Policy Brief

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Proposal 1 of 2020: Use of State and Local Park Funds Amendment

By James Hohman and Jason Hayes

Introduction

On the November ballot, Michigan voters will be asked whether to approve or reject an amendment to the constitution concerning the state's Natural Resources Trust Fund. Among other changes, Proposal 1 would constitutionally require future state revenue from mineral, oil and gas leases and royalties earned on state lands be used by this trust fund for certain conservation or environmental purposes.

There are two conservation-related trust funds in the state constitution: the Natural Resources Trust Fund and the State Parks Endowment Fund. Under current constitutional language, the NRTF receives the revenues paid to the state for mineral, oil and gas leases and royalties — companies buying the rights to develop minerals or oil and gas resources on state-owned lands — until it reaches a balance of $500 million. When that cap is reached, these revenues flow into the SPEF, which is capped at $800 million.[1] Once the SPEF reaches its cap, these revenues will become part of the state's general revenues, and the Legislature will then decide how to allocate the money as part of its annual budgeting process.[2]

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The NRTF reached its cap of $500 million in 2011, and, as of Sept. 31, 2019 — the last day of the state's 2019 fiscal year — it had a $500 million "nonspendable" fund balance and an additional $229 million "restricted" fund balance — money allocated to projects but not yet spent or held in reserve in case of market declines.[3] The SPEF currently has $283 million in its "nonspendable" fund balance and $50 million in its "restricted" fund balance.

The funds operate in different ways, as summarized in this table:

Graphic 1: Comparison of Michigan's Conservation Trust Funds

		Natural Resources Trust Fund	State Parks Endowment Fund
Funds allowed for:	Operations and maintenance of public lands	No	Yes
Funds allowed for:	Capital improvements or development of public recreation facilities	Yes, not more than 25% of annual spending	Yes
Funds allowed for:	Acquisition of land or access and use rights in lands for park purposes	Yes, not less than 25% of annual spending	Yes
Funds allowed for:	Administration costs of trust fund	Yes	No
Funds allowed for:	Payments in lieu of taxes	Yes	No
Funds allowed for:	Grants to local governments	Yes	No
Selection of projects		Trust fund board	Lawmakers
Fund cap		$500 million	$800 million
Limits adjusted for inflation		No	Yes

1 Note that the constitutional language allows the State Park Endowment Fund's $800 million limit to be adjusted for inflation once it reaches this cap, but does not do so for the Natural Resources Trust Fund. Mich Const art. IX § 35; Mich Const art. IX § 35a.; Josh Sefton, "State Parks Funding in Michigan - A 15-Year History" (Michigan Senate Fiscal Agency, Feb. 2015), https://perma.cc/GDX4-KJVK.

2 MCL § 324.1904.

3 "State of Michigan: Comprehensive Annual Financial Report" (State of Michigan, March 6, 2020), 232, https://perma.cc/7X73-J4JS.

Ballot Language

Below is the verbatim text of Proposal 1 of 2020.[4] The proposal's modification to the text of the Michigan Constitution can be found in Appendix A.

Proposal 20-1

A proposed constitutional amendment to allow money from oil and gas mining on state-owned lands to continue to be collected and state funds for land protection and creation and maintenance of parks, nature areas, and public recreation facilities; and to describe how money in those state funds can be spent

This proposed constitutional amendment would:

· Allow the State Parks Endowment Fund to continue receiving money from sales of oil and gas from state-owned lands to improve, maintain and purchase land for State parks, and for Fund administration, until its balance reaches $800,000,000.

· Require subsequent oil and gas revenue from state-owned lands to go into the Natural Resources Trust Fund.

· Require at least 20% of Endowment Fund annual spending go toward State park improvement.

· Require at least 25% of Trust Fund annual spending go toward parks and public recreation areas and at least 25% toward land conservation.

Should this proposal be adopted?

Current Operation of Trust Funds

The constitution sets aside money to build up the body of these funds from the proceeds of mineral, oil and gas leases and royalties from state lands. Revenue from those funds is used to purchase financial securities that provide the state with revenue from investment returns. These are made by the Bureau of Investments in the state's Department of Treasury.[5] The Natural Resource Trust Fund's investment portfolio, for instance, is composed of roughly 35% in bonds and 65% in public and private equities, with the 10-year return projected to be 5.5%.[6] Investment returns finance the annual spending programs allowed through the funds.

