



# Budget Briefing: Natural Resources

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# Briefing Topics

- Funding Sources
- Appropriation Areas
- Major Budget Topics

# Department of Natural Resources

The Department of Natural Resources (DNR) was established by the Michigan Legislature in 1921 as the Department of Conservation. This name was changed to Department of Natural Resources in 1968.

- The DNR budget provides funding for:
  - Great Lakes protection and restoration
  - Wildlife management
  - Invasive species prevention and control
  - Fisheries management
  - Law enforcement protecting the state's natural resources and enforcing recreational laws
  - State parks and recreation areas
  - Forestry and timber management

# Key Budget Terms

**Fiscal Year:** The state's fiscal year (FY) runs from October to September. FY 2018-19 is October 1, 2018 through September 30, 2019.

**Appropriation:** Authority to expend funds. An appropriation is not a mandate to spend. Constitutionally, state funds cannot be expended without an appropriation by the Legislature.

**Line Item:** Specific appropriation amount in a budget bill which establishes spending authorization for a particular program or function.

**Boilerplate:** Specific language sections in a budget bill which direct, limit, or restrict line item expenditures, express legislative intent, and/or require reports.

**Lapse:** Appropriated amounts that are unspent or unobligated at the end of a fiscal year. Appropriations are automatically terminated at the end of a fiscal year unless designated as a multi-year work project under a statutory process. Lapsed funds are available for expenditure in the subsequent fiscal year.

Note: Unless otherwise indicated, historical budget figures in this presentation have not been adjusted for inflation.

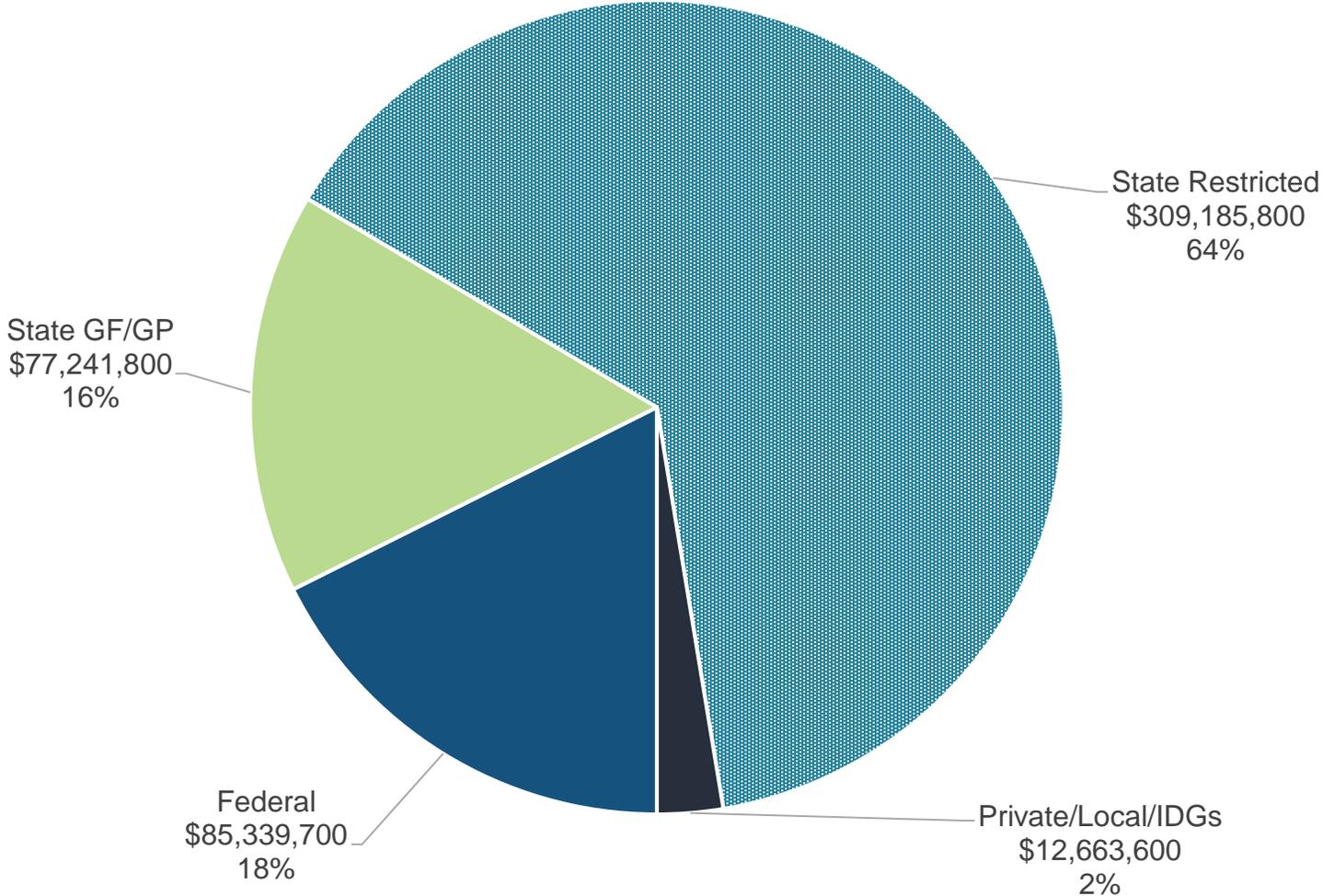
# Funding Sources

# FY 2018-19 DNR Budget

Fund Source	Funding	Description
Gross Appropriations	\$484,430,900	Total spending authority from all revenue sources
Interdepartmental Grants (IDG) Revenue	232,200	Funds received by one state department from another state department, usually for services provided
Adjusted Gross Appropriations	\$484,198,700	Gross appropriations excluding IDGs; avoids double counting when adding appropriation amounts across budget areas
Federal Revenue	85,339,700	Federal grant or matching revenue; generally dedicated to specific programs or purposes
Local Revenue	0	Revenue received from local units of government for state services
Private Revenue	12,431,400	Revenue from individuals and private entities, including payments for services, grants, and other contributions
State Restricted Revenue	309,185,800	State revenue restricted by the State Constitution, state statute, or outside restriction that is available only for specified purposes; includes most fee revenue
State General Fund/General Purpose (GF/GP) Revenue	77,241,800	Unrestricted revenue from taxes and other sources available to fund basic state programs and other purposes determined by the Legislature

