



Background Briefing

NATURAL RESOURCES

**Viola Bay Wild, Senior Fiscal Analyst
December 2012**

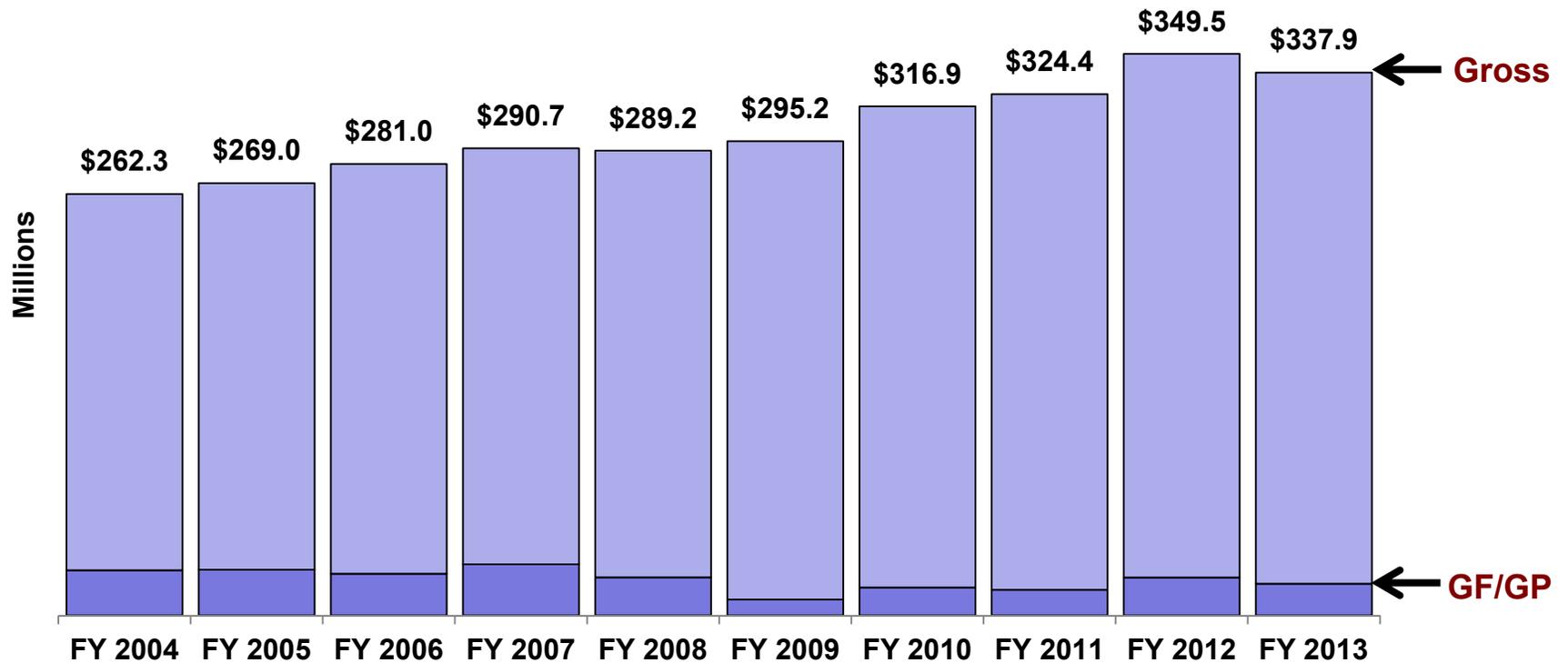
The fiscal information in this background briefing is based on data through December 31, 2012.

Department of Natural Resources Budget

Major DNR programs do the following:

- **Manage the state wildlife and fisheries environments and populations**
- **Administer the state park system and state boating programs**
- **Manage state land and timber resources**
- **Regulate the development of Michigan's oil, gas, and mineral resources**
- **Provide law enforcement for game and fish laws**
- **Administer the Michigan historical programs**

