



## **Background Briefing**

# **NATURAL RESOURCES**

**Viola Bay Wild, Senior Fiscal Analyst**

**December 2013**

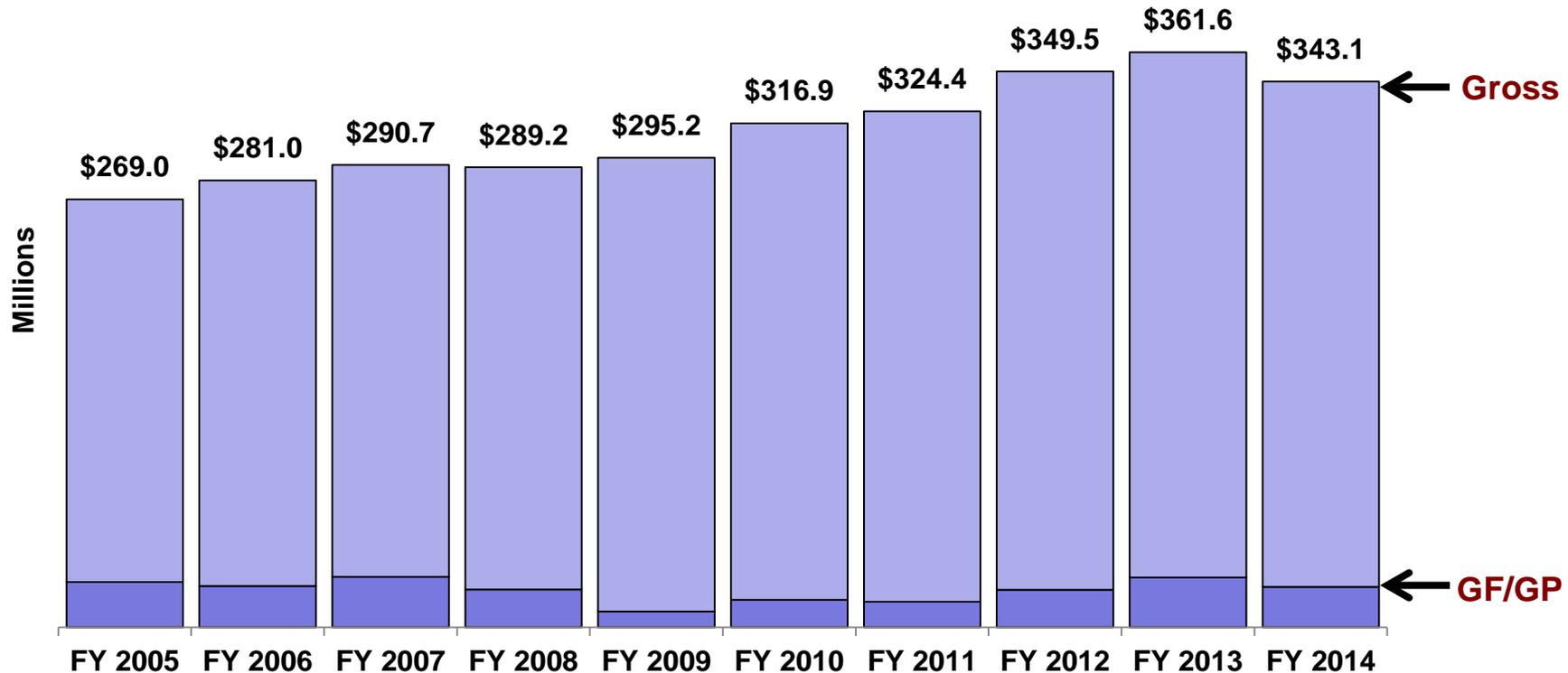
**The fiscal information in this background briefing is based on data through December 31, 2013.**

