



Background Briefing

NATURAL RESOURCES

Austin Scott, Fiscal Analyst

December 2014

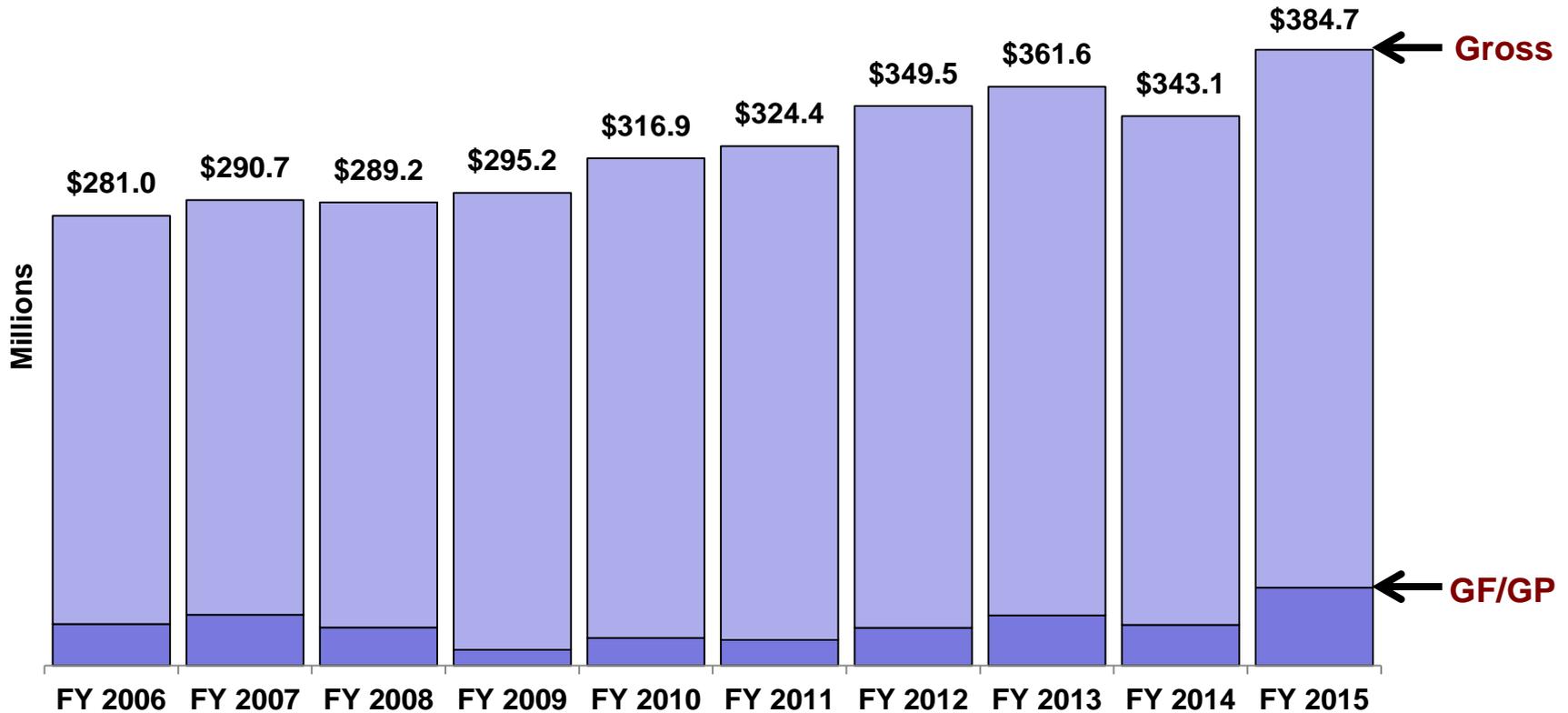
Department of Natural Resources Budget

