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BILL ANALYSIS



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Senate Bill 927 (as enrolled)

**PUBLIC ACT 311 of 2004**

Sponsor: Senator Michelle A. McManus

Senate Committee: Natural Resources and Environmental Affairs

House Committee: Conservation and Outdoor Recreation

Date Completed: 2-8-05

**RATIONALE**

The Game and Fish Protection Fund, which is administered by the Department of Natural Resources (DNR), is the primary source of funding for the State's hunting and fishing programs. Fund money may be spent to enforce fish and game laws, and for related educational and support services and administrative costs. Most of the money in the Fund comes from the sale of hunting and fishing licenses, with the remainder derived mainly from income from State-owned land acquired with Fund money. In addition, the Fund receives interest and earnings from investments of the Game and Fish Protection Trust Fund, which was established to provide the DNR with a source of income to help offset inflationary cost increases. (Although the Department may increase license fees subject to statutory limits, it may not otherwise increase fees to cover inflationary and other programmatic cost increases.)

Despite the deposit of Trust Fund investment interest and earnings, the Game and Fish Protection Fund experienced periodic budget shortfalls in the past. In response, Public Act 50 of 2001 was enacted to allow the Legislature annually to appropriate and transfer up to \$6 million, in addition to interest and earnings, from the Trust Fund to the Game and Fish Protection Fund. At the time, it was argued that the diversion of the funds was necessary to maintain the solvency of the Game and Fish Protection Fund. To address concerns by some that diverting Trust Fund money did not provide a long-term solution to the Game and Fish Protection Fund's fiscal problems, Public Act 50 also called for the creation of a joint legislative work group to

review game and fish program revenue. Members of the work group were not fully appointed, however, and the work group never actually met. During the course of the development of the DNR's budget for fiscal year 2004-2005, some people suggested that the work group should be required to meet to review game and fish program revenue and develop a long-range funding scheme for departmental operations.

**CONTENT**

**The bill amended the Natural Resources and Environmental Protection Act to require members of the joint legislative work group on game and fish program revenue to be appointed within 30 days after the bill's effective date, and require the work group to issue its first report to the Legislature by December 31, 2004.** The bill took effect August 27, 2004.

The Act requires the work group to consist of representatives of the House and Senate standing committees with primary responsibility for natural resources issues and the House and Senate Appropriations subcommittees on natural resources. Members must be appointed on a bipartisan basis by the Speaker of the House and the Senate Majority Leader. The work group also must include representatives of the Natural Resources Commission (NRC) and other interested parties. (Previously, the Act referred to "stakeholders", rather than other interested parties.)

Under the bill, the members first appointed to the work group had to be appointed within 30 days after the bill's effective date. Work group members serve at the pleasure of the Speaker of the House or the Senate Majority Leader, depending on who appointed them.

The bill requires the Senate Majority Leader to call the first work group meeting. At the first meeting, the work group must elect from among its members a chairperson and other officers as it considers necessary or appropriate. After the first meeting, the work group must meet quarterly, or more frequently at the call of the chairperson or if requested by at least two members.

Under the bill, work group members must serve without compensation, but may be reimbursed for their actual and necessary expenses incurred in the performance of their official duties as work group members.

Under the Act, assistance and staff support to the work group may be provided by the House and Senate Fiscal Agencies.

Previously, the Act required the work group to submit to the Legislature by September 30, 2002, a report including tax credit issues and alternative funding options to establish stable sources of long-term financial support for game and fish protection programs. The bill deleted the September 30, 2002, deadline and instead required the work group to submit a report on game and fish program revenue by December 31, 2004. The work group must report annually thereafter. The report must include tax credit issues and alternative funding options, as previously required.

MCL 324.43705

## **ARGUMENTS**

*(Please note: The arguments contained in this analysis originate from sources outside the Senate Fiscal Agency. The Senate Fiscal Agency neither supports nor opposes legislation.)*

### **Supporting Argument**

The creation of a legislative work group should help to ensure periodic review of the DNR's game and fish program by the Legislature. Under Public Act 50 of 2001, the interest and earnings of the Game and Fish Protection Trust Fund, plus \$6 million from the corpus of the Trust Fund, are

deposited into the Game and Fish Protection Fund for expenditure by the DNR. While that funding mechanism temporarily might extend the solvency of the Game and Fish Protection Fund, it does not address the long-term financial needs of the Department. Continued diversions of the Trust Fund corpus invariably decrease the amount of interest and earnings available for deposit in the Game and Fish Protection Fund, and clearly are unsustainable. An ongoing review and annual report of funding recommendations should help alleviate the fiscal crises that have arisen in the past without further diversion of Trust Fund money or the enactment of license fee increases.

### **Opposing Argument**

The work group largely duplicates the work of the NRC's Policy Committee on Finance and Administration. According to the Committee's website, its mission is "[t]o enhance and improve the management of the financial assets of the Michigan Department of Natural Resources by providing substantive oversight and insight, in partnership with our constituency groups, into complex financial issues to optimize financial return for the benefit of natural resources." The Committee already reviews the Department's financial concerns in quarterly meetings, which are open to the public.

Legislative Analyst: Julie Koval

### **FISCAL IMPACT**

The bill will have no impact on State or local government.

Fiscal Analyst: Jessica Runnels

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.