# 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

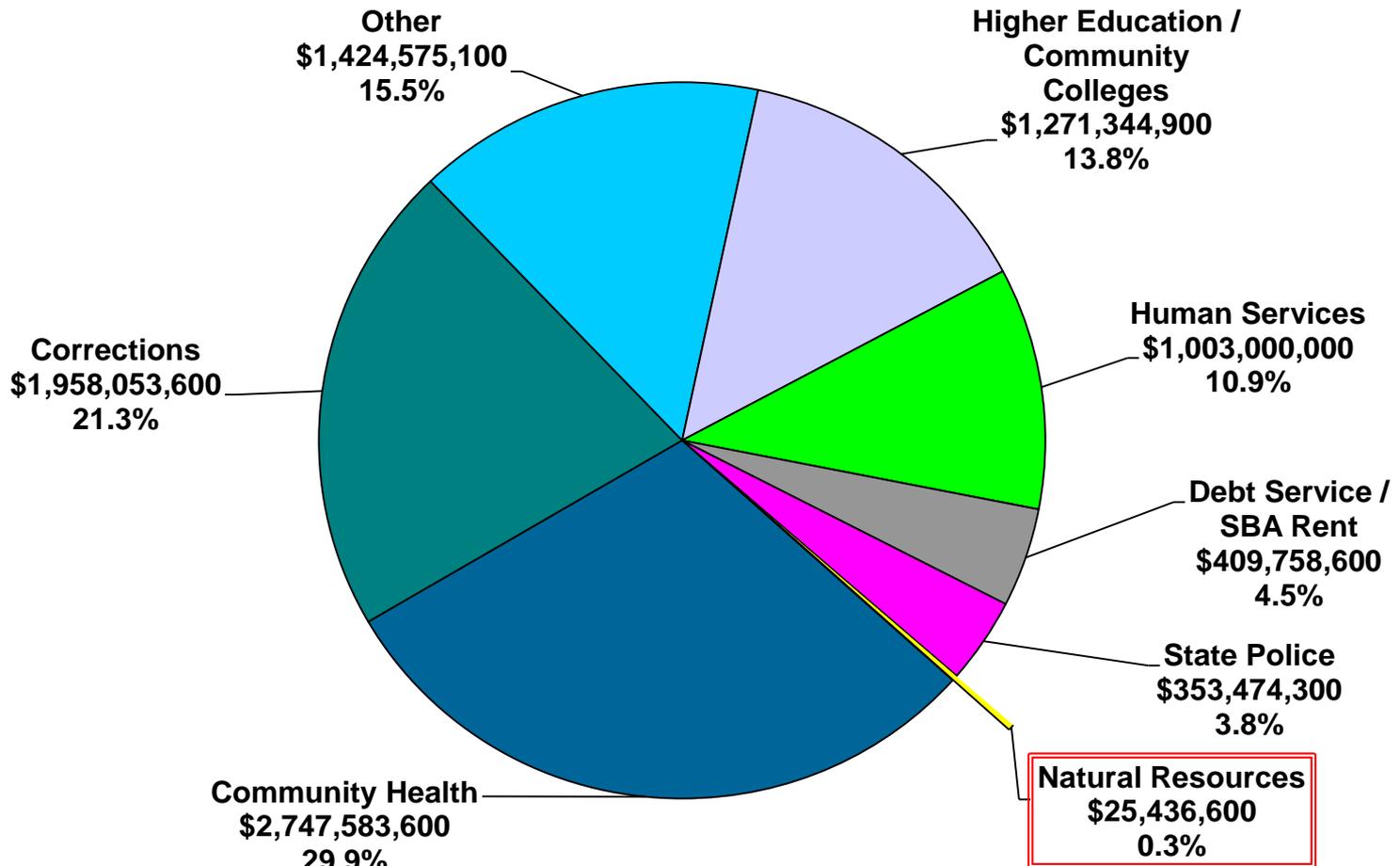


Notes: FY 2012 includes \$4.0 million GF/GP in one-time boilerplate appropriation designated in Sec. 1101 of budget article. FY 2013 includes \$3.9 million Gross in one-time appropriations and \$21.0 million for emergency dredging. FY 2014 includes \$600,000 in one-time only GF/GP appropriations.