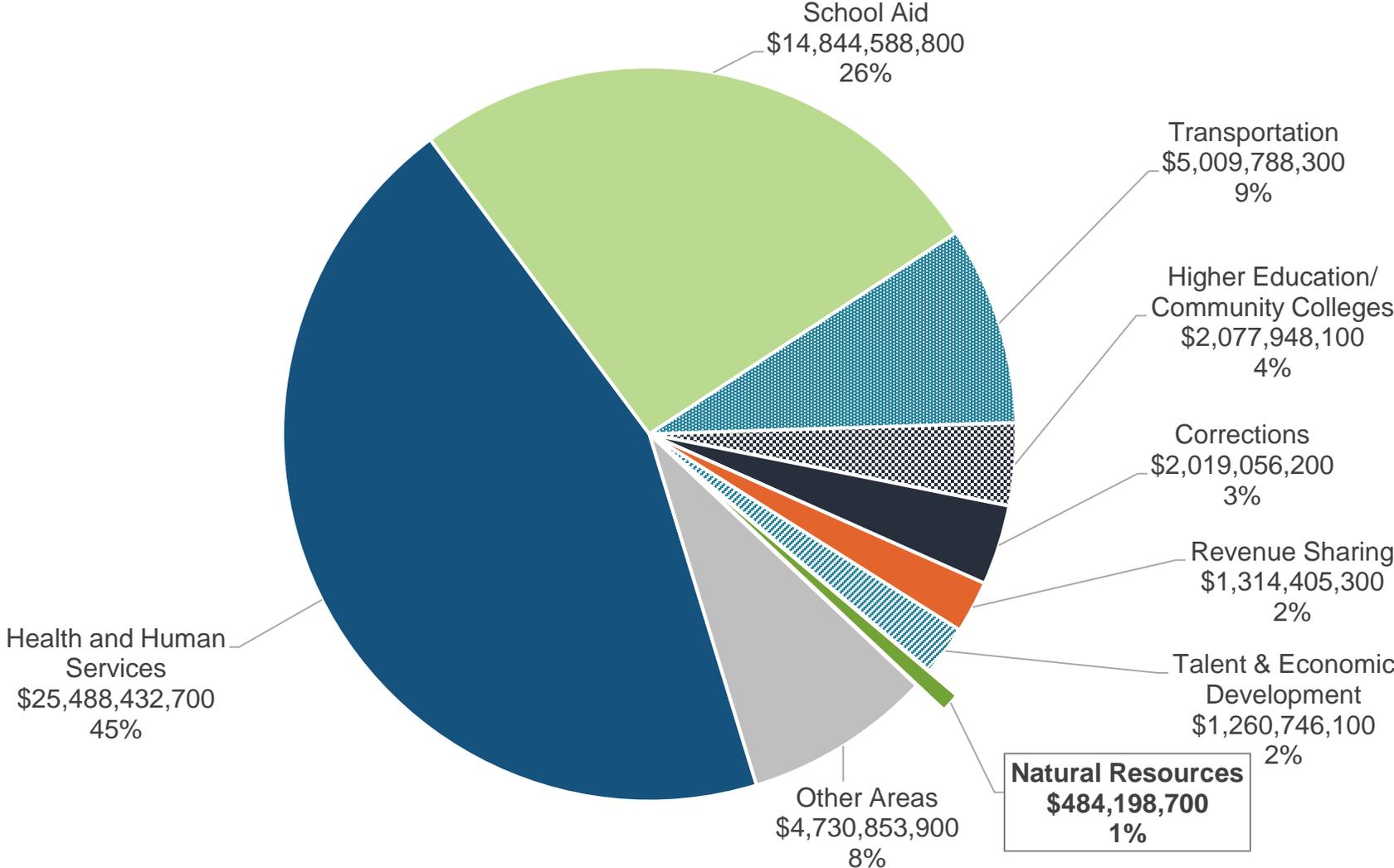
# FY 2018-19 Fund Sources

Two-thirds of the **\$484.4 million** DNR budget is funded by state restricted revenue. There are 41 funds that comprise this revenue, three of which make up 60% of the total: game and fish protection fund (\$75.2 million), park improvement fund (\$66.4 million), and forest development fund (\$44.8 million).



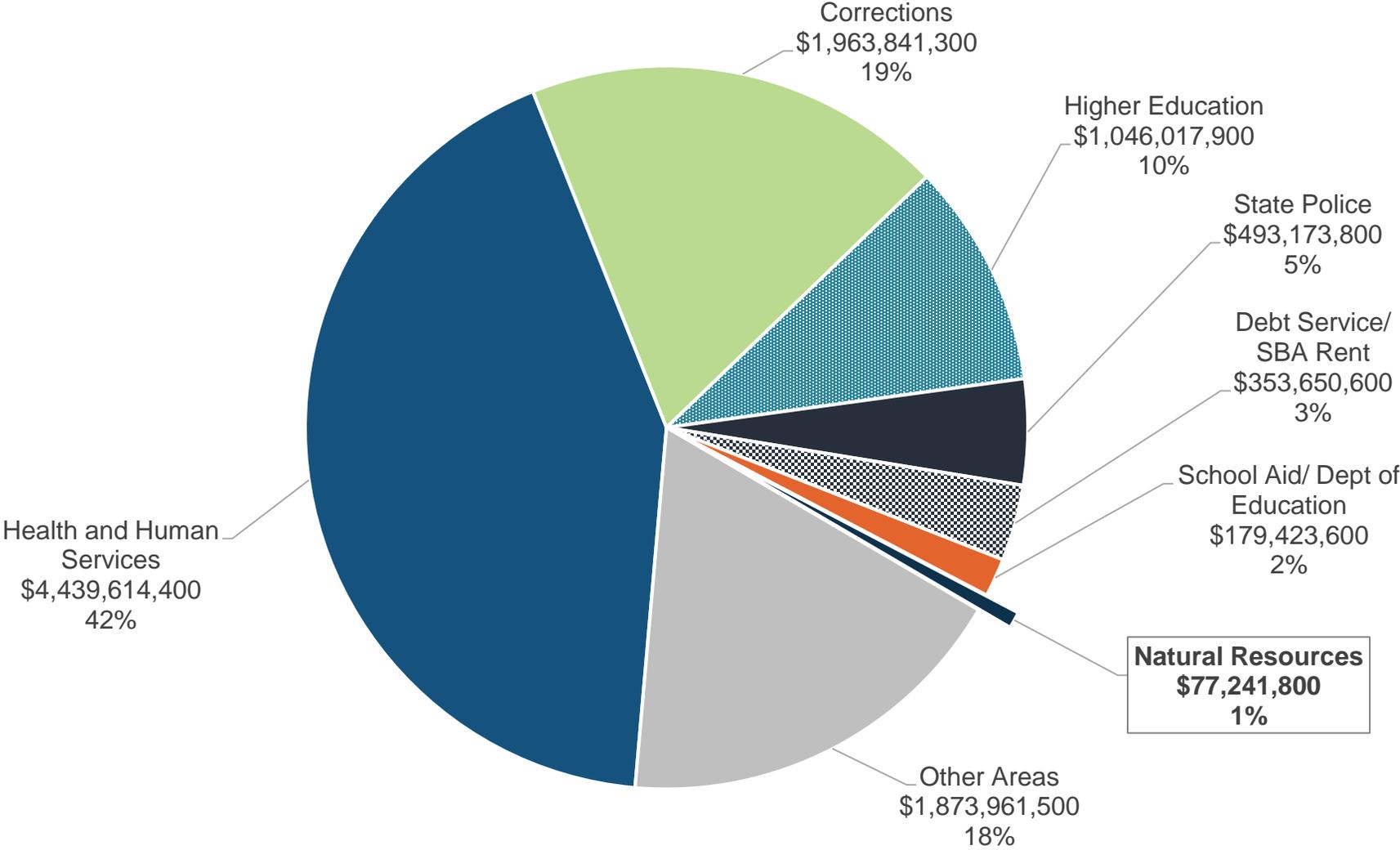
# DNR Share of Total State Budget

The DNR budget represents 1% of the \$57.2 billion state budget (adjusted gross) for FY 2018-19.