Not all annual revenue generated by state leases and royalties builds equity in these funds. Some is allocated directly for programs allowed through these funds. Constitutional language prohibits the state from spending more than half of the annual revenue to the SPEF directly on programs, however.[7]

The NRTF has a board of trustees that, with recommendations from the treasury department, determines how much to spend each year. The board also decides which projects to fund. Last December, the trust fund board approved $25.6 million in acquisition and development grants.[8] Projects can take years to complete after they are approved, and in fiscal year 2019, the NRTF took in $45 million in revenue from investments while making $53 million in expenditures.[9]

The State Parks Endowment Fund does not have a board of trustees. Instead, annual allotments are determined by the Legislature and put into its annual state budgets. For fiscal year 2020, the state

4 "Proposal 20-1" (State of Michigan, 2020), https://perma.cc/5SLP-CT2W.

5 Gregory J. Parker, "Michigan Public School Employees' Retirement System Retirement Plan Review" (Michigan Department of Treasury, Bureau of Investments, Mar. 21, 2013), 6, https://perma.cc/ANX4-9YVZ.

6 Author correspondence with Ron Leix, deputy public information officer of the Michigan Department of Treasury, Sept. 9, 2020.

7 Mich Const art. IX § 35a.

8 "Michigan Natural Resources Trust Fund Board of Trustees Meeting Minutes of December 11, 2019" (Michigan Department of Natural Resources, March 3, 2020), https://perma.cc/BJ4R-CMVF.

9 "State of Michigan: Comprehensive Annual Financial Report" (State of Michigan, March 6, 2020), 233, https://perma.cc/7X73-J4JS.

appropriated $24.2 million from the SPEF.[10] Of that amount, $7 million went to repair and maintenance of state parks, $11.4 million went to state parks operations, $2.8 million went into state forest management, and the rest went to support administration costs.[11]

Amendments to Trust Funds if Proposal 1 is Approved

Proposal 1's amendments to the Michigan Constitution would change the allocation of the revenue from the state's mineral, oil and gas leases and royalties. It also would alter how money can be spent from these funds.

The most significant change from Proposal 1 is that it would eliminate the monetary cap on the Natural Resource Trust Fund. In other words, revenues from the state's mineral and oil and gas leases and royalties would be dedicated to natural resource management in perpetuity, instead of ceasing when the $1.3 billion combined limit on the funds is reached.[12]

Under current policy, once the State Parks Endowment Fund reaches $800 million, proceeds from leases and royalties could be appropriated by the Michigan Legislature as they see fit. They would not be bound by a requirement to use the funds for the protection or management of natural resources or for building up endowment funds dedicated to those purposes. Legislators could use the funds for other expenses — public education, roads, health care or whatever purpose they agree upon.

The amendment, however, binds this revenue stream from state-owned resources to the NRTF after the SPEF's cap of $800 million is reached.

There are other changes. Currently, the NRTF is restricted from spending more than 25% of its annual spending on capital improvements and the development of state lands. Proposal 1 would make this spending a higher priority and mandate that at least 25% of the NRTF's allocation go toward development projects.

Proposal 1 would also explicitly allow "renovation and redevelopment" — not just simply "development" — as acceptable uses of NRTF funds. Renovation and redevelopment may already be current practice, however. A project approved in 2019 allowed the renovation of the Pigeon River Country Discovery Center building in Otsego County, for example.[13] Proposal 1 would make clear that repairs, upgrades and expansions of existing facilities are explicitly allowed activities.

The SPEF is allowed to spend its proceeds on capital improvements and development of state parks. Similar to the change to NRTF, Proposal 1 would require the SPEF to devote a minimum of 20% of its annual spending to capital improvements and development. Proponents of the amendment point to this as a key issue, noting that this level of spending has only occurred once since fiscal year 2012.[14] Proposal 1 would also allow "fund administration" as an allowable use.

The table below summarizes the changes made to the trust funds, with the alterations bolded.

10 "Michigan Public Act 166 of 2020" (State of Michigan, Sept. 30, 2020), 252–258, https://perma.cc/KE99-8NHW.

11 Ibid.

12 There is an exception that royalties on lands purchased by the Game and Fish Protection Account of the Michigan Conservation and Recreation Legacy Fund stay within that fund. "State of Michigan: Comprehensive Annual Financial Report" (State of Michigan, Mar. 6, 2020), 191, https://perma.cc/7X73-J4JS.