# DNR Share of State GF/GP

DNR makes up 0.3% of the total state GF/GP budget

FY 2013-14 GF/GP Total = \$9,193,226,700

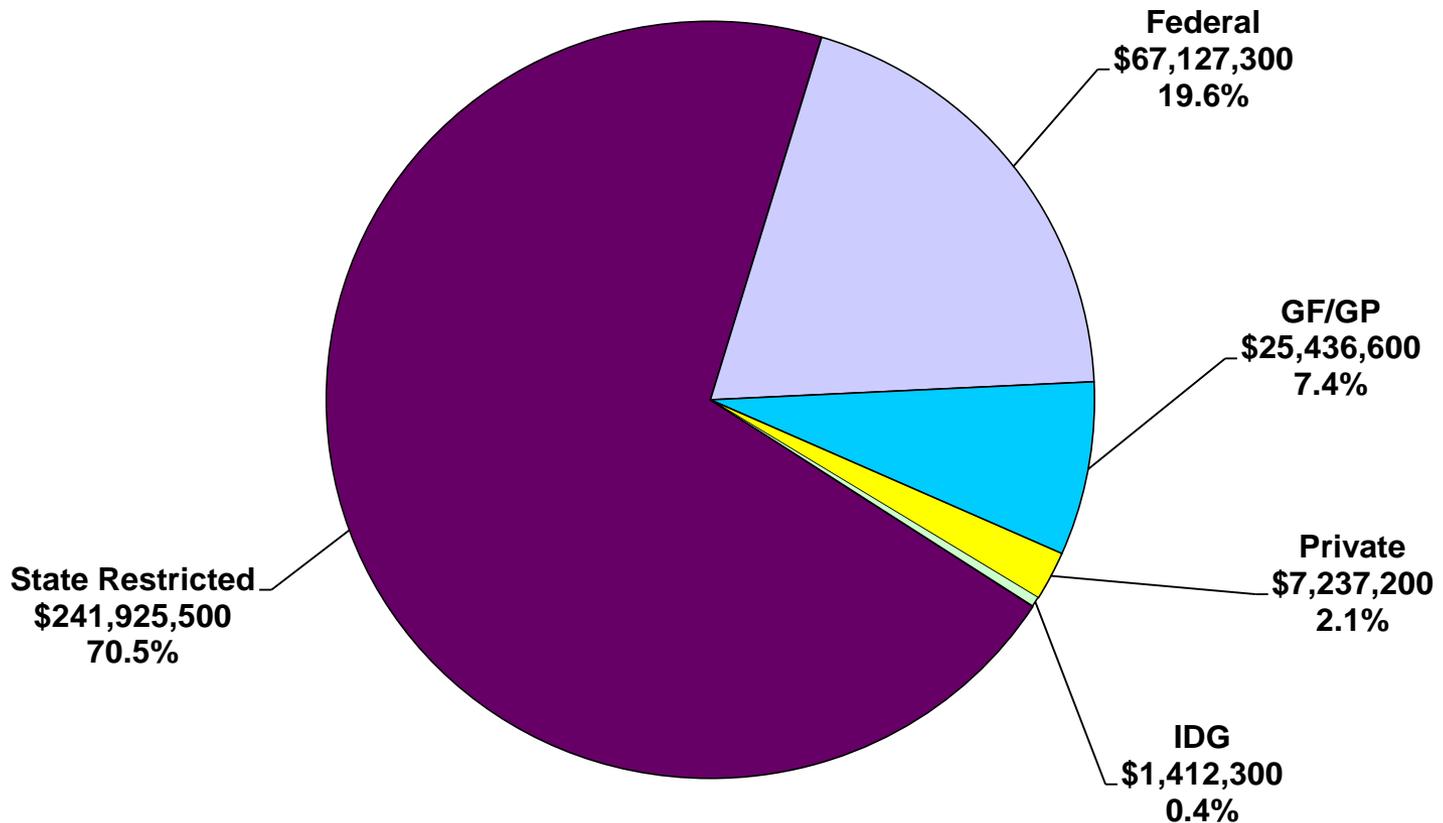


# **SOURCES OF FUNDING**

# DNR Budget

State restricted funds and federal revenue represent over 90% of funding in the DNR budget.