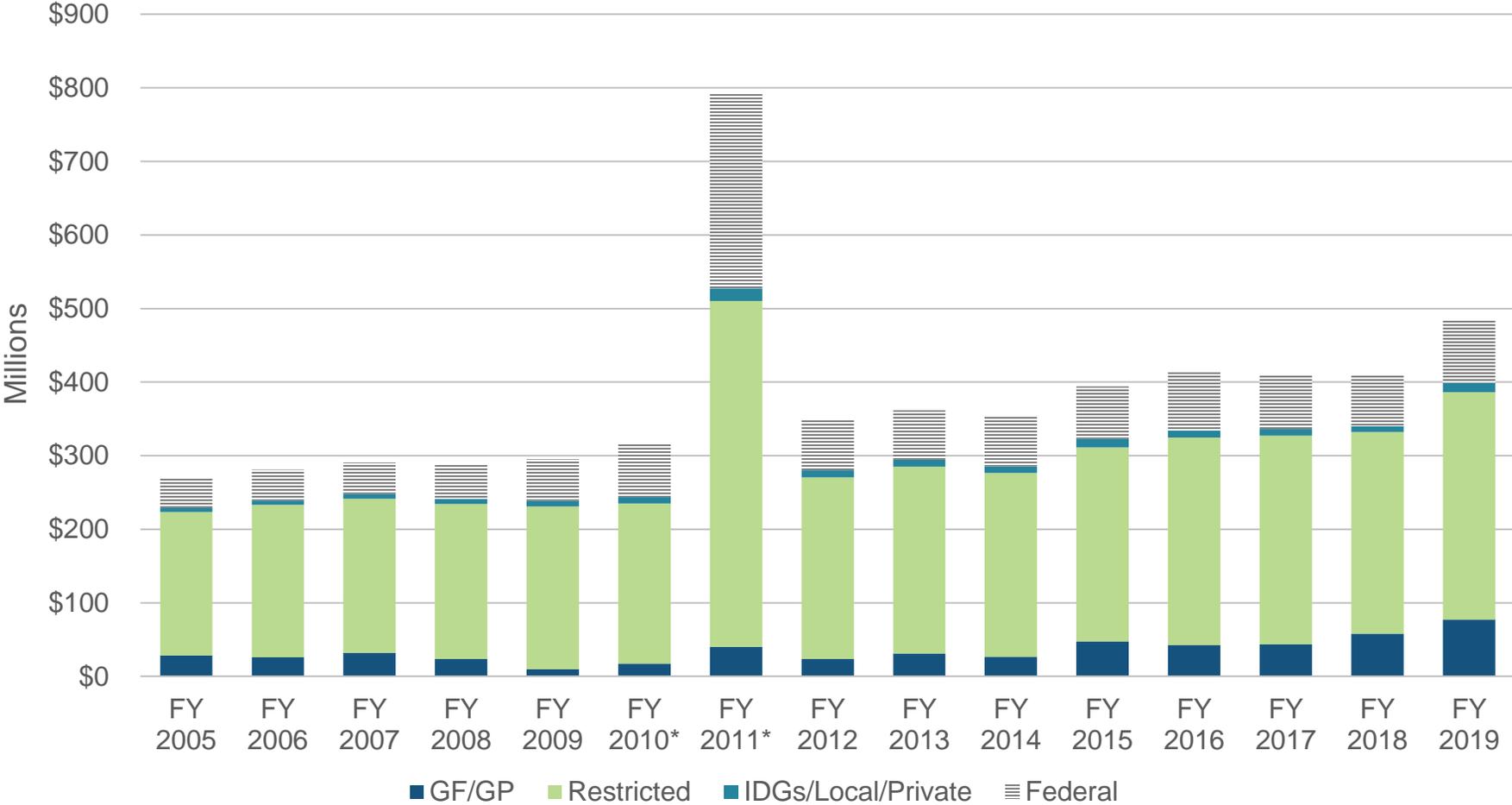
# DNR Share of Total GF/GP Budget

The DNR budget also represents less than 1% of the state's **\$10.4 billion** GF/GP budget for FY 2018-19.



# DNR Funding History

DNR funding has been relatively consistent since FY 2011-12. Additional funding from the forest development fund was included beginning in FY 2014-15 for forestry programs. Increased restricted funding for capital outlay projects funding and the transfer of the Office of the Great Lakes from the DEQ are reflected in FY 2018-19.



Note: The Department of Environmental Quality and DNR were combined into a single department for FY 2010-11 only. The Department of History, Arts, and Libraries was absorbed by DNR in FY 2009-10.

# Appropriation Areas

# DNR Appropriation Areas

**State Parks and Recreation:** 72 state parks, 23 state recreation areas, five linear trails, three state scenic sites, three historic state parks including Mackinac Island State Park, recreational boating, and MacMullan Conference Center

**Wildlife and Fisheries:** Wildlife management, fisheries management, and fish production

**Great Lakes protection:** Great Lakes Restoration Initiative (federal) and Office of the Great Lakes

**Grants, Department Initiatives, and One-time:** Federal and state grants, Great Lakes Restoration Initiative, Michigan Conservation Corps, invasive species prevention and control, and one-time projects

**Forest Resources:** Forest management and timber market development, wildfire protection, and minerals management

**Departmental Administration:** Central administration including information technology and Natural Resources Commission

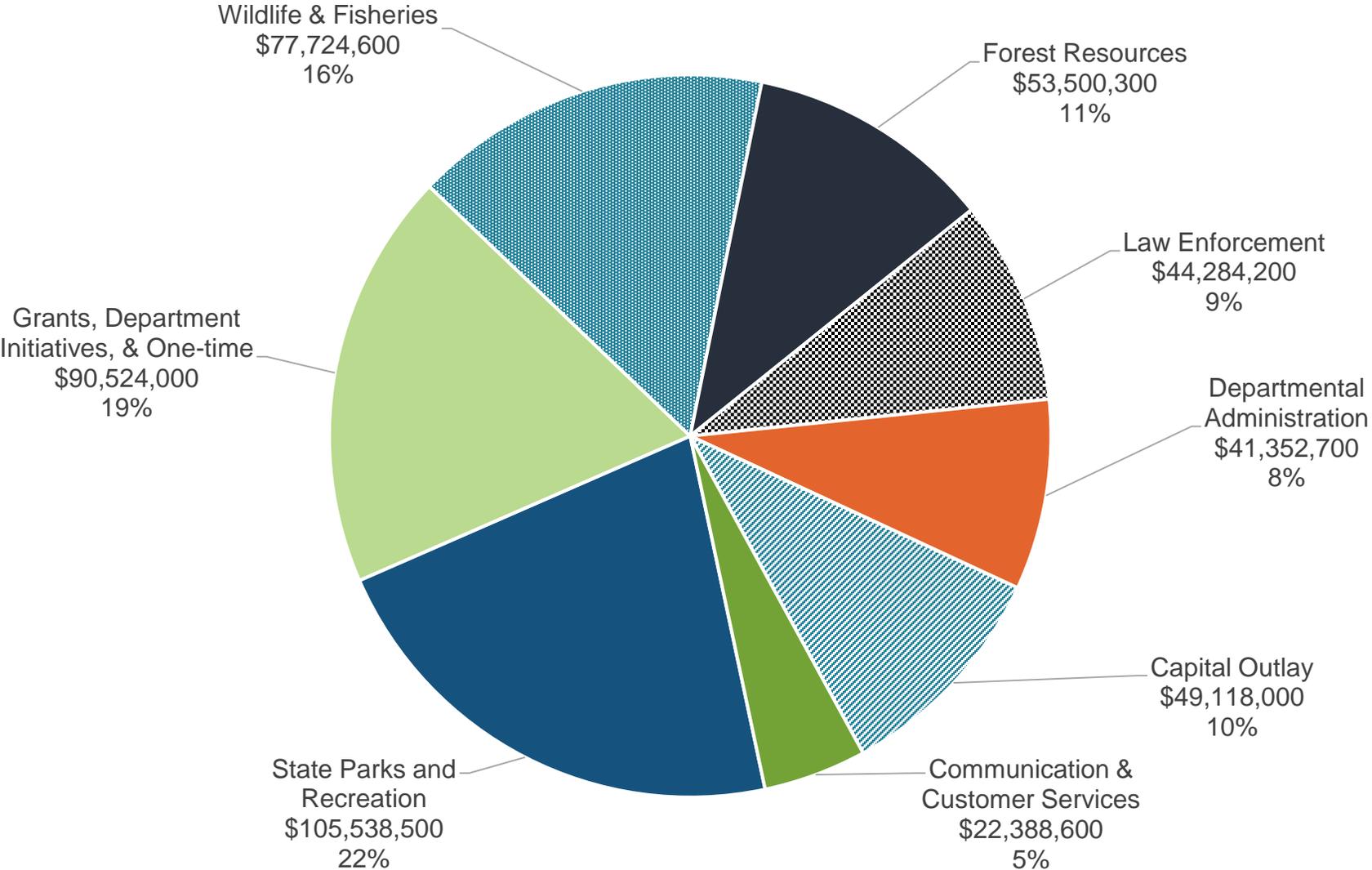
**Law Enforcement:** Conservation officers