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

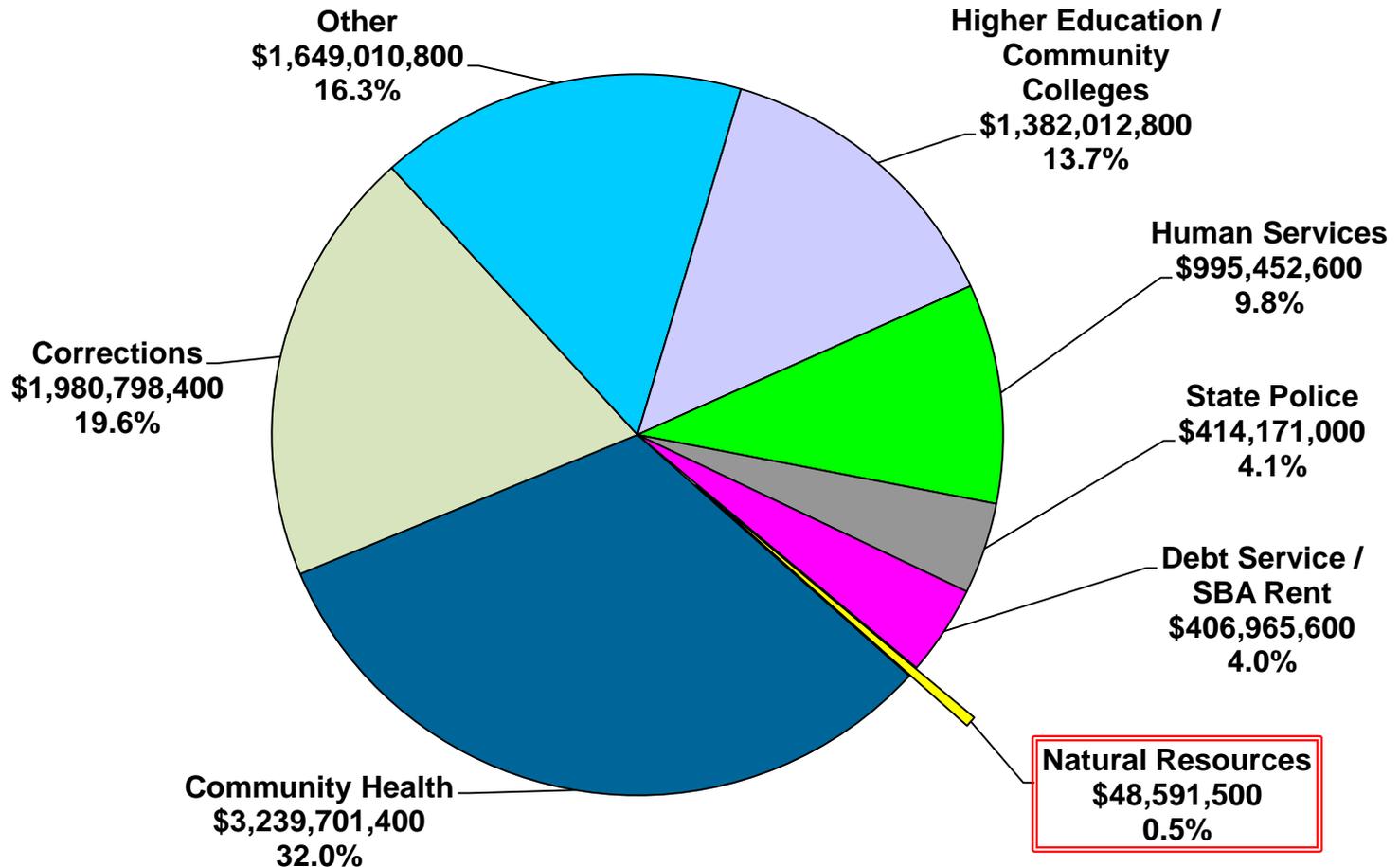
FY 2013 includes \$21.0 million for emergency dredging.



