

# SENATE BILL NO. 220

March 21, 2023, Introduced by Senators IRWIN, SANTANA, CHANG, BAYER, CAVANAGH and SHINK and referred to the Committee on Natural Resources and Agriculture.

A bill to amend 1994 PA 451, entitled "Natural resources and environmental protection act," by amending section 61524 (MCL 324.61524), as amended by 1998 PA 252.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1           Sec. 61524. (1) For the purposes of monitoring, surveillance,  
2 enforcement, and administration of this part, a fee not in excess  
3 of ~~1%~~ **2%**, based ~~upon~~ **on** the gross cash market value, is levied  
4 ~~upon~~ **on** oil and gas produced in this state. The fee ~~shall~~ **must** be

1 collected by ~~the revenue division of the~~ department of treasury in  
2 the same manner, at the same time, and subject to the **same**  
3 provisions ~~of as~~ the tax levied by 1929 PA 48, MCL 205.301 to  
4 205.317.

5 (2) The fee ~~shall~~**must** be computed as follows:

6 (a) The director of the department of **technology**, management,  
7 and budget, ~~on or before~~**by** November 1 **each year**, shall certify to  
8 the department of treasury the amount appropriated for the **current**  
9 **state** fiscal year for the ~~purposes of~~ monitoring, surveillance,  
10 enforcement, and administration of this part.

11 (b) The department, **by November 1 each year**, shall estimate  
12 the total production and gross cash market value of all oil and gas  
13 that will be produced in this state during the **current state** fiscal  
14 year ~~ending September 30, and shall~~**and** certify its estimate to the  
15 department of treasury. ~~on or before November 1.~~

16 (c) ~~Within 30 days after the effective date of the 1998~~  
17 ~~amendments to this section and on or before~~**By** December 1 of each  
18 ~~succeeding~~ year, the department of treasury shall determine the fee  
19 as follows:

20 (i) If the fund balance is less than \$7,000,000.00 as of the  
21 end of the **immediately preceding state** fiscal year, ~~immediately~~  
22 ~~prior to November 1, the fee shall be 1%~~**the fee is 2%** of the gross  
23 cash market value of oil and gas produced, or an amount calculated  
24 to cause the fund to accumulate to \$7,000,000.00 at the end of the  
25 current fiscal year, whichever is less.

26 (ii) If the fund balance is equal to or exceeds \$7,000,000.00  
27 as of the end of the **immediately preceding state** fiscal year,  
28 ~~immediately prior to November 1, the fee shall be~~**is** the ratio, to  
29 the nearest 1/100 of 1%, that the appropriation bears to the total

1 gross cash market value of the oil and gas that will be produced in  
2 this state as estimated by the department ~~as provided in~~ **under**  
3 subdivision (b).

4 (iii) Any money accumulated in the fund in excess of  
5 \$7,000,000.00 as of the end of the **immediately preceding state**  
6 fiscal year ~~shall~~ **must** be deducted from the ~~following~~ **current state**  
7 **fiscal** year's appropriation in determining an amount to be  
8 certified by the director of the department of **technology,**  
9 management, and budget ~~to the department of treasury for computing~~  
10 ~~the annual fee provided for in this section.~~ **under subdivision (a).**

11 (d) The percentage determined ~~pursuant to~~ **under** subdivision  
12 (c) ~~shall~~ **must** not exceed ~~1%~~ **2%** and ~~shall be~~ **is** the fee, beginning  
13 the first of the following month, ~~and will continue to be the fee~~  
14 ~~for the next 12 months~~ **for a 1-year period** and until a different  
15 fee is determined. ~~However, the fee shall be 1% beginning the first~~  
16 ~~day of the second month after the effective date of the 1998~~  
17 ~~amendments to this section and will continue to be the fee for the~~  
18 ~~remainder of that calendar year.~~

19 (3) The proceeds of the fee provided for in this section ~~shall~~  
20 **must** be forwarded to the state treasurer for deposit into the fund.