**FY 2013-14 Gross = \$343,138,900**



# **DEPARTMENT APPROPRIATIONS**

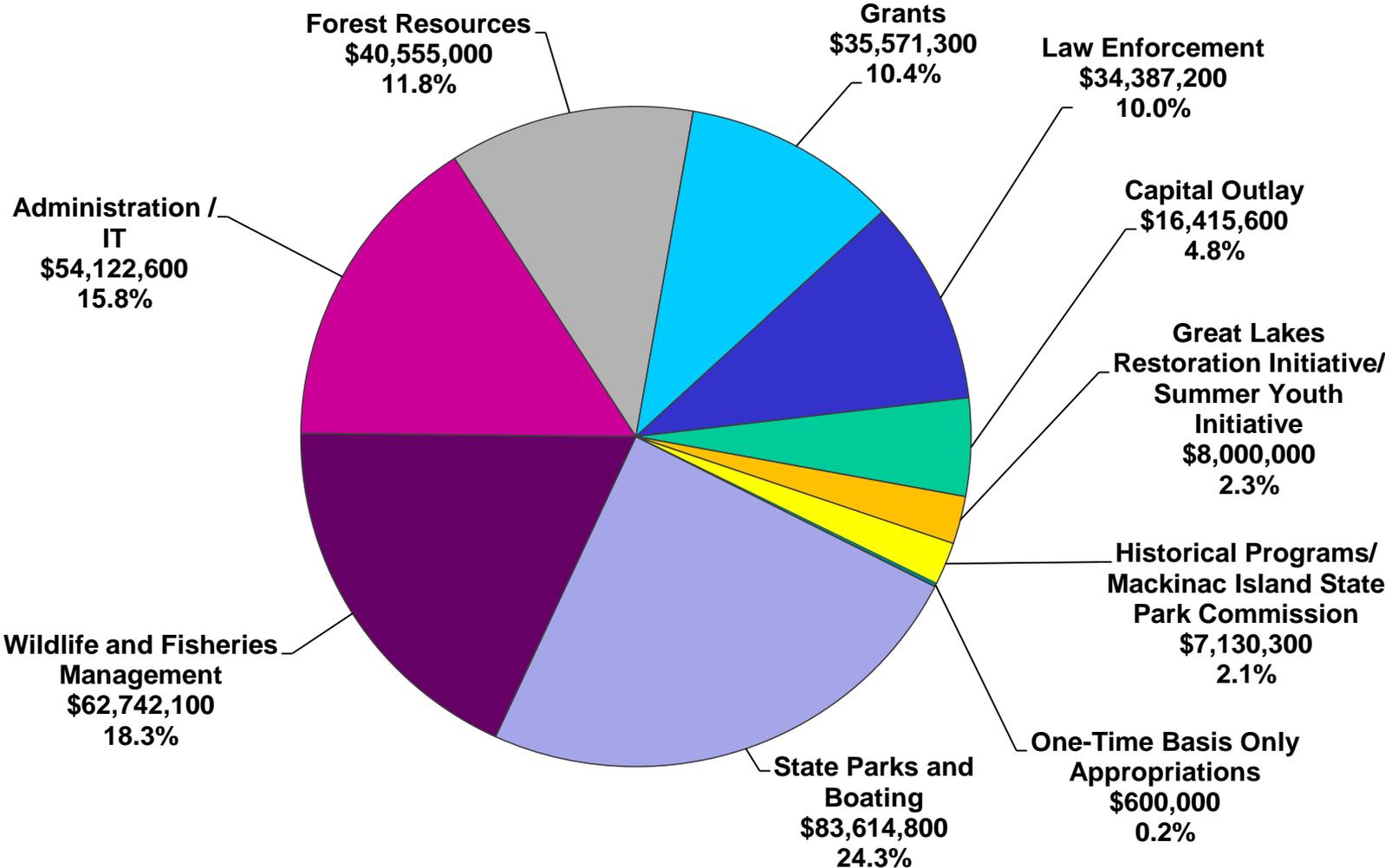
# DNR Appropriations

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 /Summer Youth Initiative
- Grants
- Capital Outlay