**Capital Outlay:** Recreational lands and infrastructure projects, and waterways boating program

**Communication and Customer Services:** Marketing and outreach, historical programs, and Michigan Wildlife Council

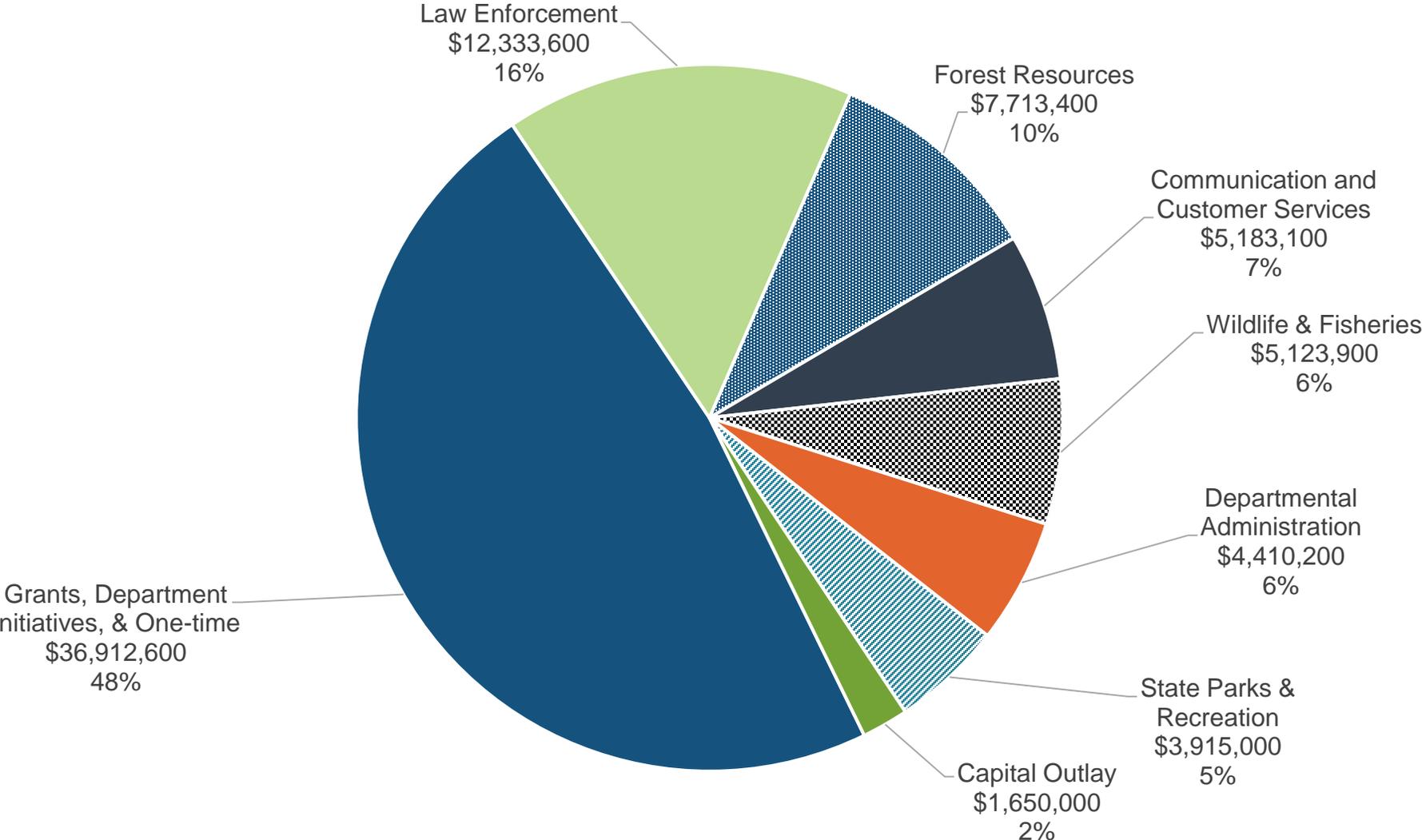
# FY 2018-19 Gross Appropriations

More than half of **\$484.4 million** DNR budget supports core departmental programs in state parks, wildlife, fisheries, and forestry.



# FY 2018-19 GF/GP Appropriations

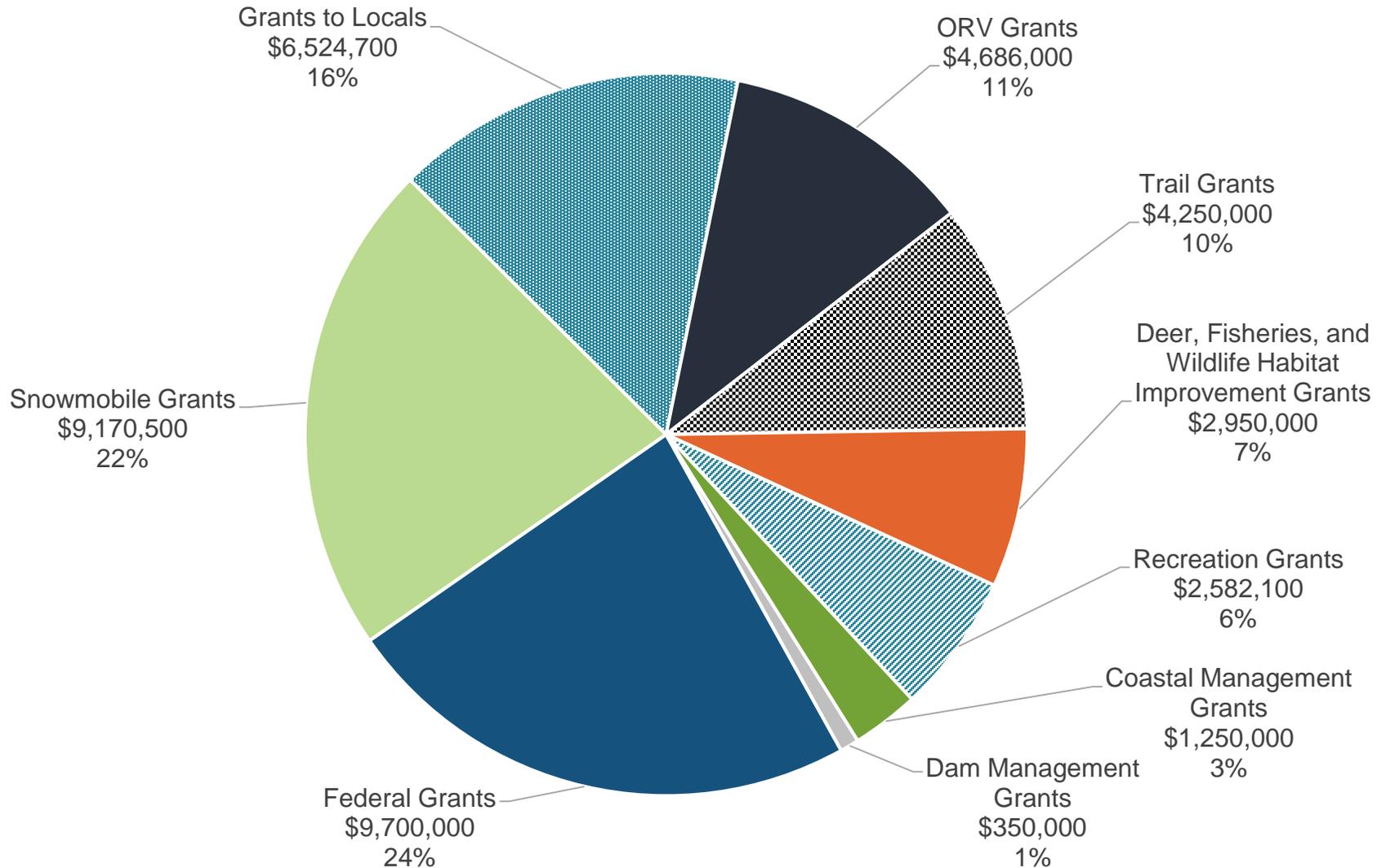
Funding for grants, department initiatives and one-time projects is the largest GF/GP appropriation, making up almost half of DNR's \$77.2 million GF/GP funding.



# Major Budget Topics

# DNR Grants

DNR administers 21 grant programs totaling **\$41.5 million** in FY 2018-19. These grants are available to public, private, and nonprofit organizations.



# DNR Revenue

- For FY 2018-19, the DNR budget totals \$484.4 million. Of that amount, only 16.0% is GF/GP funding (\$77.2 million).
- From FY 1999-2000 to FY 2018-19, GF/GP funding has decreased by 0.6% from \$77.7 million to \$77.2 million.
- In FY 2018-19, 63.8% of funding is from state restricted revenue (mainly license and permit fees).
- 73.0% of restricted funding (\$225.7 million) is appropriated from funds that have constitutional restrictions on their use.

# DNR Restricted Funds in the Michigan Constitution

There are 11 restricted funds in the DNR budget that have constitutional restrictions on the fund revenues and how the funding may be used. (The Conservation and Recreation Legacy Fund encompasses 7 individual funds.) In FY 2018-19, 73.0% of the restricted funding in the DNR budget (\$225.7 million) is appropriated from these funds:

## **Michigan Natural Resources Trust Fund (MNRTF)**

Revenues from sale of oil and gas leases, the extraction of minerals on state lands, and royalties were deposited into MNRTF until it reached a \$500.0 million balance in May 2011 (except lands purchased by the Game and Fish Protection Fund). This revenue is now deposited in the Michigan State Parks Endowment Fund.

## **Michigan State Parks Endowment Fund (MSPEF)**

Funds state park operation, maintenance, and land acquisition. When MNRTF reached \$500.0 million in May 2011, MSPEF began to receive mineral revenues.