DNR: Gross Appropriations

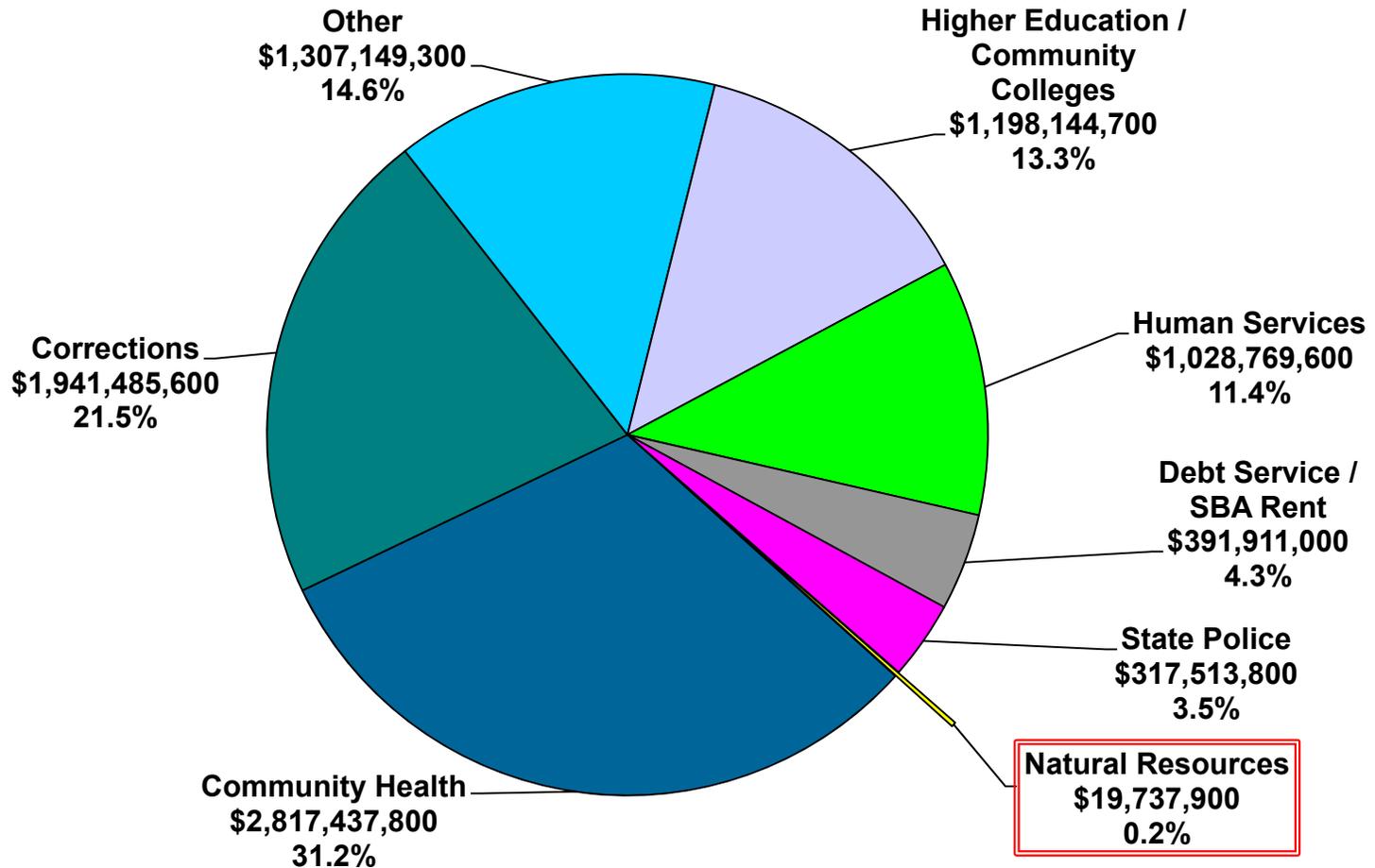


Notes: FY 2012 includes \$4.0 million GF/GP one-time boilerplate appropriation designated in Sec. 1101 of budget article.