DNR Share of State GF/GP

DNR makes up 0.5% of the total state GF/GP budget

FY 2014-15 GF/GP Total = \$10,116,704,100

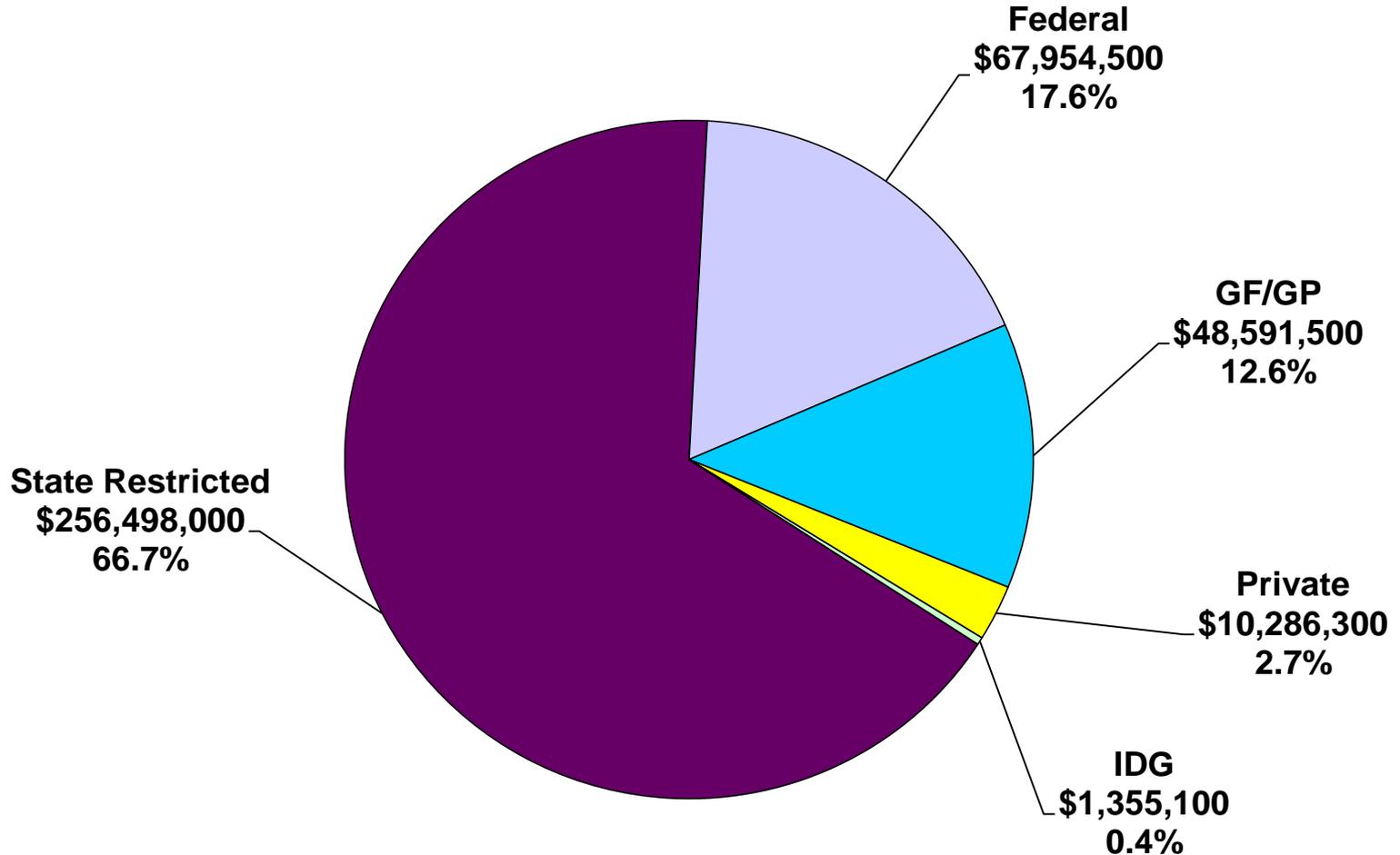


SOURCES OF FUNDING

DNR Budget

State restricted funds and federal revenue represent over 84% of funding in the DNR budget.