13 "2019 Michigan Natural Resources Trust Fund Recommendations" (Michigan Department of Natural Resources, 2019), 4, https://perma.cc/L3EG-RDQ3.

14 Author correspondence with Rich Bowman, director of working lands, The Nature Conservancy in Michigan, Oct. 10, 2019.

Graphic 2: Proposal 1's Changes to State Trust Funds

		Natural Resources Trust Fund	State Parks Endowment Fund
Funds allowed for:	Operations and maintenance of public lands	No	Yes
	Capital improvements or development of public recreation facilities	Yes, not **less** than 25% of annual spending, **includes renovation and redevelopment**	Yes, **not less than 20% of annual spending**
	Acquisition of land or access and use rights in lands for park purposes	Yes, not less than 25% of annual spending	Yes
	Administration costs of trust fund	Yes	**Yes**
	Payments in lieu of taxes	Yes	No
	Grants to local governments	Yes	No
Selection of projects		Trust fund board	Lawmakers
Fund cap		**None**	$800 million
Limits adjusted for inflation		No	Yes

The current fund balance of the NRTF is not adjusted for inflation, so its investments will be worth less over time. The SPEF's fund balance, on the other hand, is adjusted for inflation when it reaches its $800 million limit. By eliminating the cap on the NRTF, Proposal 1 would effectively eliminate this disparity, because the NRTF would be allowed to grow in perpetuity from incoming lease and royalty revenue.

It will likely be years before these proceeds begin to add to the NRTF balance. Annual revenue from leases and royalties is volatile and has ranged from $24.7 million to $224.5 million from fiscal year 2004 to fiscal year 2019.[15] Under the existing language and unchanged by Proposal 1, half of this revenue can be used to build the SPEF's fund balance and up to half can be used for current spending on authorized uses from the fund.[16]

According to the state's annual financial report, the SPEF has a $283 million balance. Lease and royalty revenue have been weak in the recent past, and this balance would not exceed $800 million for the foreseeable future, if revenues remain at the $25 million to $30 million level received over the past five years.[17] Oil and gas price volatility and other legislative considerations can affect how much gets allocated to the fund balance and may expedite or delay the time it might take for lease and royalty revenues to start accumulating in the NRTF, if Proposal 1 is approved.

Public Trust Doctrine

Proposal 1 raises issues related to the public trust doctrine — the idea that some public property must be used for the public's benefit. While this doctrine has traditionally been considered in the context of managing resources associated with bodies of water and submerged lands, it has growing use in a myriad other legal, environmental and land management issues.[18]

Considering the public trust doctrine in the context of Proposal 1, it would hold that state land belongs to the people of Michigan and should be maintained and developed to benefit the people of Michigan. By using proceeds from selling or leasing rights to develop state-owned minerals, oil and gas for the purpose of conserving and developing state lands for public use, the Natural Resources Trust Fund and State Parks Endowment Fund seem to align with this more recent application of the doctrine.

The constitutional language governing these trust funds — both in the current version and under the changes brought by Proposal 1 — allows for some spending that clearly provides benefits accessible to the broad public. But some authorized uses of these funds provide benefits that are narrower and appear less aligned with the public trust doctrine.

15 Josh Sefton, "State Parks Funding in Michigan - A 15-Year History" (Michigan Senate Fiscal Agency, Feb. 2015), 9, https://perma.cc/GDX4-KJVK; Author correspondence with Josh Sefton, fiscal analyst, Michigan Senate Fiscal Agency, Aug. 26, 2020.

16 Mich Const art. IX § 35a.

17 Author's calculations.

18 James L. Huffman, "Speaking of Inconvenient Truths - A History of the Public Trust Doctrine," *Duke Environmental Law and Policy Forum* 18, no. 1 (Sept. 2007): 1–104, https://perma.cc/633A-4VGG.

The purchase of land by the state for recreation and scenic beauty, as well as ecosystem services provided by protected areas, clearly provide a benefit to the public. This increases the opportunity for people to enjoy Michigan's outdoors. The same could be said for improving recreation area facilities, as this can enhance the outdoor experience and lead to better enjoyment of public lands. The ecosystem services provided by protected areas, such as clean air and water, wildlife habitat protection and more, also provide benefits for all residents of the state.

Money spent administering these trust funds benefits the public at large as well, albeit in a less direct way. Administration is a necessary part of operations and therefore, provided that the operations are targeted toward the public's benefit, administration of the fund would benefit the public as well.