DNR Share of State GF/GP

DNR makes up 0.2% of the total state GF/GP budget

FY 2012-13 GF/GP Total = \$9,022,149,700

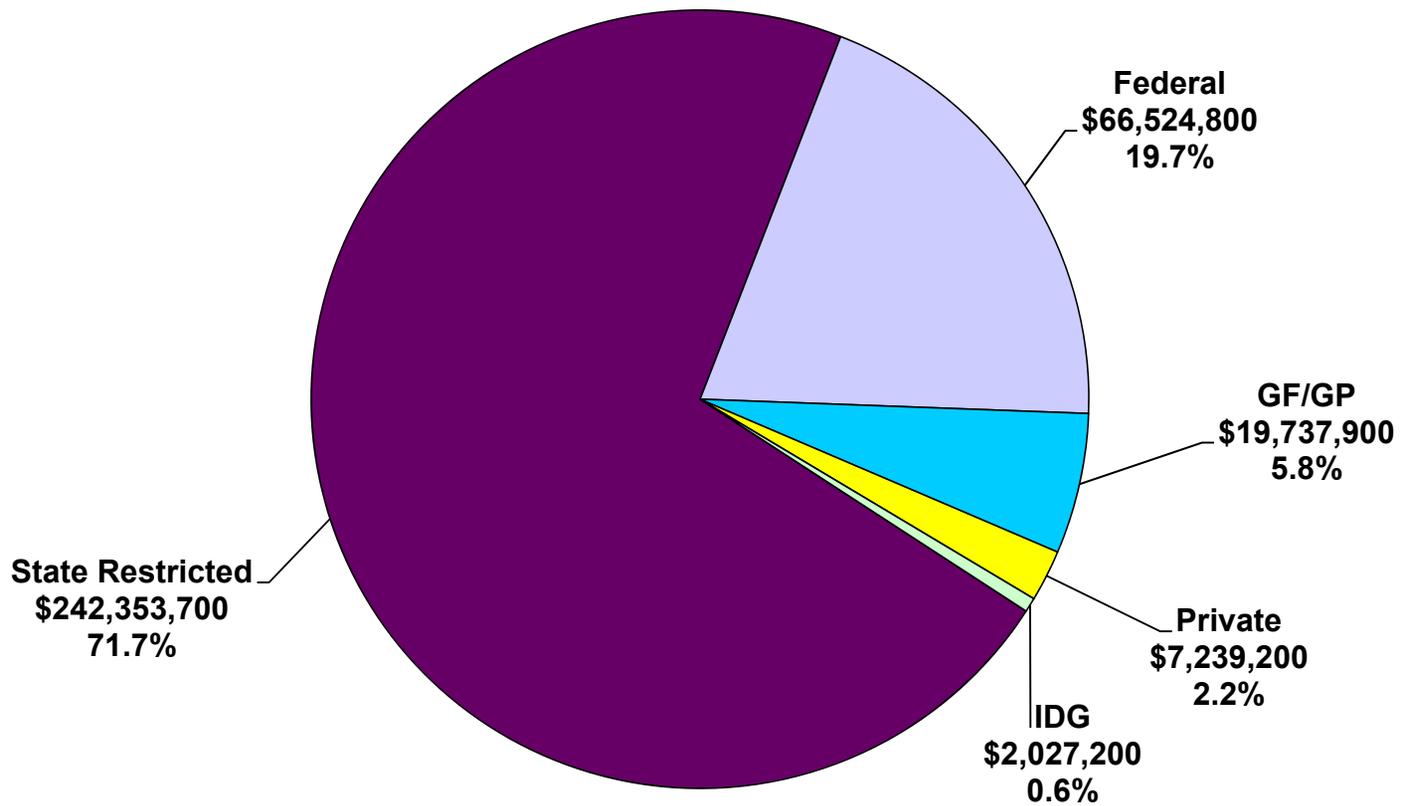


SOURCES OF FUNDING

DNR Budget

State restricted funds and federal revenue represent over 91% of funding in the DNR budget.

FY 2012-13 Gross = \$337,882,800



STATE SPENDING

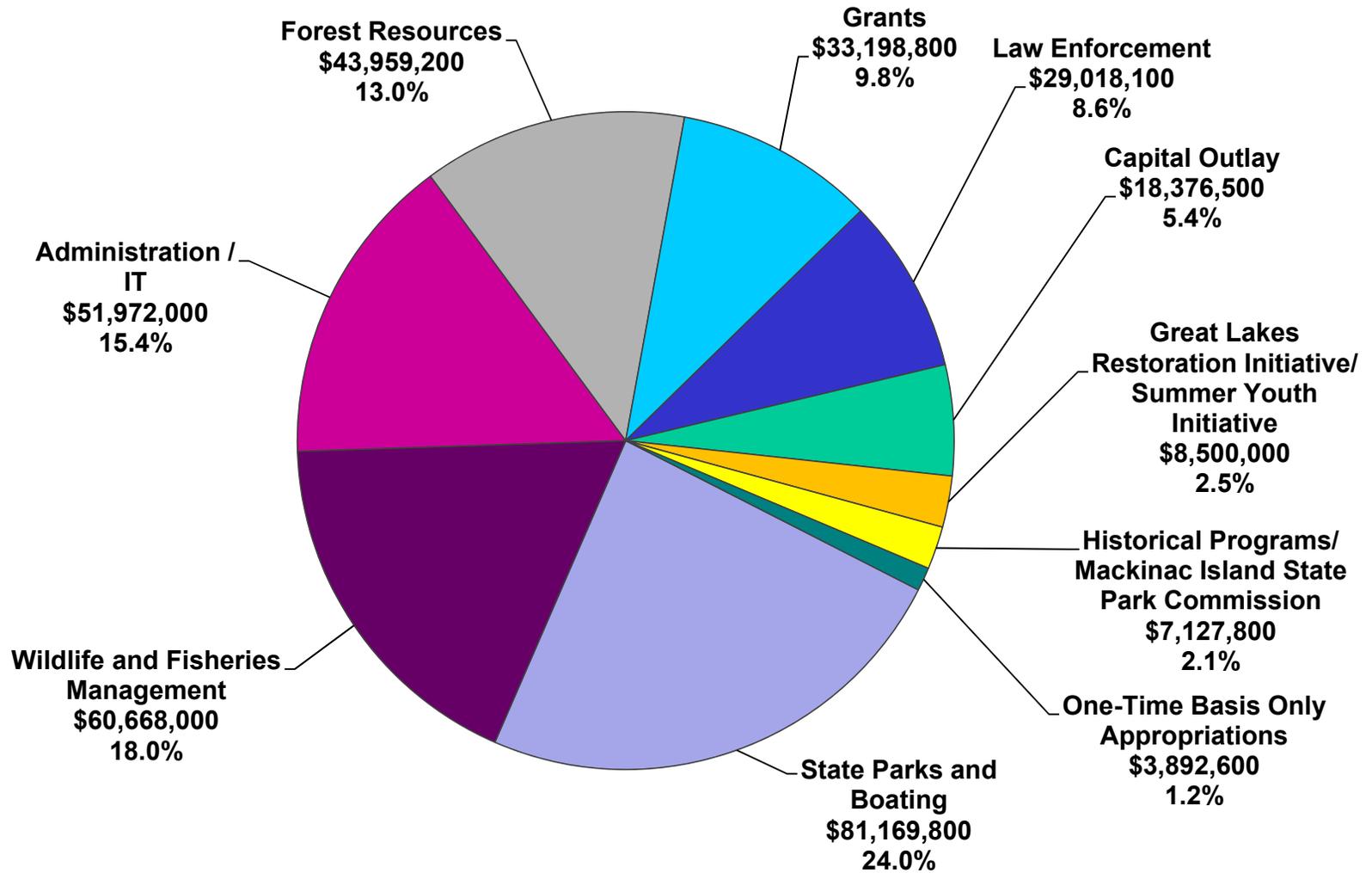
DNR Appropriations

The DNR budget is allocated into the following major spending areas:

- Administration/ IT
- Wildlife and Fisheries Management
- Law Enforcement
- Forest Management
- State Parks and Boating
- Historical Programs /Mackinac Island State Park Commission
- Great Lakes Restoration Initiative /Summer Youth Initiative
- Grants
- Capital Outlay