FY 2014-15 Gross = \$384,685,400



STATE APPROPRIATIONS

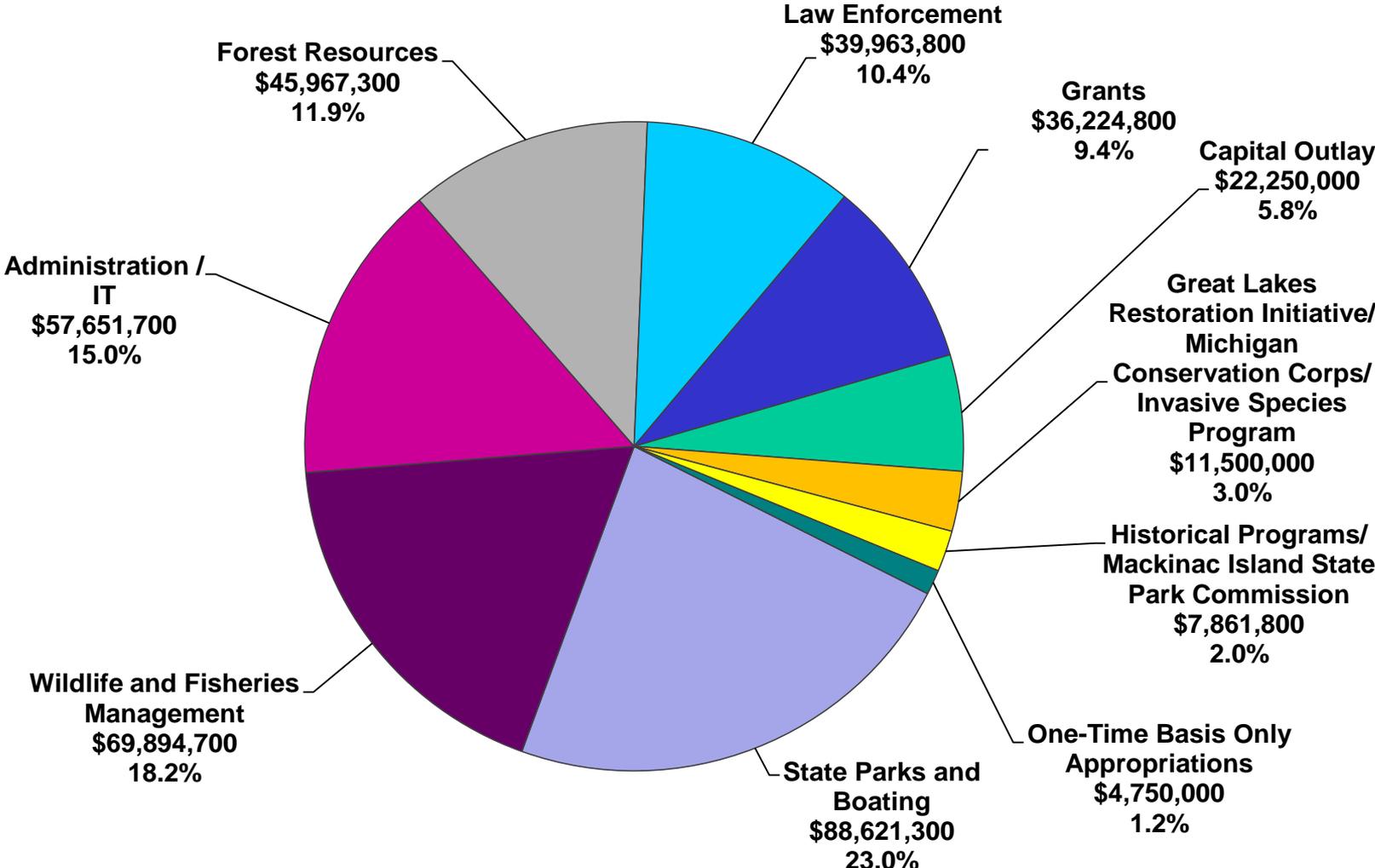
DNR Appropriations

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/ Michigan Conservation Corps/
Invasive Species program
- Grants
- Capital Outlay