## **Michigan Conservation and Recreation Legacy Fund**

Includes 7 restricted funds that receive user fees and tax revenue.

## **Michigan Game and Fish Protection Trust Fund**

Revenues from the sale of oil and gas leases on state lands purchased with Game and Fish Protection Fund are deposited into the Fund.

## **Michigan Nongame Fish and Wildlife Trust Fund**

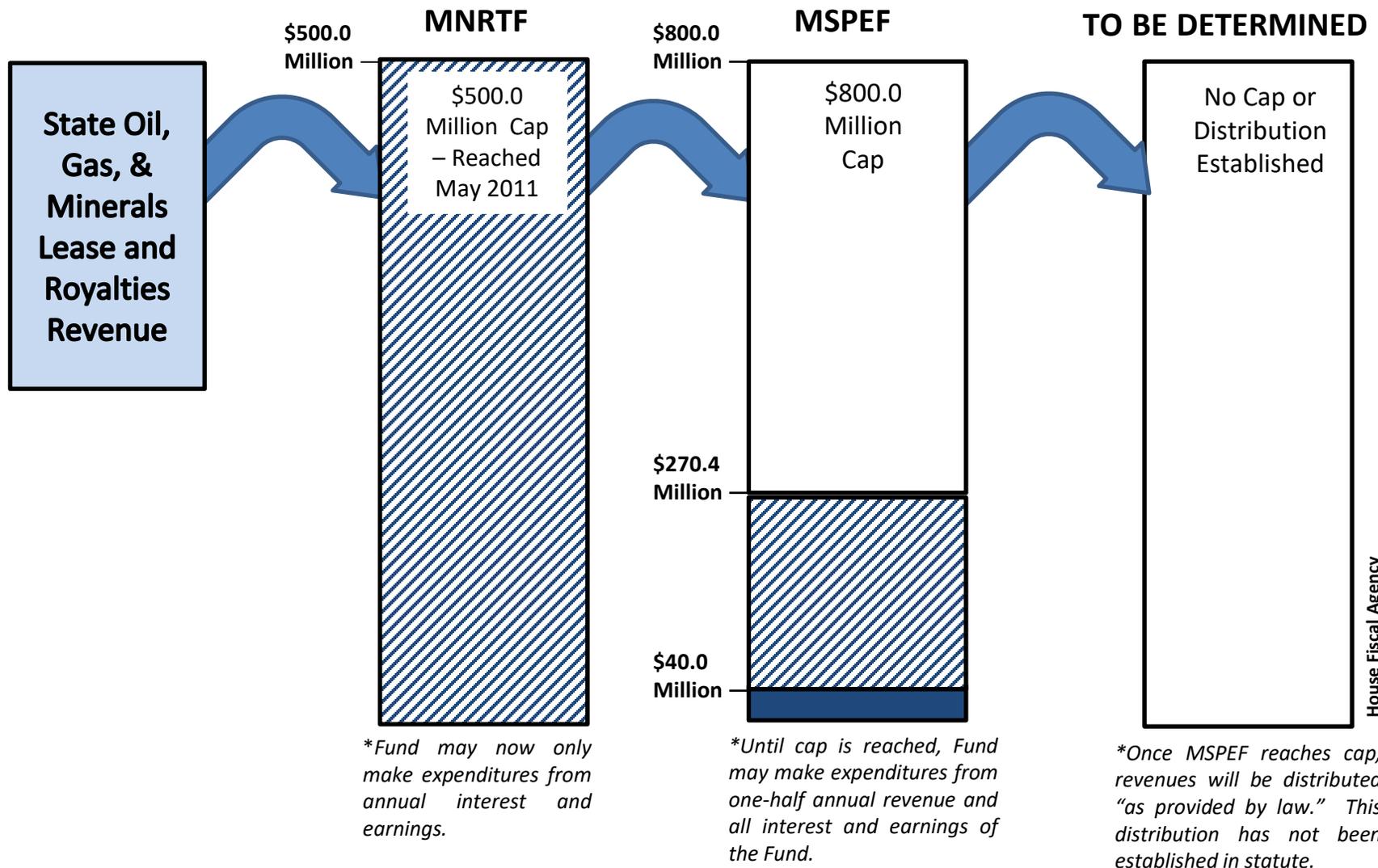
Receives revenue from the sale of wildlife habitat license plates.

# Oil, Gas, and Minerals Revenue

- Article IX, Section 35, of the Michigan Constitution requires that until the MNRTF reaches a \$500.0 million balance, revenues from the extraction of oil, gas, and minerals from state-owned lands (except for lands purchased with Game and Fish Protection Fund) must be deposited into the MNRTF.
- The MNRTF reached the \$500.0 million principal balance in May 2011. These revenues must now be deposited into the MSPEF, until that Fund reaches an \$800.0 million balance. Until that balance is achieved, one half of the annual revenue, plus the Fund's interest earnings, may be expended each year.
- The MSPEF was created in 1994 with a \$40.0 million transfer from the sale of the Accident Fund of Michigan. At the close of FY 2017-18, the fund balance is estimated to be \$270.4 million. Once the Fund reaches \$800.0 million, the cap amount will be adjusted annually for inflation. Once the adjusted cap is reached, these mineral revenues will no longer be deposited into the MSPEF, but will be distributed "as provided by law." Senate Joint Resolution O passed by the 99<sup>th</sup> Legislature will place an initiative on the 2020 general election ballot which would direct these revenues back to the MNRTF once the MSPEF reached its cap.
- For more MNRTF information, see [\*Fiscal Focus: Michigan Natural Resources Trust Fund\*](#) on HFA website.
- For more MSPEF information, see [\*Fiscal Forum: Michigan State Parks Endowment Fund\*](#) on the HFA website.

# Oil, Gas, and Minerals Revenue

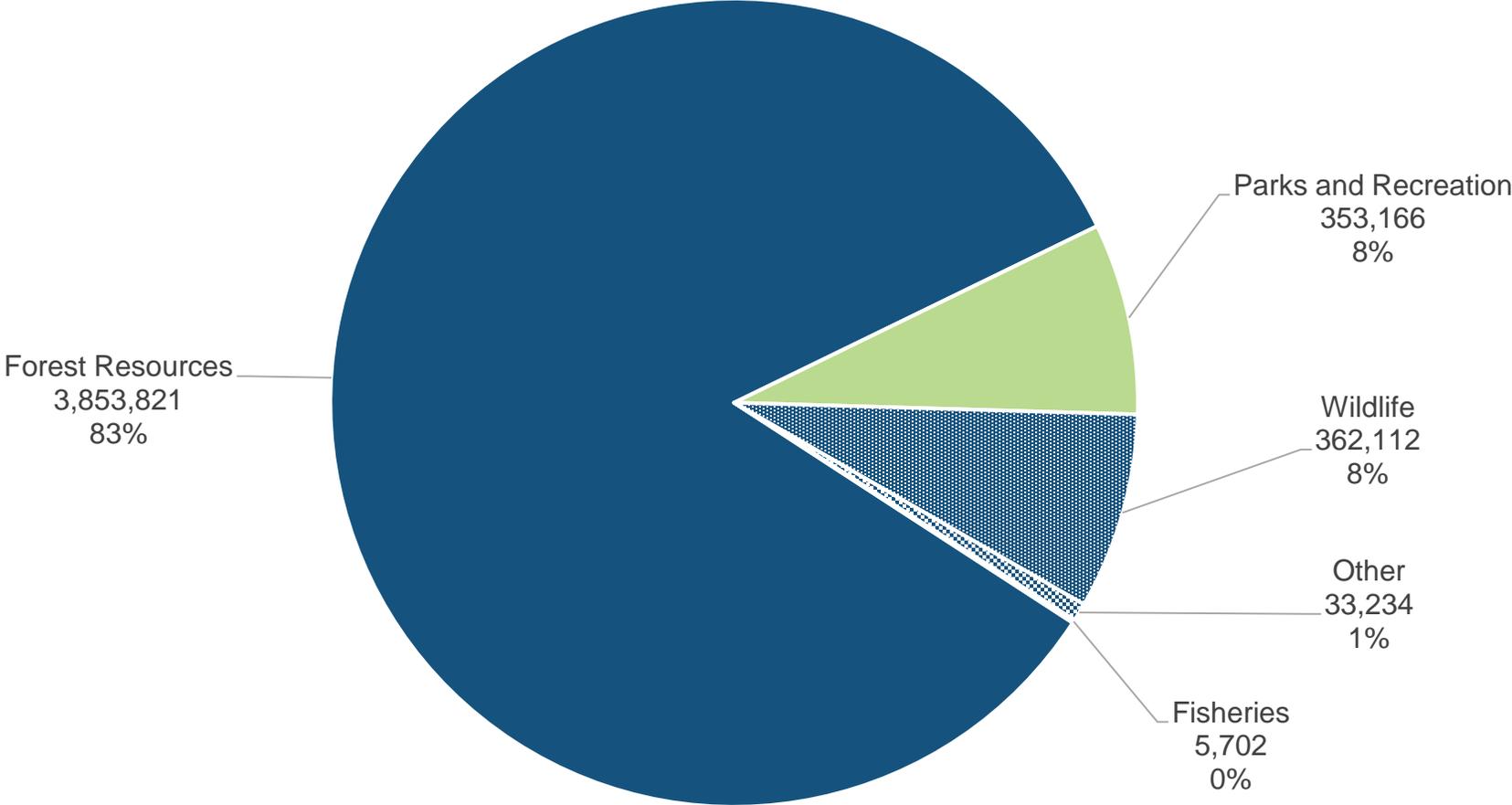
## STATE OF MICHIGAN OIL, GAS, AND MINERALS LEASE AND ROYALTIES REVENUE DISTRIBUTION