In contrast, grants to local governments may or may not provide a direct benefit to all state residents. Grants from the NRTF are spent on public parks or recreation areas, which appears to benefit the public.[19] However, local parks are less for the benefit of the people of the state as a whole and more properly seen as a benefit to local residents.

Grants to local governments that are used to purchase assets are even less aligned with the public trust doctrine. State assets are owned by the people of Michigan, and they have control over their use through their elected representatives. Local government assets, however, are owned by local governments. State residents who do not live in the jurisdiction where that asset is owned do not have a means to influence how that asset is used. Mitigating this issue, however, is the state's requirement that projects funded by NRTF offer reasonable and appropriate access to the public.[20] The issue of ownership and the public access requirement would be unchanged by Proposal 1.

Another aspect of the NRTF that appears to conflict with the public trust doctrine are payments to local governments in lieu of taxes. This occurs when private lands are purchased by the state and become no longer subject to local property taxes. Local governments and other taxing jurisdictions stand to lose revenue. Through the NRTF, the state can make payments to these local governments to make up for the loss of tax revenue.

Those payments ease the impact on the local governments from the transfer of the land and may benefit the local governments that assess taxes in those areas and the people they serve. But after the initial purchase, state payments to those local governments for the land the state purchased exist as a long-term cost to the state, and therefore, are not spent for the broad public benefit.

Overall then, the SPEF appears to be a better fit for spending revenue for the public's benefit. It does not operate local government granting programs. It does not pay local governments in lieu of property taxes, and any lands purchased by the fund or improvements to state parks would clearly be owned by and accessible to all the people of Michigan.

Proposal 1 does not restrict or remove the potential of these funds to be spent in a manner that benefits a limited subset of the population. A failure to spend public funds for the broad benefit of the public remains an aspect of the NRTF whether or not the amendment is approved by voters. But it is important to remember that Proposal 1 commits the revenue from leasing or developing minerals, oil and gas on state lands to the NRTF in perpetuity. If the amendment is rejected, legislators would retain control over the uses of these revenues once the SPEF reaches

19 Mich Const art. IX § 35.

20 Ibid.

it $800 million limit, and less overall money may be available for these purposes.

Legislators are entrusted to spend the public purse for the public's benefit, as well. However, they are not bound to a public trust rationale when establishing their budgets. This reality requires voters to consider whether allowing future lawmakers to spend these revenues would be more in the public interest than the uses allowed by the NRTF and SPEF.

State Park Needs

The U.S. Forest Service estimated that in 2017 Michigan had over 20.3 million acres of forested lands — more than 56% of the state's 36.2 million total land acres.[21] The state of Michigan owns and manages about 4.6 million acres, which is 12% of Michigan's total land mass and includes about 21% of the state's forested lands.[22] The state has added more than 64,000 acres to its holdings over the past two decades.[23]

The Michigan Department of Natural Resources is responsible for managing 103 state parks and recreation areas and 140 state forest campgrounds, as well as about 306,000 acres of recreational land.[24] In addition to funding from the NRTF and SPEF, state parks, conservation efforts and recreational activities are funded by revenues from entrance fees, hunting and fishing licenses, annual taxes on snowmobiles and boats, taxes on fuel, and user fees, such as charging people for camping, and any other funding the legislature makes available for these purposes.[25]

Currently, the DNR's Parks and Recreation Department reports approximately $278 million in required spending for "primary infrastructure needs."[26] This appears to indicate a decreasing level of infrastructure repair needs, given the department reported a $300 million spending need in 2004.[27]

Despite this apparent ability of the DNR to keep up with the repair and maintenance of this infrastructure in recent years, it is still important to recognize that unforeseen events could impact the department's ability to maintain this level of support in the future. While the Legislature could direct general fund spending to this purpose, the NRTF may be a more suitable means to meet these needs over the long term.

As part of the DNR's FY 2021 Capital Outlay Five-Year Plan, the Parks and Recreation Department describes a plan to both "explore the use of partnerships and alternate funding sources, including State General Fund" and to "focus on the sustainable contraction of park infrastructure" to develop a state park system that is "viable and self-sufficient." It describes an investment strategy that allows for reduction of infrastructure in some locations and the redevelopment and expansion of other locations. Expansions or reductions of specific facilities would be based on demand levels and the ability of existing and new revenue streams to fund those activities.