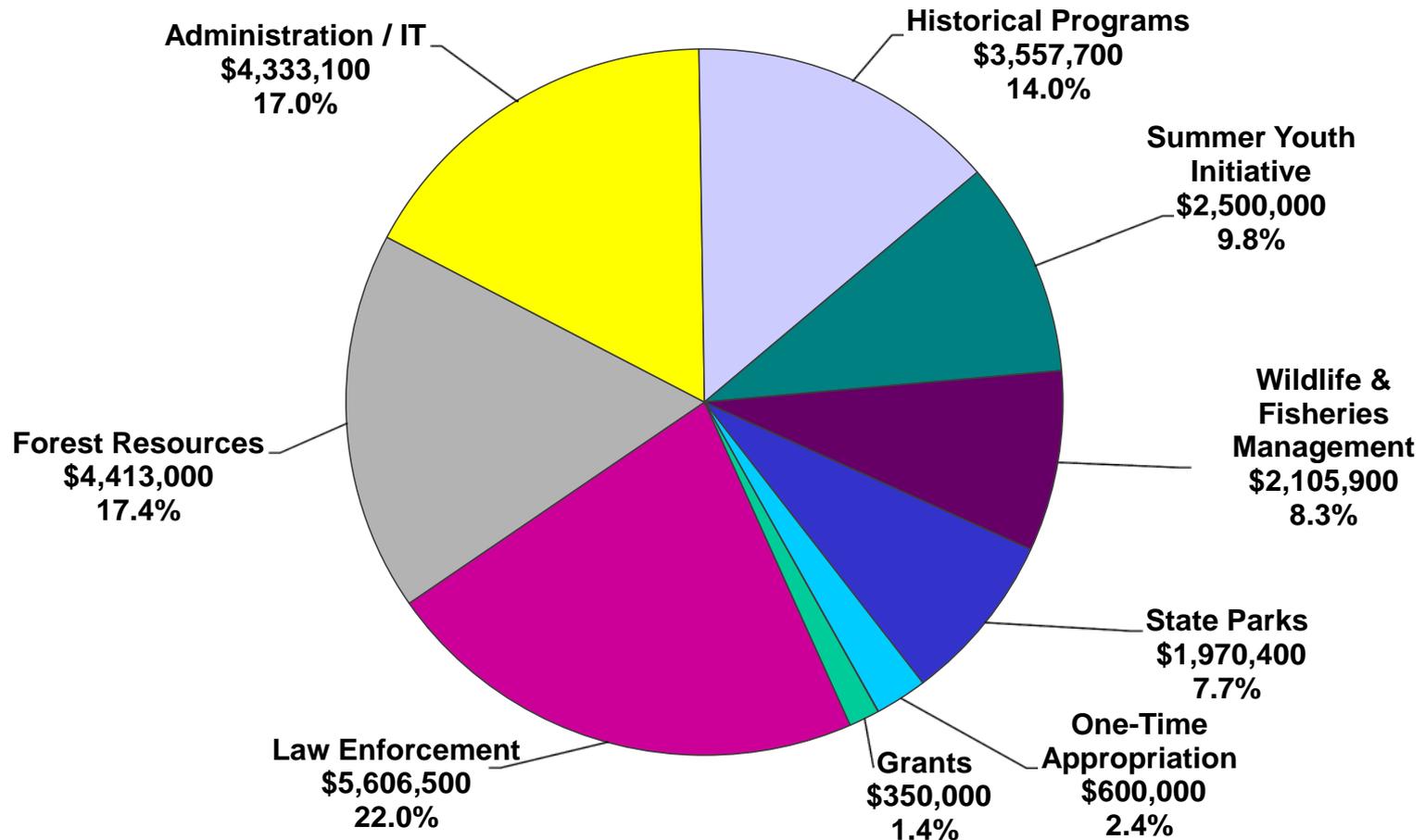
# DNR Appropriations

FY 2013-14 Gross = \$343,138,900



# DNR GF/GP Appropriations by Category

FY 2013-14 GF/GP = \$25,436,600



# **MAJOR BUDGET TOPICS**

# 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.**
- **\$35.6 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 20 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

**FY 2013-14 Gross = \$35,571,300**

<b>Grant Program</b>	<b>Amount Appropriated</b>
Dam Management Grants	\$ 350,000
Deer, Fisheries, and Wildlife Habitat Improvement Grants	2,561,200
Federal Clean Vessel Act Grants	400,000
Federal Forest Stewardship Grants	3,125,000
Federal Land and Water Conservation Fund Payments	2,566,900
Federal Rural Community Fire Protection	300,000
Federal Urban Forestry Grants	3,024,000
Grants to Counties - Marine Safety	3,124,700
Grants to Communities - Federal Oil, Gas, and Timber Payments	3,450,000
National Recreational Trails	3,900,000
ORV Safety Training Grants	29,200
ORV Trail Improvement Grants	2,776,400
Recreation Improvement Fund Grants	657,100
Recreation Passport Local Grants	771,300
Snowmobile Law Enforcement Grants	495,100
Snowmobile Local Grants Program	7,340,400
Trail Easements	700,000
<b>TOTAL</b>	<b>\$ 35,571,300</b>

# 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 2013-14. In addition, the Commission will receive 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 Michigan Historical Museum.