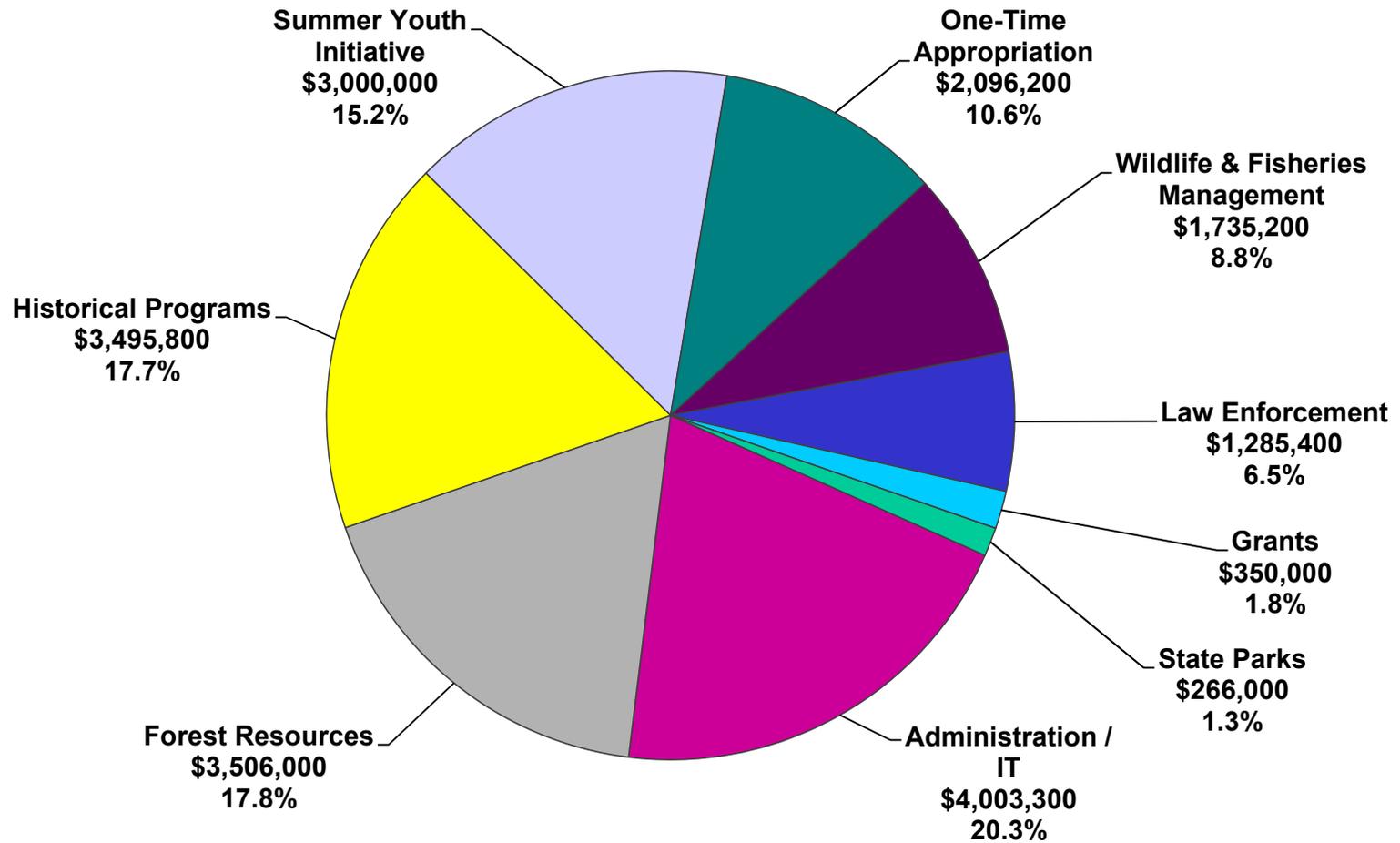
DNR Appropriations

FY 2012-13 Gross = \$337,882,800



DNR GF/GP Appropriations by Category

FY 2012-13 GF/GP = \$19,737,900



MAJOR BUDGET ISSUES

DNR Major Programs

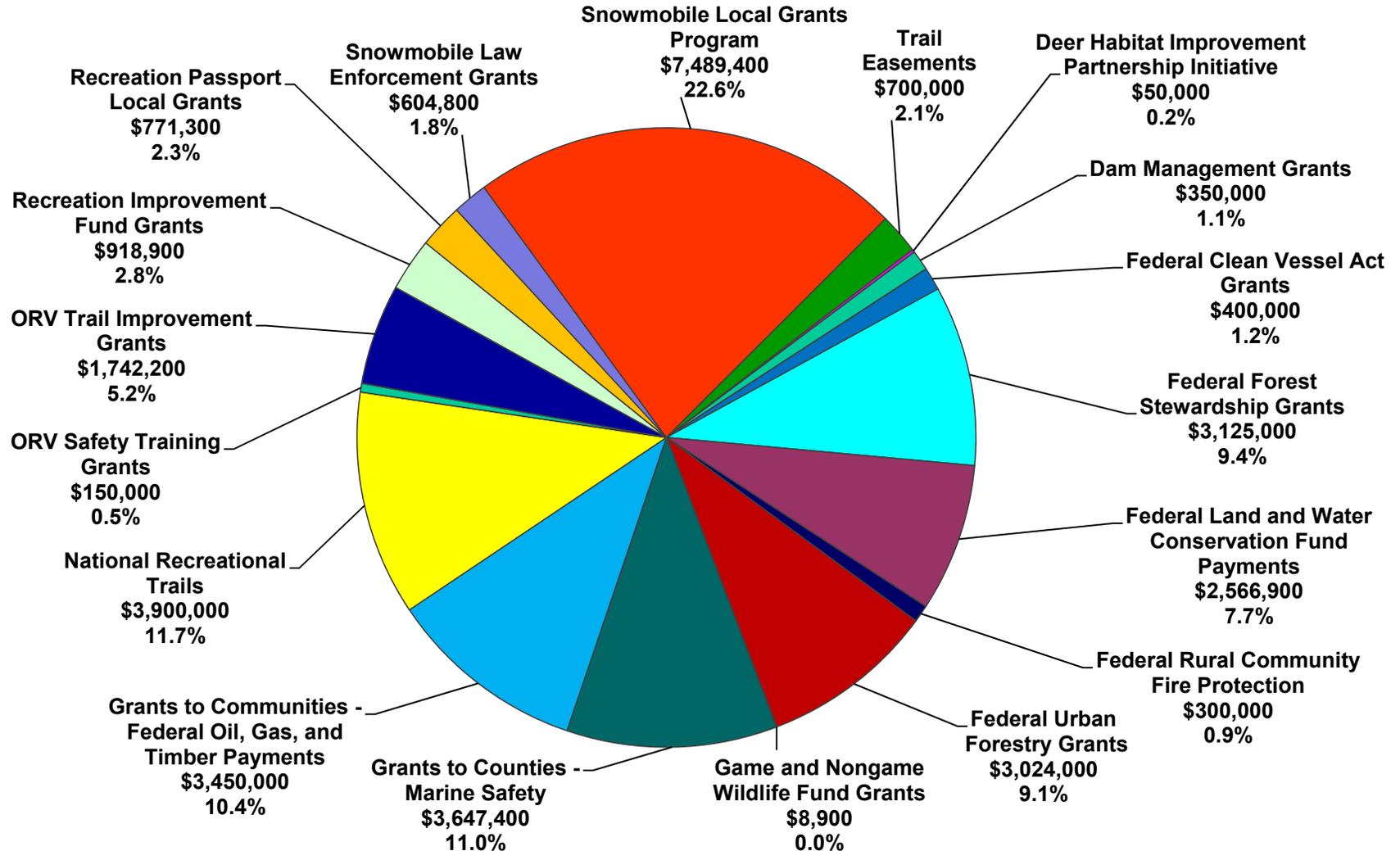
- **Marketing and Education – funding for education programs, including hunter safety education, publications, and the sale of hunting and fishing licenses.**
- **Wildlife and Fisheries Management – oversees state wildlife and fishery resources by creating and protecting habitats, populations, and providing wildlife recreational opportunities.**
- **State Parks and Boating Areas – manages 70 state parks, 211 state recreation areas (includes 145 state forest campgrounds), state forest trails, over 1,000 public boat launches, and 17 state harbors.**
- **State Forests – manages state forests. Program administers the sale of timber products commercially, manages the development of the state’s oil, gas, and mineral resources, and provides wildfire protection.**
- **Law Enforcement – enforces game and fish laws.**

DNR Grant Programs

- **The DNR awards grants and distributes payments to local units of government and nonprofit organizations.**
- **\$33.2 million of department funding is distributed to communities and nonprofit organizations through these programs.**
- **Only one grant program, the Dam Management Grant Program, receives GF/GF funding; all other programs are funded with federal revenue, state restricted funding, and private funds.**
- **The Department administers 18 natural resources grant and payment programs. The programs include funding for forestry activities, forest firefighting equipment, ORV and snowmobile trail improvements, land acquisition, recreation passport local grants, and royalty payments to local governments.**

DNR Grant Programs

FY 2012-13 Gross = \$33,198,800



Mackinac Island State Park Commission

- **The Mackinac Island State Park Commission was transferred to the DNR from DHAL in FY 2009. The Commission consists of seven members which are appointed by the Governor.**
- **The Commission is responsible for operating the following three historic parks:**
 - **Mackinac Island State Park**
 - **Fort Michilimackinac State Park**
 - **Mill Creek State Historic Park**
- **The Commission receives a direct appropriation of \$2.0 million restricted funding for FY 2012-13. In addition, the Commission is anticipated to receive up to \$1.9 million additional funding from the Michigan State Park Endowment Fund through the State Parks line item.**

Michigan Historical Program

The Michigan Historical Program was transferred to the DNR from the Department of History, Arts, and Libraries (DHAL) in FY 2009. The program oversees the site management, maintenance, and preservation of Michigan records, archives, and the State Historical Museum.

