

## **DIRECT WATERWAYS FUNDS FOR RECREATIONAL BOATING & REQUIRE HARBOR ASSESSMENT**

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**Senate Bill 243 (Substitute S-1)**

**Sponsor: Sen. Darwin Booher**

**House Committee: Natural Resources**

**Senate Committee: Outdoor Recreation and Tourism**

**Complete to 11-11-13**

### **A SUMMARY OF SENATE BILL 243 (S-1) AS PASSED BY THE SENATE 4-17-13**

The bill would amend Part 781 (Michigan State Waterways Commission) of the Natural Resources and Environmental Protection Act to (1) require at least 50 percent of the money expended from the Waterways Account for three consecutive fiscal years beginning in fiscal year 2015-16 be spent on specific projects related mainly to recreational boating, and (2) require the Department of Natural Resources (DNR) to conduct an assessment of all harbors every three years to determine the need for dredging and infrastructure improvements.

#### ***Recreational Boating***

Specifically, Senate Bill 243 (S-1) would require at least 50 percent of the money expended from the Waterways Account for three consecutive fiscal years beginning in fiscal year 2015-2016 be spent on the construction operation, and maintenance of the following that are associated with recreation boating facilities and on related grants to local units of government and state colleges or universities to develop harbors of refuge and public boating access sites:

- Ramps and related support infrastructure for launching watercraft.
- Piers, jetties, breakwaters, or other similar structures connected to existing or proposed recreational boating facilities or harbors of refuge.
- Moorage facilities and related support infrastructure at marinas to provide dockage for transient and seasonal users.
- Engineering costs, including planning and construction costs and costs of environmental assessments and permit applications.
- Dredging, stump removal, and aquatic weed control that clear lanes to make a water body more accessible primarily for recreational boats as opposed to general motivation.
- Locks used exclusively by recreation boaters.
- Equipment used exclusively for the development, maintenance, or operation of recreational boating facilities.

The recipient of a grant under the bill could not be required to contribute more than 25 percent of the total amount of the grant as a local match.

### ***Dredging and Infrastructure Improvement***

Additionally, the DNR would be required to conduct and post to its website by December 31, 2013, and every three years after, an assessment of all the harbors in the state to determine the need for dredging and infrastructure improvement.

The report would have to be updated annually by listing all dredging and infrastructure improvement activities that have occurred at each harbor and would also have to include the amount of money that was spent or provided for the activities. The updated report would also have to be posted on the DNR's website.

MCL 324.78108 and 324.78110

### **FISCAL IMPACT:**

Senate Bill 243 would require that 50 percent of the expenditures from the Waterways Account be made for certain types of improvement costs and capital outlay projects for three consecutive fiscal years, beginning in FY 2015-16.

The **Waterways Account** is established in Section 40 in Article IX of the Michigan Constitution. The Waterways Account includes the revenues of two current funds, the **Michigan State Waterways Fund** (created in PA 320 of 1947, now incorporated as Part 781 of NREPA) and the **Marine Safety Fund** (created by PA 303 of 1967, now incorporated in Part 801 of NREPA).

The **Michigan State Waterways Fund** receives revenue from two major sources – 51 percent of watercraft registration fees collected and 80 percent of the tax revenues derived from two percent of the state gas tax collected in the state. In FY 2012-13, the Fund is anticipated to receive \$21.9 million in revenues and, after expenditures and encumbrances, is estimated to have a remaining balance of \$5.4 million at the end of the fiscal year. Funding in the Michigan State Waterways Fund may be expended for the construction, operation, and maintenance of recreational boating facilities, acquisition of land, law enforcement, account administration, and grants to local governments and state colleges to develop harbors of refuge and public boating access sites.

The **Marine Safety Fund** receives 49 percent of the funding generated from watercraft registration fees and is to be used for the enforcement of watercraft laws and education. In FY 2012-13, the Fund is anticipated to receive \$4.8 million in revenues and, after expenditures and encumbrances, is expected to have an estimated remaining balance of \$85,100. This fund provides the funding for the Marine Safety Grants and within the DNR budget and partial funding for law enforcement costs.

In the FY 2013-14 enacted DNR budget, \$24.3 million is appropriated from these two funds, the Michigan State Waterways Fund and the Marine Safety Fund. Of this amount, only \$5.3 million is appropriated expressly for capital outlay projects. The following table lists the amounts appropriated from these funds for specific program areas within DNR for FY 2013-14:

**Waterways Account Appropriations - FY 2013-14**

<b>Program Area</b>	<b>State Waterways Fund</b>	<b>Marine Safety Fund</b>	<b>Waterways Account Total</b>
Executive Operations	\$168,000	\$27,900	\$195,900
Department Support	497,800	362,500	860,300
Communications	142,600	34,500	177,100
Law Enforcement	20,700	1,538,000	1,558,700
Parks & Recreation <i>(Mainly Recreational Boating line item)</i>	14,183,800	0	14,183,800
Forest Resources	48,800	0	48,800
Grants	0	1,457,300	1,457,300
Information Technology	437,400	89,300	526,700
Capital Outlay	5,277,600	0	5,277,600
<b>Total</b>	<b>\$20,776,700</b>	<b>\$3,509,500</b>	<b>\$24,286,200</b>

Senate Bill 243 would require that half of the funding from these two funds be spent on certain types of improvement costs and capital outlay projects for three consecutive fiscal years, instead of an expenditure distribution similar to that listed in the table above.

While the bill's provisions would not change the gross amount expended from the funds, it would require a reallocation of where the funding could be expended. This redistribution could potentially require funding levels be *reduced* for Department administration, law enforcement, recreational boating operation and maintenance, marine safety grants, or IT costs in order to *increase* appropriations for capital outlay project expenditures in future budgets.

The bill would also increase DNR's administrative costs by requiring that the Department conduct an assessment of all harbors concerning the need for dredging and infrastructure improvements by December 31, 2013 and every three years after. The report must be updated annually and posted on the DNR's website.

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■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.