House Fiscal Agency

# DNR-Managed Lands

DNR manages a total of **4.6 million acres** of publicly owned land statewide, managed by divisions based on their respective purpose. The majority of publicly owned land is managed by DNR's Forest Resources Division, which operates Michigan's public forestry and timber programs.



# State Parks: Overview

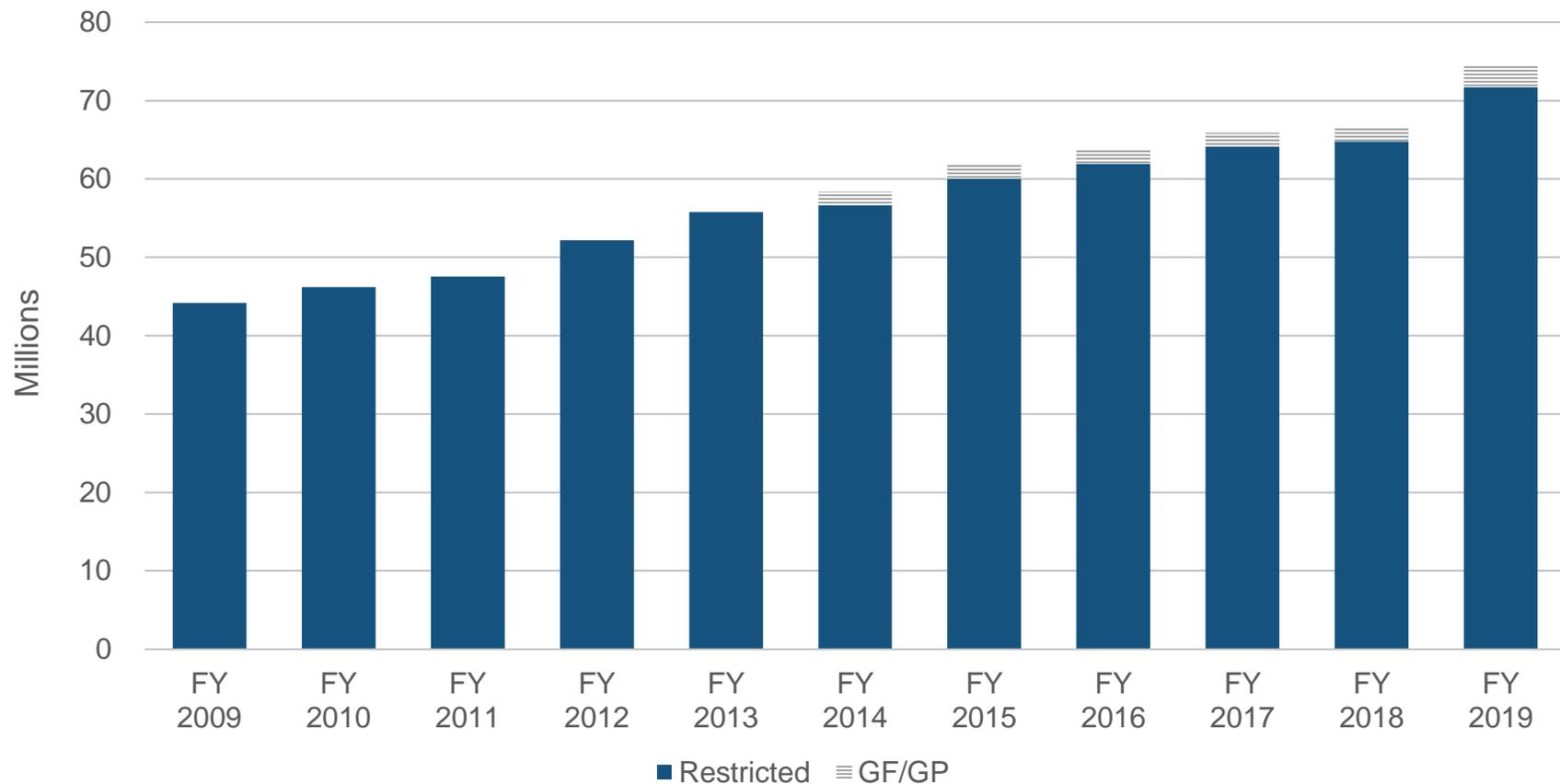
DNR manages a total of 103 facilities designated as state parks as defined by the Natural Resources and Environmental Protection Act (451 PA 1994). These facilities are divided into four categories: parks, recreation areas, historic parks, and linear trails.

On June 16, 2016 the 1,122 acre Watkins Lake area in Jackson and Washtenaw Counties was announced as Michigan’s newest state park. The FY 2018-19 DNR budget funds the operation of state parks collectively at **\$75.1 million**.

Type	Number	Area
State parks	72	191,636 acres
State recreation areas	23	104,386 acres
State historic parks	2	881 acres
Historic state park	1	858 acres
Linear trails	5	174 miles