So, state administrators, responsible for maintaining Michigan's state parks and recreational areas, appear to have ideas and plans to spend additional revenue if Proposal 1 is approved and leads to more money being made available for these purposes.

21 "Forests of Michigan, 2017" (U.S. Department of Agriculture, May 2018), https://perma.cc/MHP5-2AKP; "United States Summary: 2010" (U.S. Census Bureau, Sept. 2012), 405, https://perma.cc/S55D-TULZ.

22 "Forests of Michigan, 2017" (U.S. Department of Agriculture, May 2018), https://perma.cc/MHP5-2AKP; "State of Michigan: Comprehensive Annual Financial Report" (State of Michigan, March 6, 2020), 314, https://perma.cc/7X73-J4JS; Diane S. Katz, "Michigan's Primary Land-Use Plan Is a Failure" (Mackinac Center for Public Policy, Sept. 2, 2003), https://perma.cc/L2CB-NMRN.

23 "State of Michigan: Comprehensive Annual Financial Report" (State of Michigan, March 6, 2020), 250, https://perma.cc/7X73-J4JS.

24 "Park System" (Michigan Department of Natural Resources, 2020), https://perma.cc/G8V3-7ZR2.

25 "Michigan Public Act 166 of 2020" (State of Michigan, Sept. 30, 2020), 252, https://perma.cc/KE99-8NHW.

26 "FY 2021 Capital Outlay Five-Year Plan" (Michigan Department of Natural Resources), 27–28, https://perma.cc/PEZ8-BN78.

27 "Starting March 1, Residents Will Pay $12 for Recreation Passport; First Increase in Seven Years" (Michigan Department of Natural Resources, Jan. 15, 2020), https://perma.cc/M64B-HZZV.

Proposal 1 would also make more money available to take care of the state's existing assets. As mentioned, it requires the SPEF to spend a minimum of 20% on development and improvement of the parks. Currently, there is no minimum requirement. Proposal 1 would require the NRTF to spend more on development too, and some of this could be used for local parks, where needs are harder to assess but likely widespread and ongoing. This fund, currently restricted to not devoting more than 25% to development spending, under Proposal 1's changes, would instead be required to spend at least 25% on development. This may mean proportionally less money from growing trust and endowment funds go to other allowable uses, though the NRTF would retain its requirement to spend at least 25% on acquisition of more land and rights in land.

Conclusion

Proposal 1 on the 2020 Michigan ballot will allow voters to choose how revenues will be spent by the state that derive from the sale of mineral, oil and gas leases on state lands and the royalties paid for their subsequent development. Currently, the Natural Resources Trust Fund and the State Parks Endowment Fund receive these revenues and commit funding to the management of natural resources and state parks. These funds are capped at $500 million and $800 million, respectively, however.

After reaching those caps — which may not happen for decades — these revenues from state leases and royalties would go into the state's general fund to be allocated by the Legislature on any priority of its choosing. Proposal 1 would change that and constitutionally require that these revenues be dedicated to building up these endowment funds and thereby bind their use to conservation and outdoor recreational purposes.

Specifically, Proposal 1 would remove the $500 million cap on the NRTF and require all future revenues to be dedicated to this fund in perpetuity after the SPEF also reaches its $800 million cap. It would also require a minimum portion of spending through these funds to go towards maintenance and renovation of state park facilities.

Revenue from leases and royalties are generated by lands owned by the public and voters may want to bind them to purposes that benefit the public. If voters want revenues and royalties from mineral, oil, and natural gas leasing and development restricted to these purposes, to continue building the balances of trust funds dedicated to these purposes, and want the state to spend more on developing what it already owns, they should vote "yes."

In addition to these points, a portion of the groups that have publicly committed to a "yes" vote include The Nature Conservancy – Michigan, Ducks Unlimited, Environment Michigan, Michigan Forest Products Council, Michigan League of Conservation Voters, Natural Resources Defense Council, National Wild Turkey Foundation and DTE Energy. The primary arguments these organizations use in support of Proposal 1 focus on increasing flexibility in funding of land conservation, increased public access to natural areas and a long-term commitment on the part of the state to reinvest resource-based revenues to resource-focused management.[28]

If voters want the Legislature to eventually have control of mineral, oil and gas lease and royalty revenues or think the purposes of these funds will be served within the current limits on these funds, they should vote "no."

