have supported the NRTF, and despite the demagoging that could be expected, it's likely they would support common sense changes today, given the chance. The Michigan Legislature should allow voters that opportunity.

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