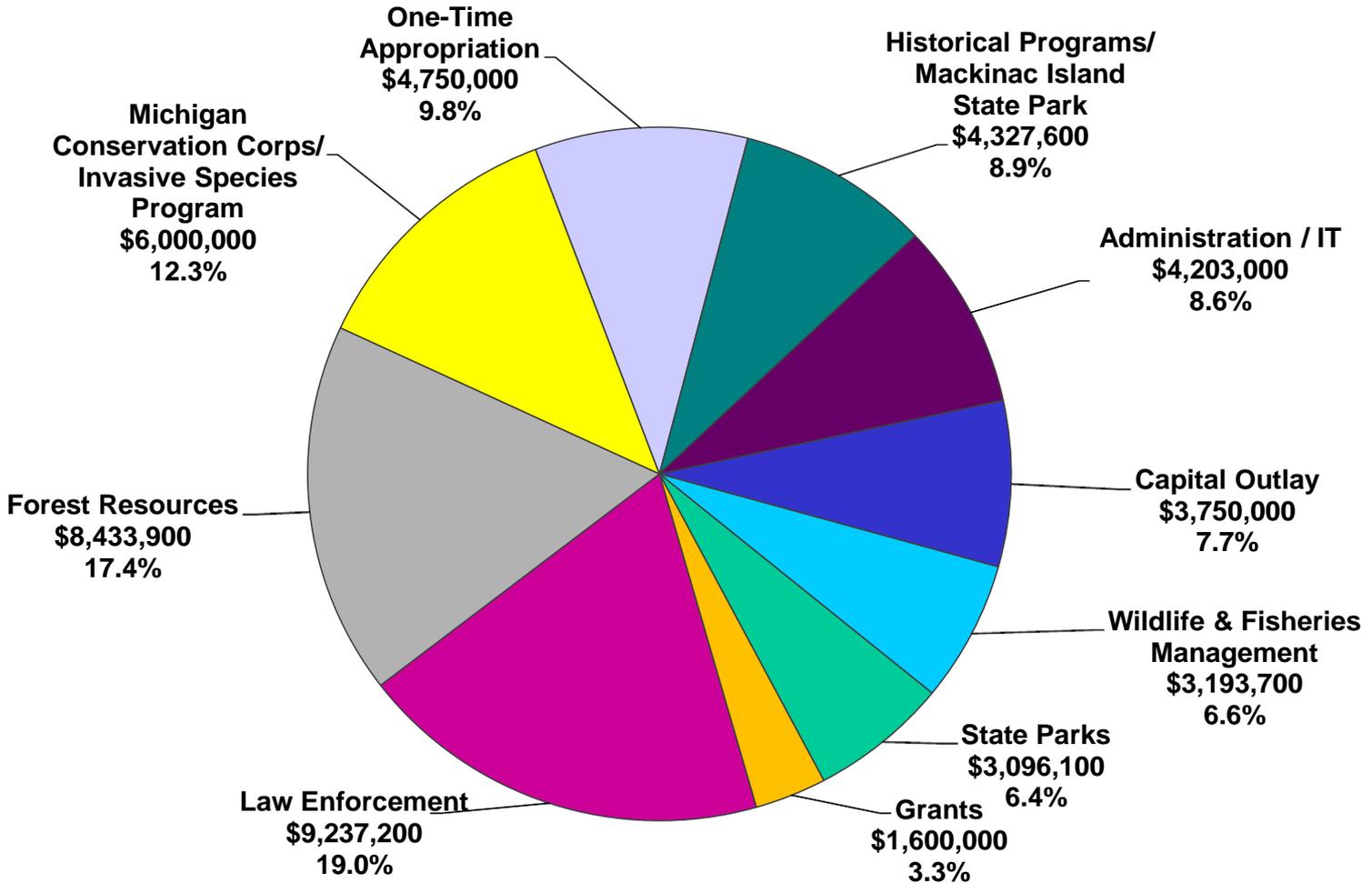
DNR Appropriations

FY 2014-15 Gross = \$384,685,400



DNR GF/GP Appropriations by Category

FY 2014-15 GF/GP = \$48,591,500



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.
- \$36.2 million of department funding is distributed to communities and nonprofit organizations through these programs.
- Two grant programs, the Dam Management Grant Program and the Nonmotorized Trail Development and Maintenance Grant Program receive GF/GF funding; all other programs are funded with federal revenue, state restricted funding, and private funds.
- The Department administers 21 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, royalty payments to local governments, and wildlife habitat improvement grants.

DNR Grant Programs

Grant Program	Amount Appropriated
Dam Management Grants	\$ 350,000
Deer, Fisheries, and Wildlife Habitat Improvement Grants	3,550,000
Federal Clean Vessel Act Grants	400,000
Federal Forest Stewardship Grants	3,000,000
Federal Land and Water Conservation Fund Payments	2,566,900
Federal Rural Community Fire Protection	400,000
Federal Urban Forestry Grants	1,600,000
Grants to Counties - Marine Safety	2,874,700
Grants to Communities - Federal Oil, Gas, and Timber Payments	3,450,000
National Recreational Trails	3,900,000
Nonmotorized Trail Development and Maintenance Grants	1,250,000
ORV Safety Training Grants	29,200
ORV Trail Improvement Grants	2,776,400
Recreation Improvement Fund Grants	657,100
Recreation Passport Local Grants	1,000,000
Snowmobile Law Enforcement Grants	380,100
Snowmobile Local Grants Program	7,340,400
Trail Easements	700,000
FY 2014-15 TOTAL	\$ 36,224,800

Mackinac Island State Park Commission

- The Mackinac Island State Park Commission was transferred to the DNR from DHAL in FY 2008-09. 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 \$2.3 million funding for FY 2014-15. In addition, the Commission will receive 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 Michigan Historical Museum.

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.	\$4,172,100	74.9
Archives	Care for state and local government records; assist with land, probate, and circuit court records management.	875,800	15.7
Museum Stores	Operational support for stores at four Michigan museums and historic sites.	498,000	8.9
Special Programs	Allow receipt and expenditure of private grants or gifts; includes Mann House funding in Concord.	25,500	0.5
FY 2014-15 TOTAL		\$5,571,400	100.0

DNR Revenue

- For FY 2014-15, the DNR budget totals \$384.7 million. Of that amount, only 12.6% is GF/GP funding (\$48.6 million).
- From FY 1999-2000 to FY 2014-15, GF/GP funding has decreased by over 37%: from \$77.7 million to \$48.6 million.
- In FY 2014-15, 66.7% of funding is from state restricted revenue (mainly license and permit fees).
- 80.3% of restricted funding (\$205.9 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 2014-15, 80.3% of the restricted funding in the DNR budget (\$205.9 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 a \$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