FY 2012-13 Gross = \$5,155,900

PROGRAM	DESCRIPTION	FUNDING	% FUNDING
Historical Administration and Services	Fund Michigan Historical Museum system: one museum in Lansing, nine field museums, one historic site; records management services for state agencies; state records center.	\$3,700,600	71.8
Archives	Care for state and local government records; assist with land, probate, and circuit court records management.	837,100	16.2
Museum Stores	Operational support for stores at four Michigan museums and historic sites.	575,100	11.2
Special Programs	Allow receipt and expenditure of private grants or gifts; includes Mann House funding in Concord.	43,100	0.8
TOTAL		\$5,155,900	100.0

DNR Revenue

- For FY 2012-13, the DNR budget totals \$337.9 million. Of that amount, only 5.8% is GF/GP funding (\$19.7 million).
- From FY 1999-2000 to FY 2012-13, GF/GP funding has decreased by over 75%: from \$77.7 million to \$19.7 million.
- In FY 2012-13, 71.7% of funding is from state restricted revenue (mainly license and permit fees).
- 74.5% of restricted funding (\$180.6 million) is appropriated from funds that have constitutional restrictions on their use.

DNR Restricted Funds in the Michigan Constitution

There are 11 restricted funds in the DNR budget that have constitutional restrictions on the fund revenues and how the funding may be used. (The Conservation and Recreation Legacy Fund encompasses 7 individual funds.) In FY 2012-13, 74.5% of the restricted funding in the DNR budget (\$180.6 million) is appropriated from these funds:

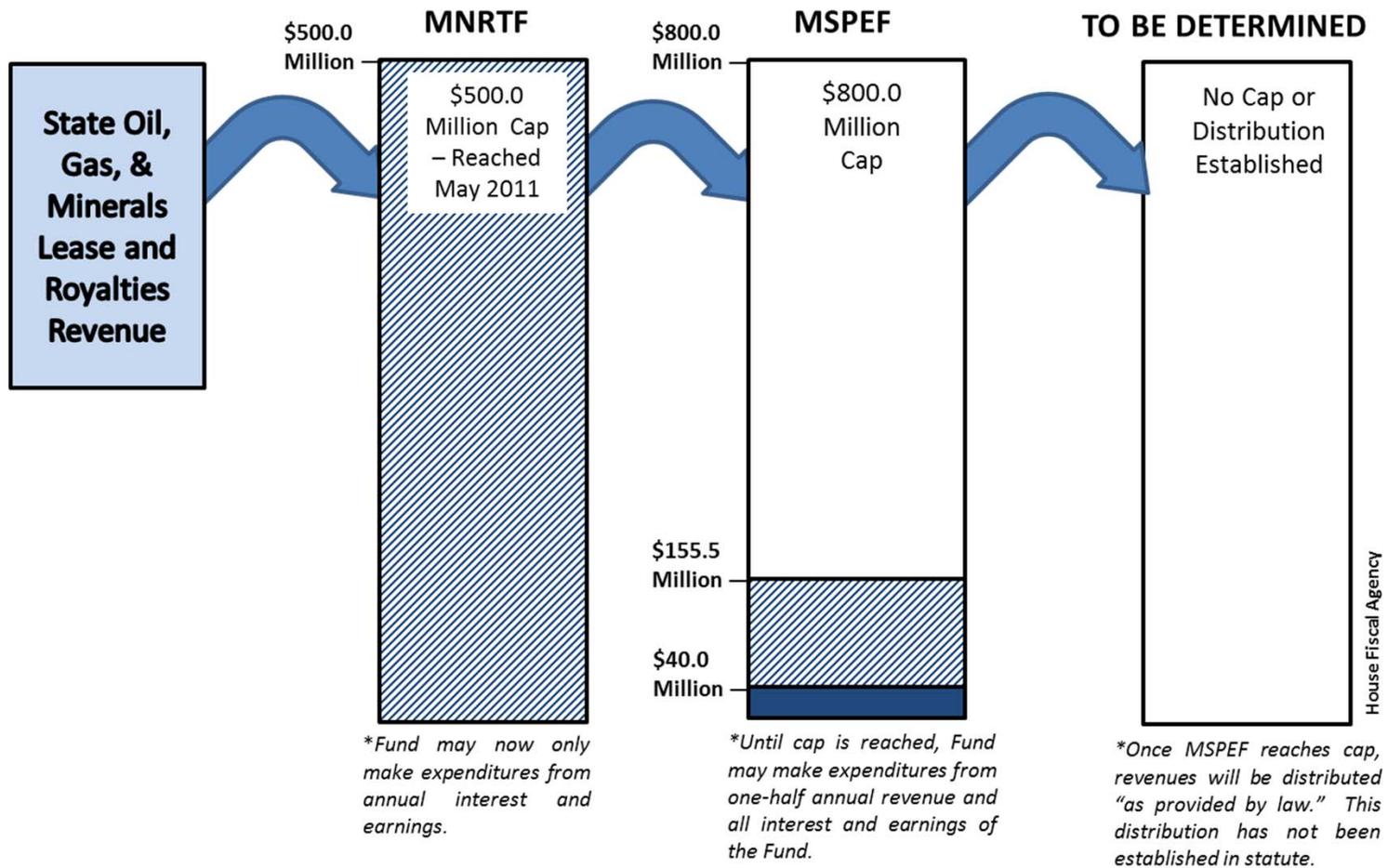
- **Michigan Natural Resources Trust Fund (MNRTF)**
 - revenues from sale of oil and gas leases, the extraction of minerals on state lands, and royalties were deposited into MNRTF until it reached \$500.0 million balance in May 2011 (except lands purchased by the Game and Fish Protection Fund). This revenue is now deposited in the Michigan State Parks Endowment Fund.
- **Michigan State Parks Endowment Fund (MSPEF)**
 - funds state park operation, maintenance, and land acquisition. When MNRTF reached \$500.0 million in May 2011, MSPEF began to receive mineral revenues.
- **Michigan Conservation and Recreation Legacy Fund**
 - includes 7 restricted funds that receive user fees and tax revenue.
- **Michigan Game and Fish Protection Trust Fund**
 - revenues from the sale of oil and gas leases on state lands purchased with Game and Fish Protection Fund are deposited into the Fund.
- **Michigan Nongame Fish and Wildlife Trust Fund**
 - receives revenue from the sale of wildlife habitat license plates.