**FY 2013-14 Gross = \$5,130,100**

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.	\$3,667,700	71.5
Archives	Care for state and local government records; assist with land, probate, and circuit court records management.	857,200	16.7
Museum Stores	Operational support for stores at four Michigan museums and historic sites.	579,700	11.3
Special Programs	Allow receipt and expenditure of private grants or gifts; includes Mann House funding in Concord.	25,500	0.5
<b>TOTAL</b>		<b>\$5,130,100</b>	<b>100.0</b>

# DNR Revenue

- **For FY 2013-14, the DNR budget totals \$343.0 million. Of that amount, only 7.4% is GF/GP funding (\$25.4 million).**
- **From FY 1999-2000 to FY 2013-14, GF/GP funding has decreased by over 67%: from \$77.7 million to \$25.4 million.**
- **In FY 2013-14, 70.5% of funding is from state restricted revenue (mainly license and permit fees).**
- **78.3% of restricted funding (\$189.3 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 2013-14, 78.3% of the restricted funding in the DNR budget (\$189.3 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**

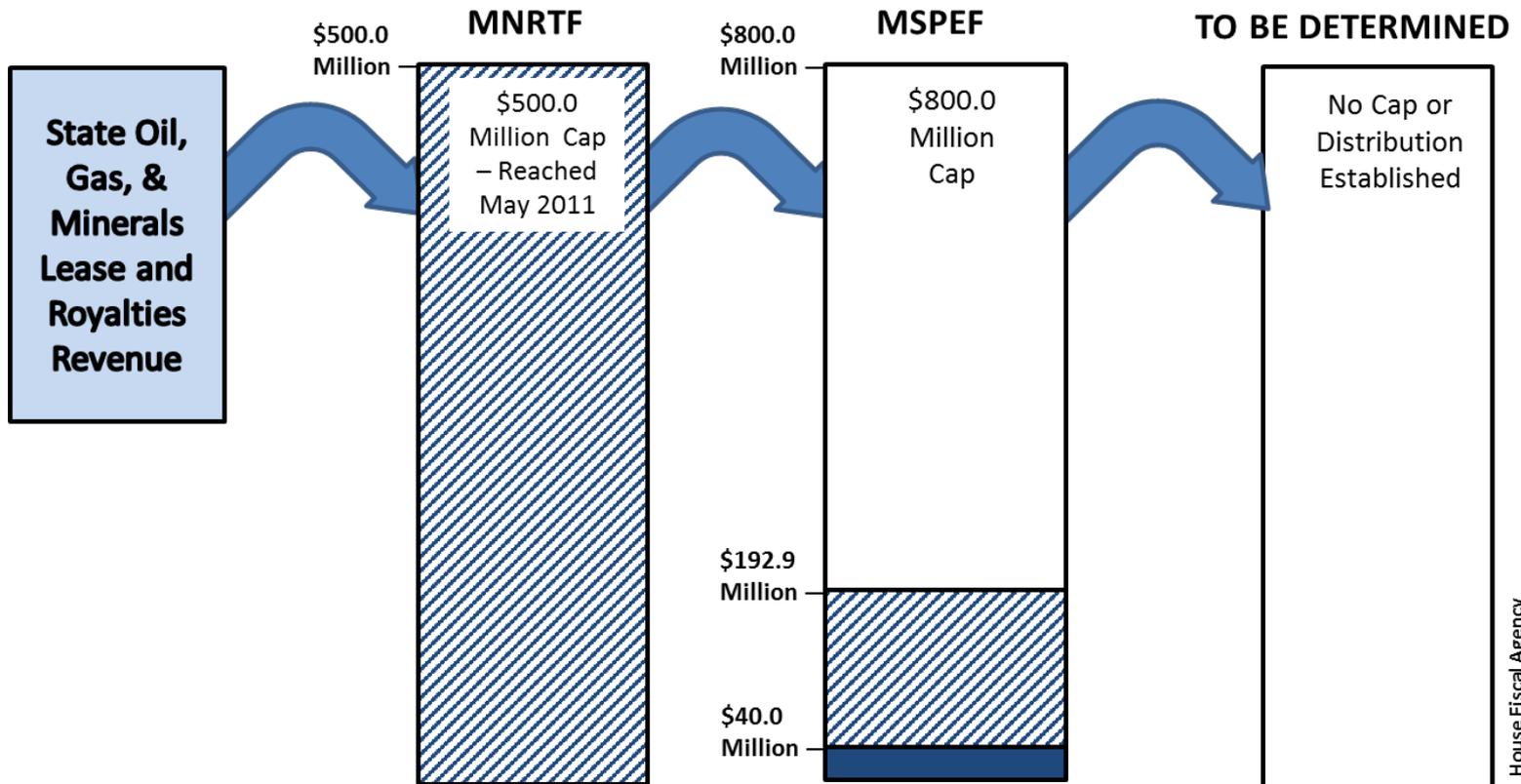
Receives revenue from the sale of wildlife habitat license plates.