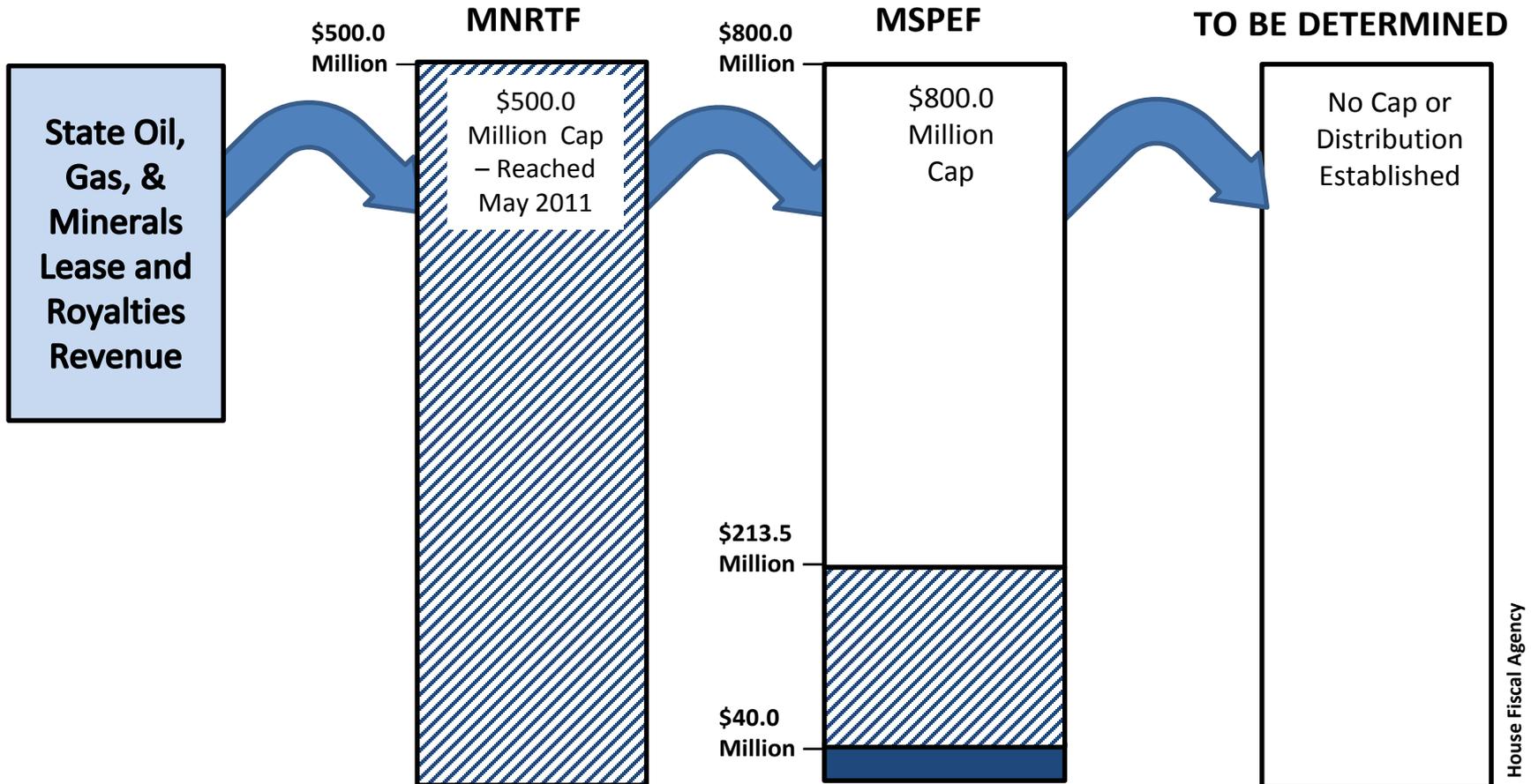
Receives revenue from the sale of wildlife habitat license plates.

Oil, Gas, and Minerals Revenue

- Article IX, Section 35, of the Michigan Constitution requires that until the MNRTF reaches a \$500.0 million balance, revenues from the extraction of oil, gas, and minerals from state-owned lands (except for lands purchased with Game and Fish Protection Fund) must be deposited into the MNRTF.
- The MNRTF reached the \$500.0 million principal balance in May 2011. These revenues must now be deposited into the MSPEF, until that Fund reaches an \$800.0 million balance. Until that balance is achieved, one-half of the annual revenue, plus the Fund's interest earnings, may be expended each year.
- At the close of FY 2014-15, the MSPEF fund balance is estimated to be \$213.5 million. Once the Fund reaches \$800.0 million, the cap amount will be adjusted annually for inflation. Once the adjusted cap is reached, 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.
- For more MSPEF information, see [Fiscal Forum: Michigan State Parks Endowment Fund](#) on the HFA website.