Oil, Gas, and Minerals Revenue

- Article IX, Section 35, of the Michigan Constitution requires that revenues from the extraction of oil, gas, and minerals from state-owned lands must be deposited into the MNRTF until it reaches \$500.0 million (except for lands purchased with the Game and Fish Protection Fund).
- Once the MNRTF reaches the \$500.0 million cap, these revenues must be deposited into the MSPEF, until that Fund reaches \$800.0 million.
- Until the MSPEF reaches its \$800.0 million cap, one-half of the annual revenue, plus the Fund's interest earnings, may be expended each year.
- The MNRTF reached the \$500.0 million principal balance in May 2011. Since that time, these mineral revenues have been deposited into the MSPEF. Expenditures from the MNRTF may now be made only from the Fund's interest and earnings—approximately \$25.0 million each year.
- At the close of FY 2011-12, the MSPEF fund balance is \$173.2 million. Once the Fund reaches \$800.0 million, the cap amount will be adjusted annually for inflation. At that time these mineral revenues will no longer be deposited into the MSPEF, but will be distributed “as provided by law.” This new distribution methodology has not yet been enacted.
- For more MNRTF information, see [Fiscal Focus: Michigan Natural Resources Trust Fund](#) on HFA website.

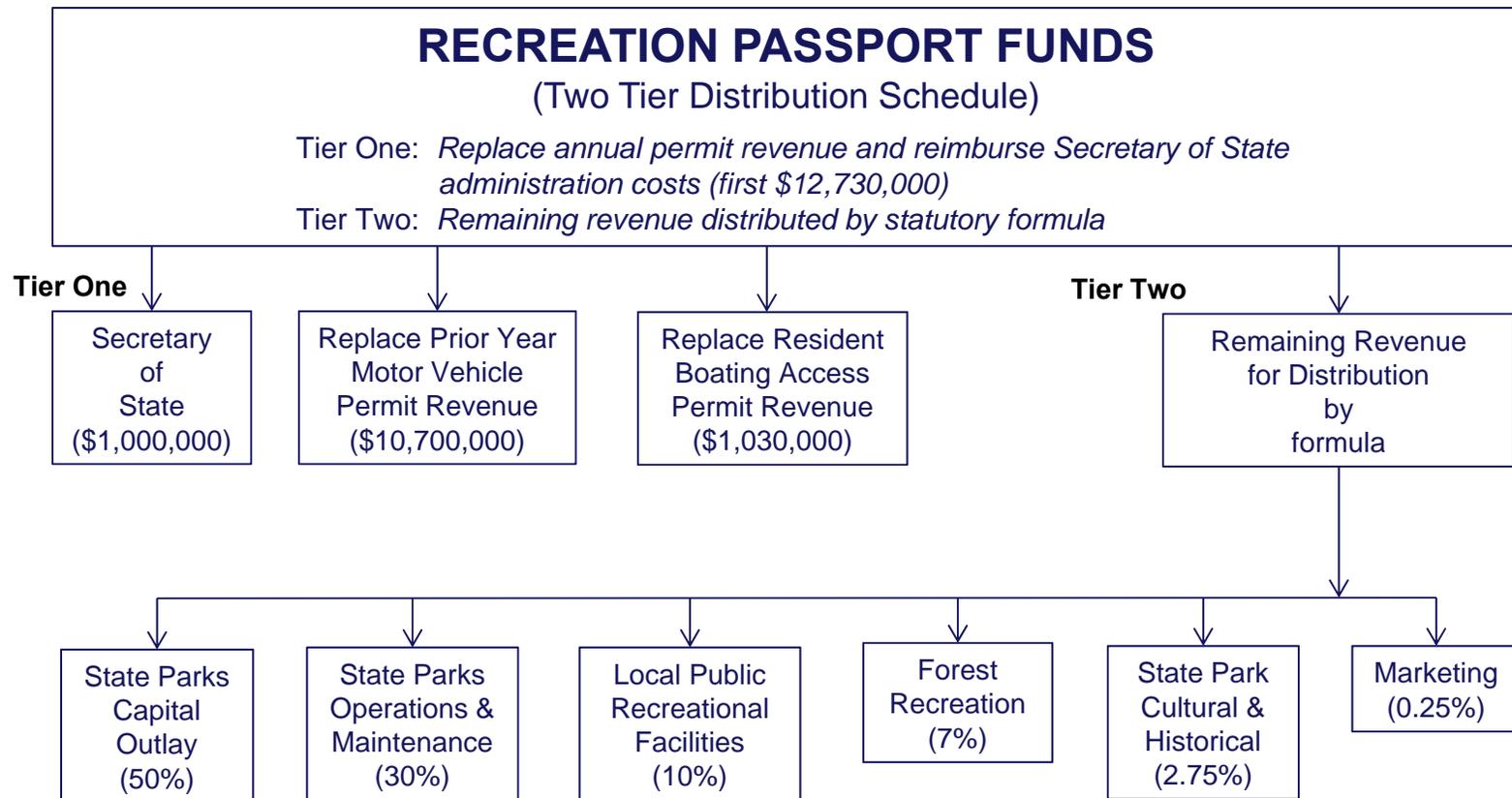
Oil, Gas, and Minerals Revenue