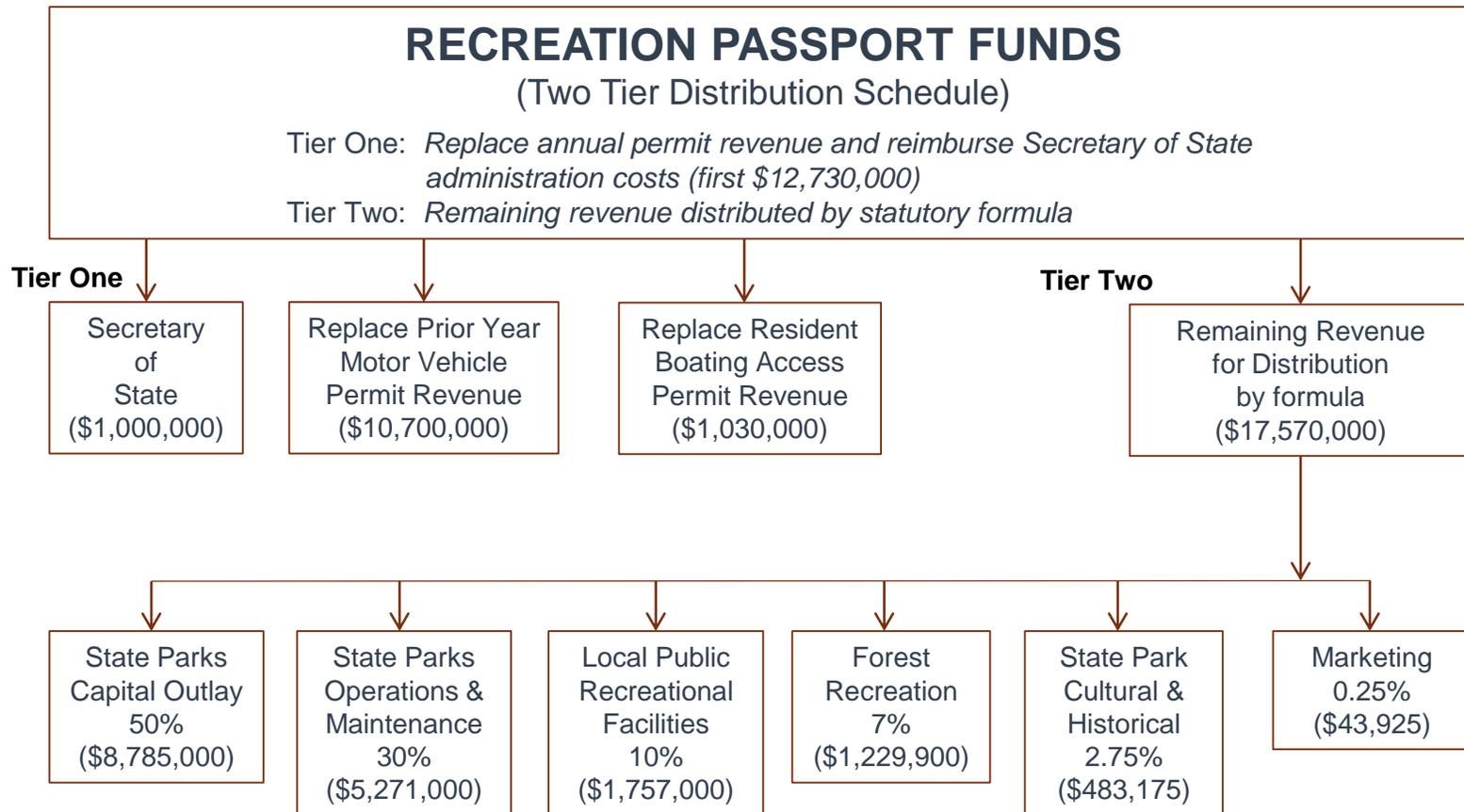
# State Parks: Appropriations

State funding for state parks operations have steadily increased since the Recreation Passport program replaced daily and annual state park passes in 2010. Recreation Passport rates were increased from \$10 to \$11 in 2013 and participation rates have continued to climb.



# State Parks: Recreation Passport Program

In 2010, the Legislature replaced daily and annual state park and boating access permits with a Recreation Passport that residents can purchase for \$11 (originally \$10) per year when renewing vehicle registrations. The chart below details the revenue distribution. In FY 2016-17, the Recreation Passport Program generated an estimated \$29.0 million.



# Game and Fish Protection Fund

- The largest restricted funding source within the DNR is from the Game and Fish Protection Fund, which is financed principally from the sale of hunting and fishing licenses.
- In FY 2017-18, \$83.5 million is appropriated from this fund and its sub-funds in the DNR budget. An additional \$3.8 million is appropriated to other departments for natural resource-related expenditures.
- The number of licensed hunters and fishermen has been declining over the last 20 years. As a result of declining revenue, game and fish management programs expenditures have been reduced in past years.

# Hunting and Fishing License Fees

- PA 108 of 2013 established a new fee structure for hunting and fishing licenses and increased the cost of certain license fees. The number of license types was reduced from 227 to only 42. New fees began March 1, 2014.
- The sale of hunting and fishing licenses generated an estimated \$60.5 million in revenues in FY 2017-18.
- The current fee structure requires a base license (\$10 for residents) that allows hunters to hunt small game and waterfowl. Additional specific hunting tags must be purchased to add to the base license for other game, such as deer, turkey, bear, wolf, elk, and fur harvesting.
- An additional \$1.00 charge is required for each base hunting license and the all-species fishing licenses; funding is to be used for marketing, education, and outreach.
- Five different fishing licenses are offered.

# Hunting Licenses

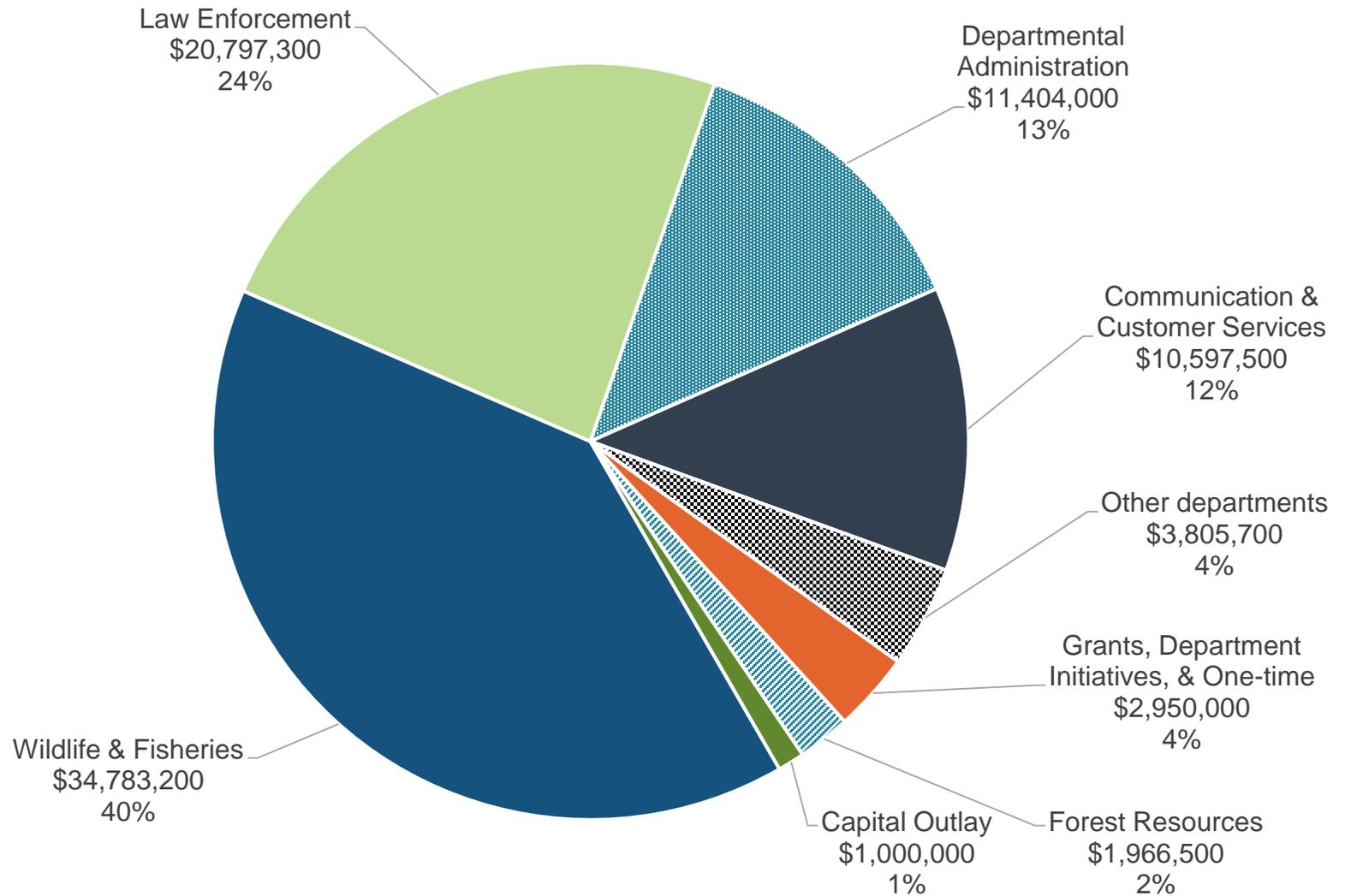
	Current Fee
<b>Base Hunting Licenses</b> <i>Note: Must purchase base license to buy any additional specific hunting license tags; base license allows small game and non-waterfowl migratory bird hunting.</i>	
Base License; Resident	\$11.00
Base License; Non-Resident	\$151.00
Base License; Junior	\$6.00
Base License; Senior	\$5.00
<b>Specific Hunting License Tags</b> <i>Note: Elk, Fur Harvester, Moose, Turkey, Wolf, and Mentored Youth license fees remain same price under revised fee schedule.</i>	
Antlerless Deer	\$20.00
Hunting License Application	\$5.00
Bear Harvest	\$25.00
Bear Participation	\$15.00
Deer	\$20.00
Deer Senior	\$8.00
Waterfowl State License	\$12.00
Military (active duty and disabled veteran)	\$0.00