# Oil, Gas, and Minerals Revenue

- Article IX, Section 35, of the Michigan Constitution requires that 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 2012-13, the MSPEF fund balance is \$192.9 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



House Fiscal Agency

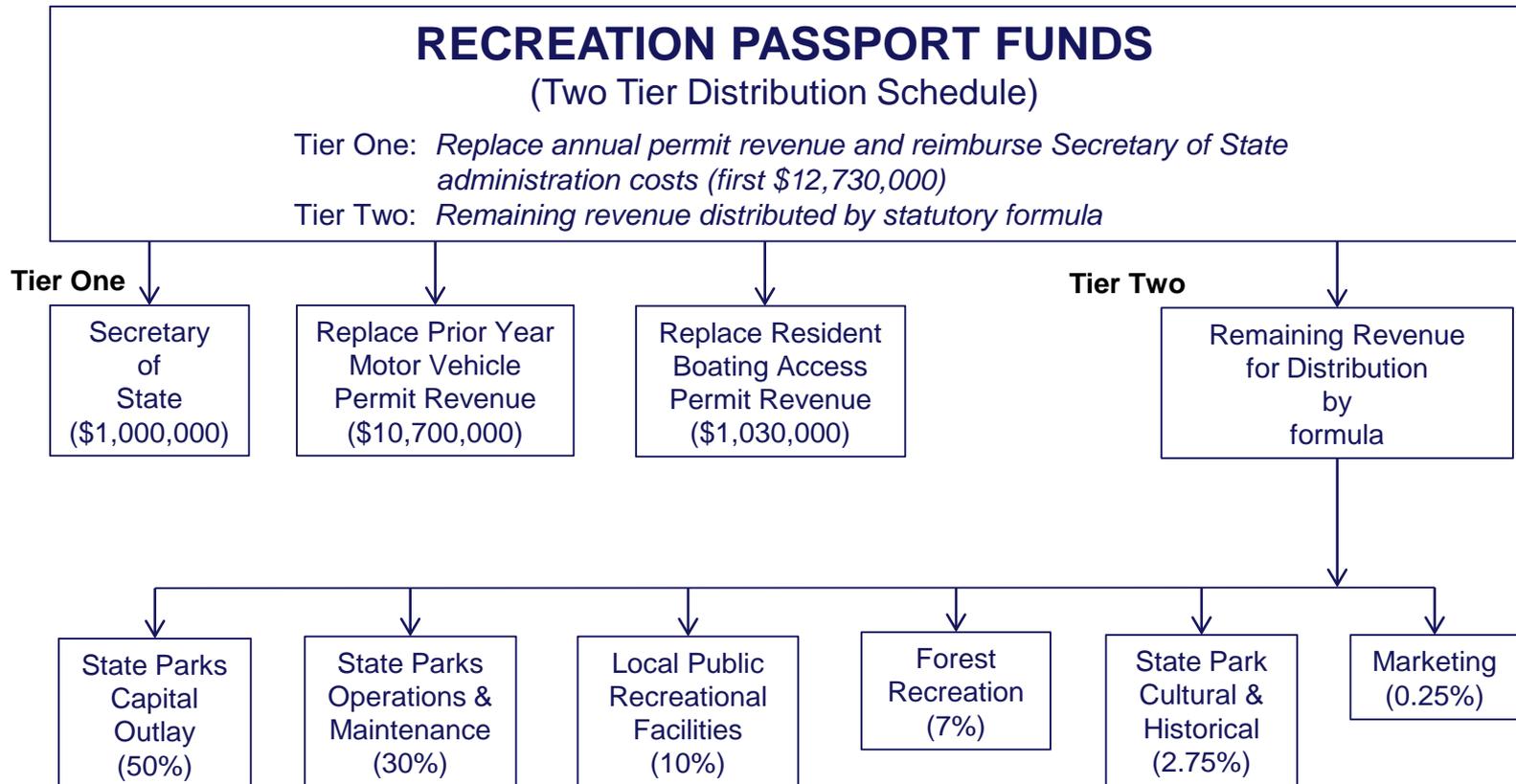
*\*Fund may now only make expenditures from annual interest and earnings.*

*\*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.*

# 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 2012-13, the Recreation Passport Program generated \$22.2 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 2013-14, \$76.8 million is appropriated from this fund and its sub-funds in the DNR budget. An additional \$4.4 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 2013-14 appropriations include 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 licenses is reduced from 227 to only 42. New fees begin March 1, 2014.**
- **The sale of hunting and fishing licenses generated \$49.3 million in revenues in FY 2012-13. The increase in fees is expected to generate an additional \$19.7 million annually.**
- **The new 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.**