STATE OF MICHIGAN OIL, GAS, AND MINERALS LEASE AND ROYALTIES REVENUE DISTRIBUTION



State Parks: Recreation Passport Program

In 2010, the Legislature replaced daily and annual state park and boating access permits with a Recreation Passport that residents can purchase for \$10 when renewing vehicle registrations. (Beginning in January of 2013, the fee will increase to \$11 per year.) The chart below details the revenue distribution. In FY 2011-12, the Recreation Passport Program generated \$20,746,400.

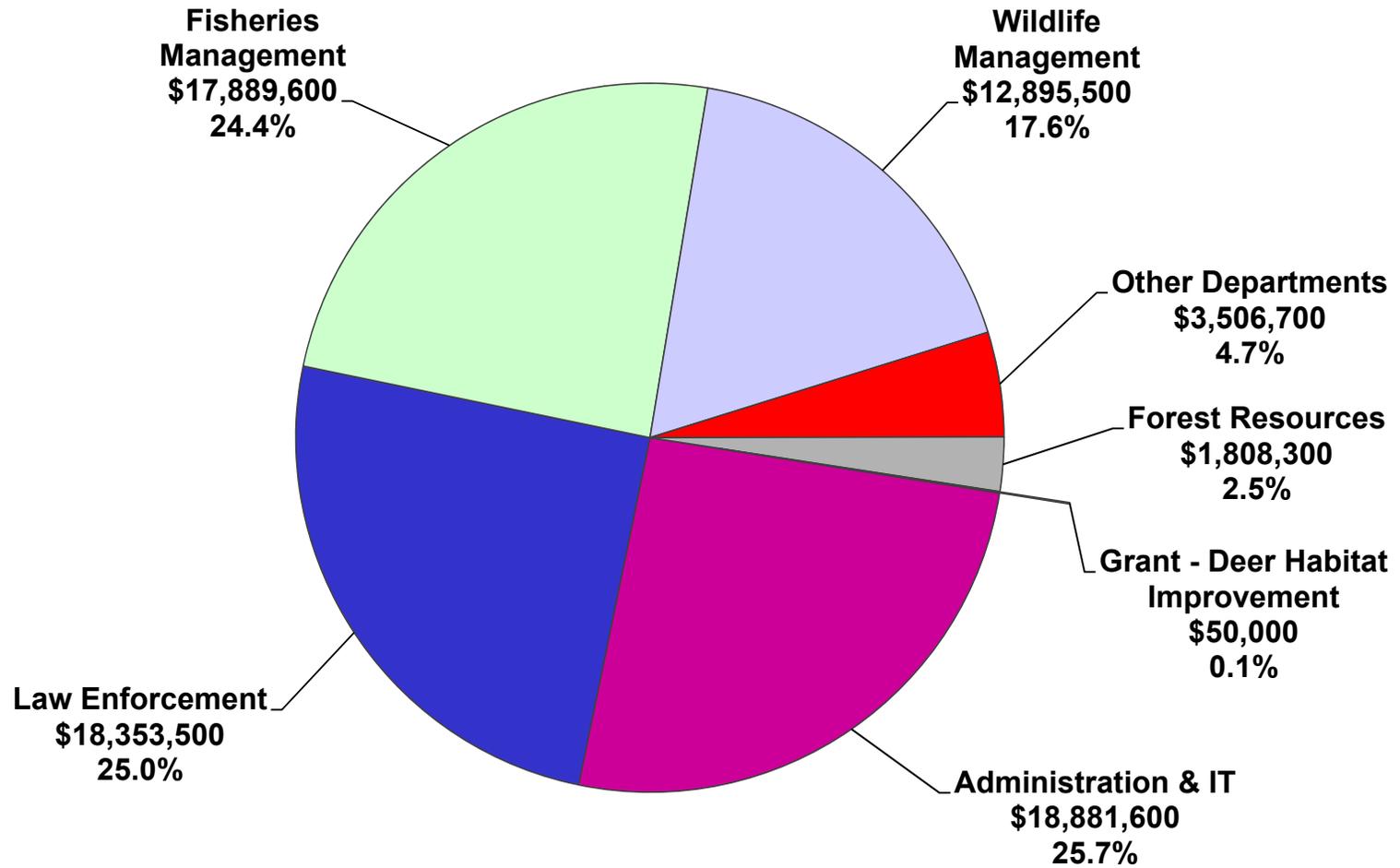


Game and Fish Protection Fund

- **The largest restricted funding source within the DNR is from the Game and Fish Protection Fund, which is financed principally from the sale of hunting and fishing licenses.**
- **In FY 2012-13, \$69.9 million is appropriated from this fund and its sub-funds in the DNR budget. An additional \$3.5 million is appropriated to other departments for natural resource-related expenditures.**
- **The number of licensed hunters and fishermen has been declining over the last 20 years.**
- **The decline in license and fee revenue has resulted in expenditure reductions for game and fish management programs.**

Statewide Game and Fish Protection Fund Appropriation

FY 2012-13 Gross = \$73,385,200



**For more information about the
Natural Resources budget, contact:**

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