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SFA



BILL ANALYSIS

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House Bill 5254 (Substitute H-1 as passed by the House)
House Bill 5278 (Substitute H-1 as passed by the House)
Sponsor: Representative Tom Alley (H.B. 5254)
Representative Beverly Bodem (H.B. 5278)
House Committee: Conservation, Environment and Recreation
Senate Committee: Natural Resources and Environmental Affairs

Date Completed: 11-9-98

CONTENT

The bills would amend the Natural Resources and Environmental Protection Act (NREPA) to create the "Forest Land User Fund", authorize the Department of Natural Resources (DNR) to grant concessions on DNR-owned or -controlled land, expand the DNR's authority to lease land, specify the funds that would receive money from a concession or a lease, and revise provisions concerning State forest fees.

The bills are tie-barred to each other and to Senate Bill 727, which would establish the "Forest Recreation Fund", require the DNR to develop an integrated recreation system, and allow the DNR to establish fees for camping in State forest campgrounds. The following is a description of the bills.

House Bill 5254 (H-1)

The bill would delete provisions under the Act that permit the Department to lease lands it owns or controls that have been designated for recreational purposes, but only to responsible legal units, within the State, of national or State-recognized groups devoted principally to development of character and citizenship training and physical fitness of youth, that are financially supported by voluntary public subscriptions or contributions, and whose property is exempt from taxation under State law. The bill also would delete a provision that permits the DNR to lease land in the Porcupine Mountain State Park to third parties for purposes as it considers desirable.

Under the bill, the DNR could lease lands it owned or controlled or could grant concessions on lands it owned or controlled to any person for any purpose the Department determined to be necessary to implement Part 503 (State Forest Product Industry Development) of the Act. In granting a concession, the DNR would have to provide that each concession was awarded at least every seven years based on extension, renegotiation, or competitive bidding. If the DNR determined, however, that a concession required a capital investment in which reasonable financing or amortization necessitated a longer term, the Department could grant a concession for up to a 15-year term. Unless the DNR authorized otherwise, a concession granted under these provisions would have to require that all buildings and equipment be removed from the State forest property at the end of the concession's term.

Unless otherwise provided by law, money received from a lease or concession of tax-reverted lands would have to be credited to the fund providing financial support for the management of the leased land. Money received from a lease of all other land would have to be credited to the fund from which the land was purchased, except for money received from program-related leases, in which case the

money would have to be credited to the fund providing financial support for the management of the leased land. For land managed by the Forest Management Division of the DNR, this would be either the Forest Development Fund or the Forest Recreation Fund proposed in Senate Bill 727. For land managed by the Wildlife Fisheries Division, this would be the Game and Fish Protection Fund.

("Concession" would mean an agreement between the DNR and a person under the terms and conditions as specified by the Department to provide services or recreational opportunities for public use. "Lease" would mean a conveyance by the DNR to a person of a portion of the State's interest in land under specific terms and for valuable consideration, thereby granting to the lessee the possession of that portion conveyed during the period stipulated.)

House Bill 5278 (H-1)

Currently, the DNR may require a person to obtain a permit for the use of a State park or a State forest campground, and may establish and collect fees for permits to use State parks, State forest campgrounds, and specific State forest areas. The bill would delete references to State forest campgrounds, and forest areas in those provisions. The bill also would delete a requirement that the permit fees for State forest campgrounds be used for the operation, maintenance, and development of those campgrounds.

The Act also provides that the DNR may establish and collect fees for the processing of applications for the use of State forests that require extensive review. The fees must cover the Department's cost for processing the applications. The bill provides, instead, that the DNR could establish and collect fees to cover the costs to the Department for processing applications and for monitoring permits for the use of State forests that required extensive review. This fee revenue would have to be credited to the Forest Land User Fund, which the bill would create in the State Treasury. The State Treasurer would have to direct investment of the Fund, and credit to it interest and earnings from the Fund investments. Money in the Fund at the end of a fiscal year would have to be carried over in the Fund to the next fiscal year. Money in the Fund could be appropriated to the DNR to cover the costs of reviewing applications and monitoring permits for the use of State forests.

MCL 324.503 (H.B. 5254)
324.509 (H.B. 5278)

Legislative Analyst: N. Nagata

FISCAL IMPACT

House Bill 5254 (H-1)

The bill could generate an indeterminate increase in revenues to State government, depending upon the number and type of concessions granted.

House Bill 5278 (H-1)

The bill could result in a decrease of an estimated \$800,000 in State revenues due to elimination of forest campground fee revenues.

The bill is tie-barred to Senate Bill 727, which would reinstate this revenue source, but was vetoed by the Governor.

Fiscal Analyst: G. Cutler

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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.