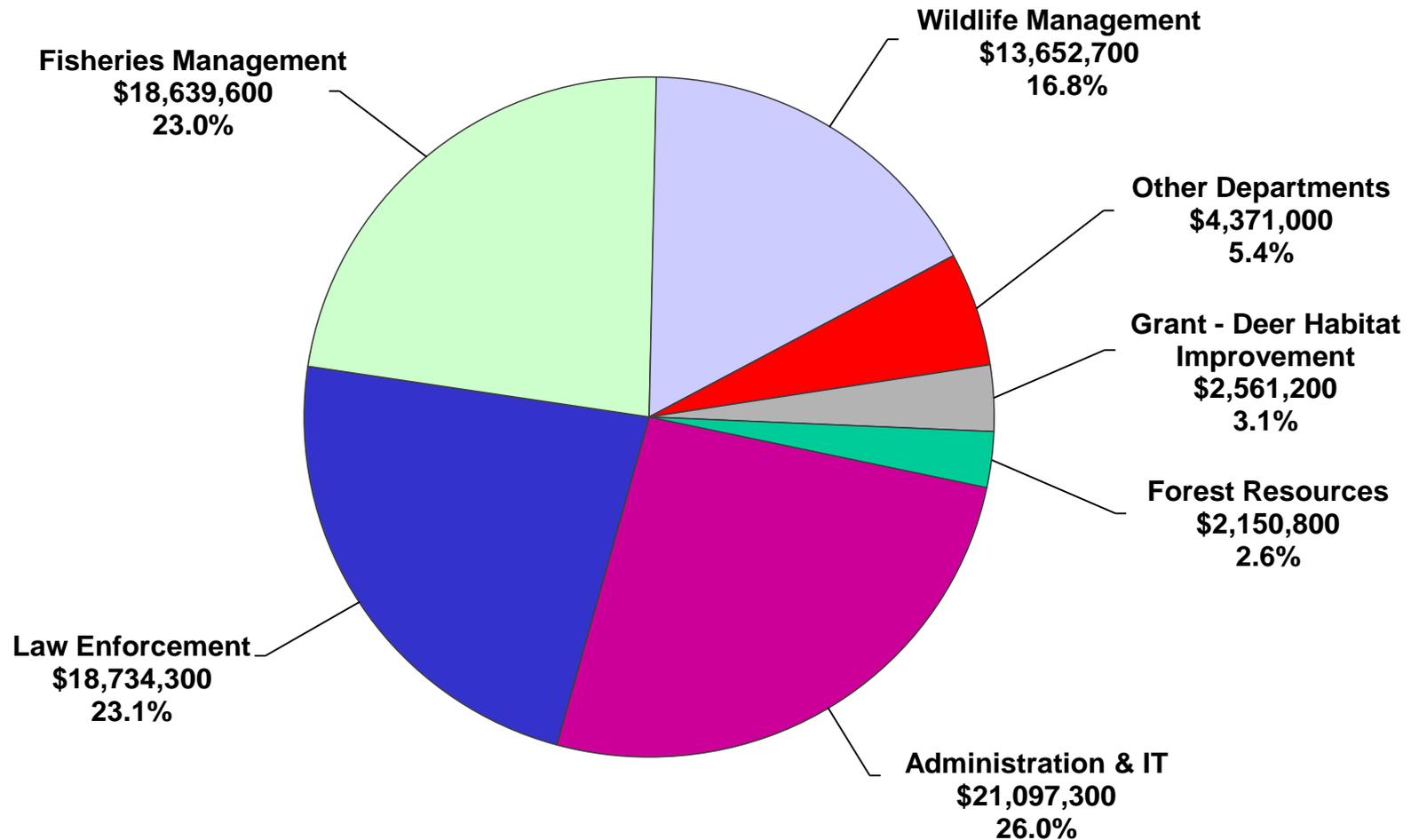
# FY 2013-14 Hunting and Fishing License Fee Increases

	Past Fee	New Fee	New Fee with \$1 Surcharge
<b>Base Hunting Licenses</b> <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
<b>Specific Hunting License Tags*</b>			
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	
<b>Fishing Licenses</b>			
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
<b>Combination Hunting and Fishing Licenses</b>			
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 2013-14 Gross = \$81,206,900



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

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