In addition to these points, organizations and groups that have publicly committed to a "no" vote include the Michigan chapter of the Sierra Club, the Green

28 "Michigan Proposal 1, Use of State and Local Park Funds Amendment" (Ballotpedia, 2020), https://perma.cc/M5UW-QAX4.

Party of Michigan, the North Oakland Democratic Club and the Michigan Land Conservancy. The general theme of their arguments against Proposal 1 centers on a desire to cease the state's reliance on fossil fuel and mining revenues, especially for the management of natural areas, and that these funds ought to spend more on land acquisition.[29]

29 Ibid.

Appendix A: Proposal 1's Textual Changes to Michigan Constitution

ARTICLE IX

Sec. 35. **(1)** There is hereby established the Michigan natural resources trust fund. The trust fund shall consist of all bonuses, rentals, delayed rentals, and royalties collected or reserved by the state under provisions of leases for the extraction of nonrenewable resources from state owned lands, except such revenues accruing under leases of state owned lands acquired with money from state or federal game and fish protection funds or revenues accruing from lands purchased with such revenues. ~~The~~ **HOWEVER, UNTIL THE MICHIGAN STATE PARKS ENDOWMENT FUND REACHES AN ACCUMULATED PRINCIPAL OF $800,000,000.00, THE REVENUES FROM BONUSES, RENTALS, DELAYED RENTALS, AND ROYALTIES DESCRIBED IN THIS SECTION THAT WOULD OTHERWISE BE DEPOSITED INTO THE TRUST FUND SHALL BE DEPOSITED INTO THE MICHIGAN STATE PARKS ENDOWMENT FUND. IN ADDITION TO THE REVENUES DESCRIBED IN THIS SUBSECTION, THE** trust fund may receive appropriations, money, or other things of value. The assets of the trust fund shall be invested as provided by law.

~~Until the trust fund reaches an accumulated principal of $500,000,000.00, $10,000,000.00 of the revenues from bonuses, rentals, delayed rentals, and royalties described in this section otherwise dedicated to the trust fund that are received by the state each state fiscal year shall be deposited into the Michigan state parks endowment fund. However, until the trust fund reaches an accumulated principal of $500,000,000.00, in any state fiscal year, not more than 50 percent of the total revenues from bonuses,~~

~~rentals, delayed rentals, and royalties described in this section otherwise dedicated to the trust fund that are received by the state each state fiscal year shall be deposited into the Michigan state parks endowment fund.~~

(2) ~~The~~ **UNTIL THE MICHIGAN STATE PARKS ENDOWMENT FUND REACHES AN ACCUMULATED PRINCIPAL OF $800,000,000.00, THE** amount accumulated in the trust fund in any state fiscal year shall not exceed $500,000,000.00, exclusive of interest and earnings and ~~amounts~~ **MONEY** authorized for expenditure pursuant to this section. ~~When the accumulated principal of the trust fund reaches $500,000,000.00, all revenue from bonuses, rentals, delayed rentals, and royalties described in this section that would be received by the trust fund but for this limitation shall be deposited into the Michigan state parks endowment fund until the Michigan state parks endowment fund reaches an accumulated principal of $800,000,000.00. When the Michigan state parks endowment fund reaches an accumulated principal of $800,000,000.00, all revenues from bonuses, rentals, delayed rentals, and royalties described in this section shall be distributed as provided by law.~~

~~The interest and earnings of the trust fund shall be expended for the acquisition~~ **THIS AMOUNT IS THE ACCUMULATED PRINCIPAL LIMIT. THE ACCUMULATED PRINCIPAL OF THE TRUST FUND SHALL NOT BE EXPENDED. HOWEVER, THE INTEREST AND EARNINGS OF THE TRUST FUND SHALL BE EXPENDED FOR THE FOLLOWING:**

(A) ACQUISITION of land or rights in land for recreational uses or protection of the land because of its environmental importance or its scenic beauty. ~~, for the development~~

(B) DEVELOPMENT, RENOVATION, AND REDEVELOPMENT of public recreation facilities. ~~, and for the administration~~

(C) ADMINISTRATION of the trust fund, which may include payments in lieu of taxes on state owned land purchased through the trust fund.

(3) The trust fund may provide grants to **LOCAL** units of ~~local~~ government or public authorities, which shall be used for the purposes of this section. The legislature shall provide that a portion of the cost of a project funded by ~~such~~ **THESE** grants be provided by the local unit of government or public authority.