Oil, Gas, and Minerals Revenue

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



**Fund may now only make expenditures from annual interest and earnings.*

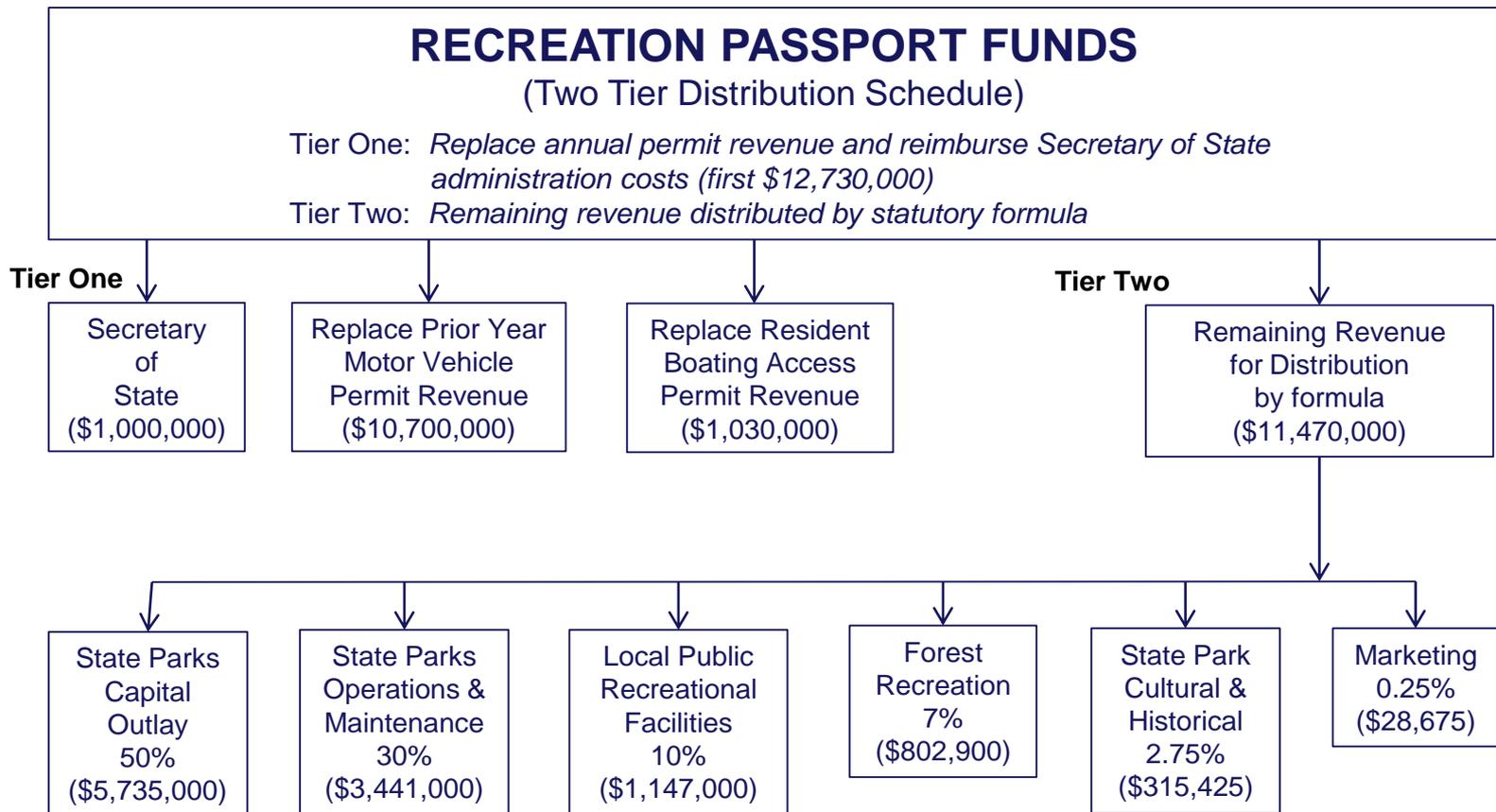
**Until cap is reached, Fund may make expenditures from one-half annual revenue and all interest and earnings of the Fund.*

**Once MSPEF reaches cap, revenues will be distributed "as provided by law." This distribution has not been established in statute.*

House Fiscal Agency

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 per year when renewing vehicle registrations. (The fee increased to \$11 per year on 1/1/13.) The chart below details the revenue distribution. In FY 2013-14, the Recreation Passport Program generated an estimated \$24.2 million.



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 2014-15, \$88.7 million is appropriated from this fund and its sub-funds in the DNR budget. An additional \$4.7 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. As a result of declining revenue, game and fish management programs expenditures have been reduced in past years.
- FY 2014-15 appropriations included additional Game and Fish Protection Fund funding based upon an enacted fee increase for hunting and fishing licenses.

FY 2013-14 Hunting and Fishing License Fee Increases

- PA 108 of 2013 established a new fee structure for hunting and fishing licenses and increased the cost of certain license fees. The number of license types is reduced from 227 to only 42. New fees began March 1, 2014.
- The sale of hunting and fishing licenses generated \$58.4 million in revenues in FY 2014.
- The current fee structure requires a base license (\$10 for residents) that allows hunters to hunt small game and waterfowl. Additional specific hunting tags must be purchased to add to the base license for other game, such as deer, turkey, bear, wolf, elk, and fur harvesting.
- An additional \$1.00 charge is required for each base hunting license and the all-species fishing licenses; funding is to be used for marketing, education, and outreach.
- Five different fishing licenses are offered.

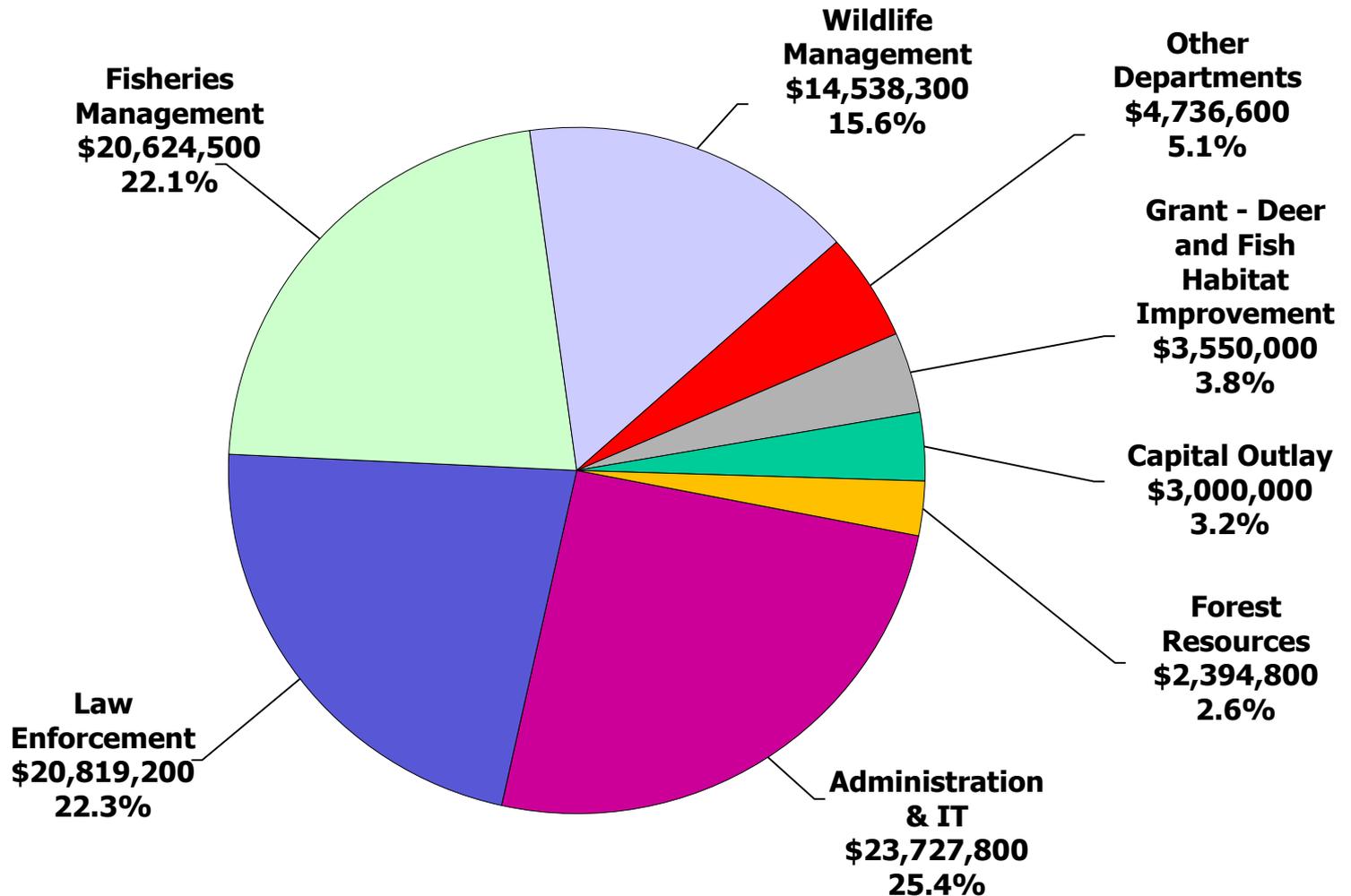
FY 2013-14 Hunting and Fishing License Fee Increases

	Past Fee	New Fee	New Fee with \$1 Surcharge
Base Hunting Licenses <i>Note: Must purchase base license to buy any additional specific hunting license tags; base license allows small game and non-waterfowl migratory bird hunting.</i>			
Base License; Resident	N/A	\$10.00	\$11.00
Base License; Non-Resident	N/A	\$150.00	\$151.00
Base License; Junior	N/A	\$5.00	\$6.00
Base Senior License	N/A	\$4.00	\$5.00
Specific Hunting License Tags*			
Antlerless Deer	\$15.00	\$20.00	
Hunting License Application	\$4.00	\$5.00	
Bear Harvest	\$15.00	\$25.00	
Bear Participation	\$15.00	\$15.00	
Deer	\$15.00	\$20.00	
Deer Senior	\$6.00	\$8.00	
Waterfowl State License	\$5.00	\$12.00	
Military (active duty and disabled veteran)	\$1.00	\$0.00	
Fishing Licenses			
24 hour Fishing License	\$7.00	\$10.00	
72 hour Fishing License	\$21.00	\$30.00	
Resident All-Species Fishing License	\$28.00	\$25.00	\$26.00
Resident All-Species Fishing License, Senior	\$11.20	\$10.00	\$11.00
Non-Resident All-Species Fishing License	\$42.00	\$75.00	\$76.00
Combination Hunting and Fishing Licenses			
Resident: Base License, 2 Deer Licenses, All-Species Fishing License	N/A	\$75.00	\$76.00
Non-Resident: Base License, 2 Deer Licenses, All-Species Fishing License	N/A	\$265.00	\$266.00

**Note: Elk, Fur Harvester, Moose, Turkey, Wolf, and Mentored Youth license fees remain same price under new fee schedule.*

Statewide Game and Fish Protection Fund Appropriation

FY 2014-15 Gross = \$93,391,200



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

**Austin Scott
AScott@house.mi.gov
(517) 373-8080**