(4) ~~Until the trust fund reaches an accumulated principal of $500,000,000.00, the~~ **AFTER THE MICHIGAN STATE PARKS ENDOWMENT FUND REACHES AN ACCUMULATED PRINCIPAL OF $800,000,000.00, THE ACCUMULATED PRINCIPAL LIMIT FOR THE TRUST FUND AS PROVIDED FOR IN SUBSECTION (2) NO LONGER APPLIES AND THE REVENUES FROM BONUSES, RENTALS, DELAYED RENTALS, AND ROYALTIES DESCRIBED IN SUBSECTION (1) SHALL BE DEPOSITED INTO THE TRUST FUND. FROM THESE REVENUES EACH YEAR THE** legislature may provide, in addition to the expenditure of interest and earnings authorized by this section, that a portion, not to exceed ~~33-1/3~~ **50** percent, ~~of the revenues from bonuses, rentals, delayed rentals, and royalties described in this section received by the trust fund during each state fiscal year~~ may be expended during subsequent state fiscal years for the purposes of this section.

(5) Not less than 25 percent of the ~~total amounts~~ **MONEY** made available for expenditure from the trust fund from any state fiscal year shall be expended for acquisition of land and rights in land **FOR RECREATIONAL USES OR PROTECTION OF THE LAND BECAUSE OF ITS ENVIRONMENTAL IMPORTANCE OR ITS SCENIC BEAUTY**, and not ~~more~~ **LESS** than 25 percent of the ~~total amounts~~ **MONEY** made available for expenditure from the trust fund from any state fiscal year shall be expended for development, **RENOVATION, AND REDEVELOPMENT** of public recreation facilities.

(6) The legislature shall provide by law for the establishment of a trust fund board within the department of natural resources. The trust fund board shall recommend the projects to be funded. The board shall submit its recommendations to the governor who shall submit the board's recommendations to the legislature in an appropriations bill.

(7) The legislature shall provide by law for the implementation of this section.

Sec. 35a. **(1)** There is hereby established the Michigan state parks endowment fund. The endowment fund shall consist of revenues as provided in section 35 of this article, and as provided by law. The endowment fund may also receive private contributions of money or other things of value. ~~All money in the Genevieve Gillette state parks endowment fund shall be transferred to the endowment fund.~~ The assets of the endowment fund shall be invested as provided by law.

(2) The accumulated principal of the endowment fund shall not exceed $800,000,000.00, which amount shall be annually adjusted pursuant to the rate of inflation beginning when the endowment fund reaches $800,000,000.00. This annually adjusted figure is the accumulated principal limit of the endowment fund.

(3) Money available for expenditure from the endowment fund as provided in this section shall be expended for ~~operations, maintenance, and capital~~ **ALL OF THE FOLLOWING:**

(A) CAPITAL improvements at Michigan ~~state parks~~ **STATE PARKS.** ~~and for the acquisition~~

(B) OPERATIONS AND MAINTENANCE AT MICHIGAN STATE PARKS.

(C) ACQUISITION of land or rights in land for Michigan ~~state parks.~~**STATE PARKS.**

(D) ADMINISTRATION OF THE ENDOWMENT FUND.

(4) NOT LESS THAN 20 PERCENT OF THE MONEY MADE AVAILABLE FOR EXPENDITURE FROM THE ENDOWMENT FUND FROM ANY STATE FISCAL YEAR SHALL BE EXPENDED UNDER SUBSECTION (3)(A) FOR CAPITAL IMPROVEMENTS AT MICHIGAN STATE PARKS.

(5) Money in the endowment fund shall be expended as follows:

(A) ~~(1)~~ Until the endowment fund reaches an accumulated principal of $800,000,000.00, each state fiscal year the legislature may appropriate not more than 50 percent of the money received under section 35 of this article plus interest and earnings and any private contributions or other revenue to the endowment fund.

(B) ~~(2)~~ Once the accumulated principal in the endowment fund reaches $800,000,000.00, only the interest and earnings of the endowment fund in excess of the amount necessary to maintain the endowment fund's accumulated principal limit may be made available for expenditure.

(6) Unexpended appropriations of the endowment fund from any state fiscal year as authorized by this section may be carried forward or may be appropriated as determined by the legislature for purposes of this section.

(7) The legislature shall provide by law for implementation of this section.

Resolved further, That the foregoing amendment shall be submitted to the people of the state at the next general election in the manner provided by law.

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