# Fishing and Combo Licenses

Fishing Licenses	Current Fee
24 hour Fishing License	\$10.00
72 hour Fishing License	\$30.00
Resident All-Species Fishing License	\$26.00
Resident All-Species Fishing License, Senior	\$11.00
Non-Resident All-Species Fishing License	\$68.00
Combination Hunting and Fishing Licenses	
Resident: Base License, 2 Deer Licenses, All-Species Fishing License	\$76.00
Non-Resident: Base License, 2 Deer Licenses, All-Species Fishing License	\$266.00

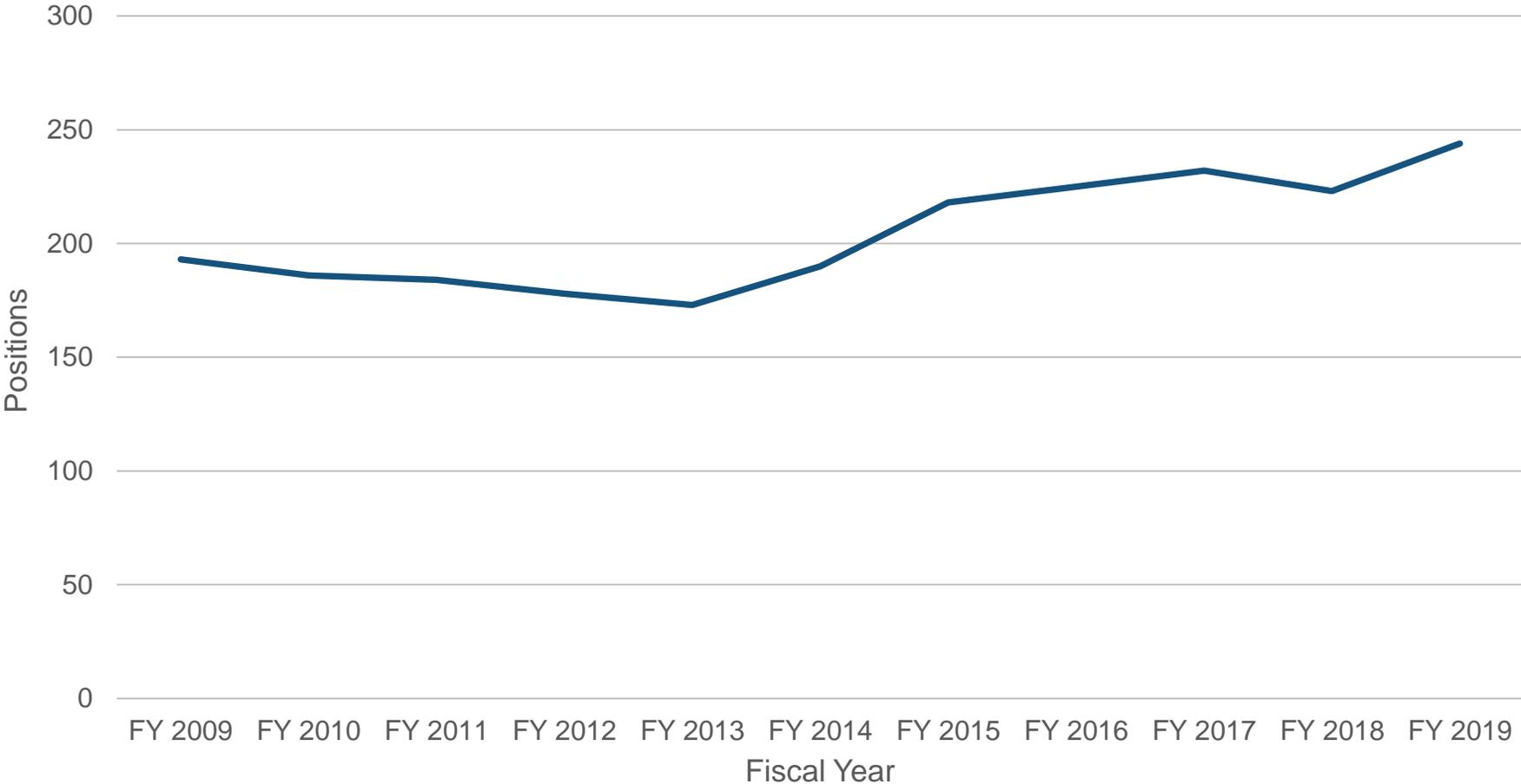
# Statewide Game and Fish Protection Fund Appropriations

FY 2018-19 appropriations from the Game and Fish Protection Fund total **\$87.3 million**.



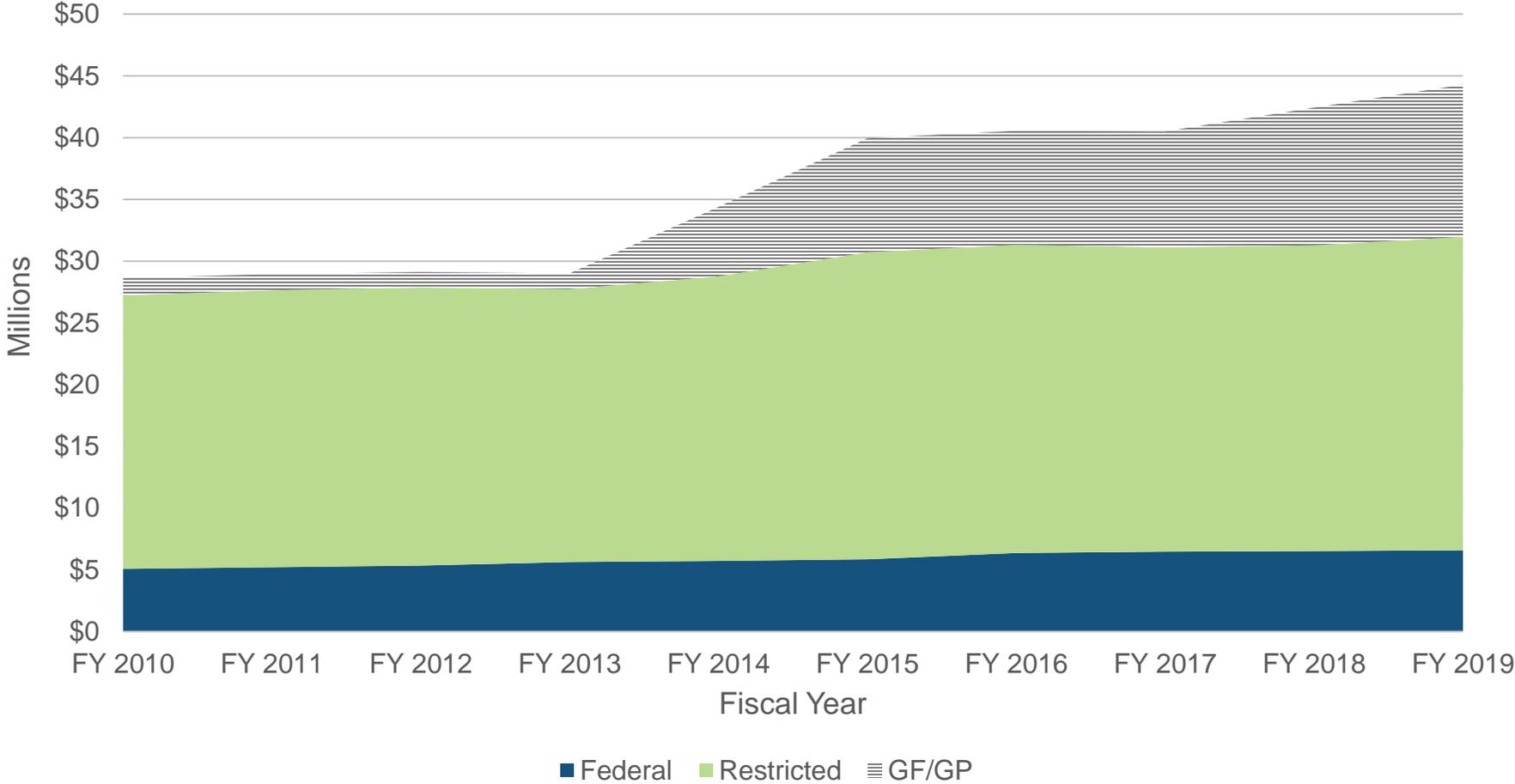
# Law Enforcement: Conservation Officers

The number of commissioned conservation officers (COs) was relatively stable through FY 2012-13. Conservation officer academies in FY 2013-14 and FY 2014-15 raised the number of commissioned COs; a class of new COs that graduated in December 2018 further raised the number of COs to the current level of 244.



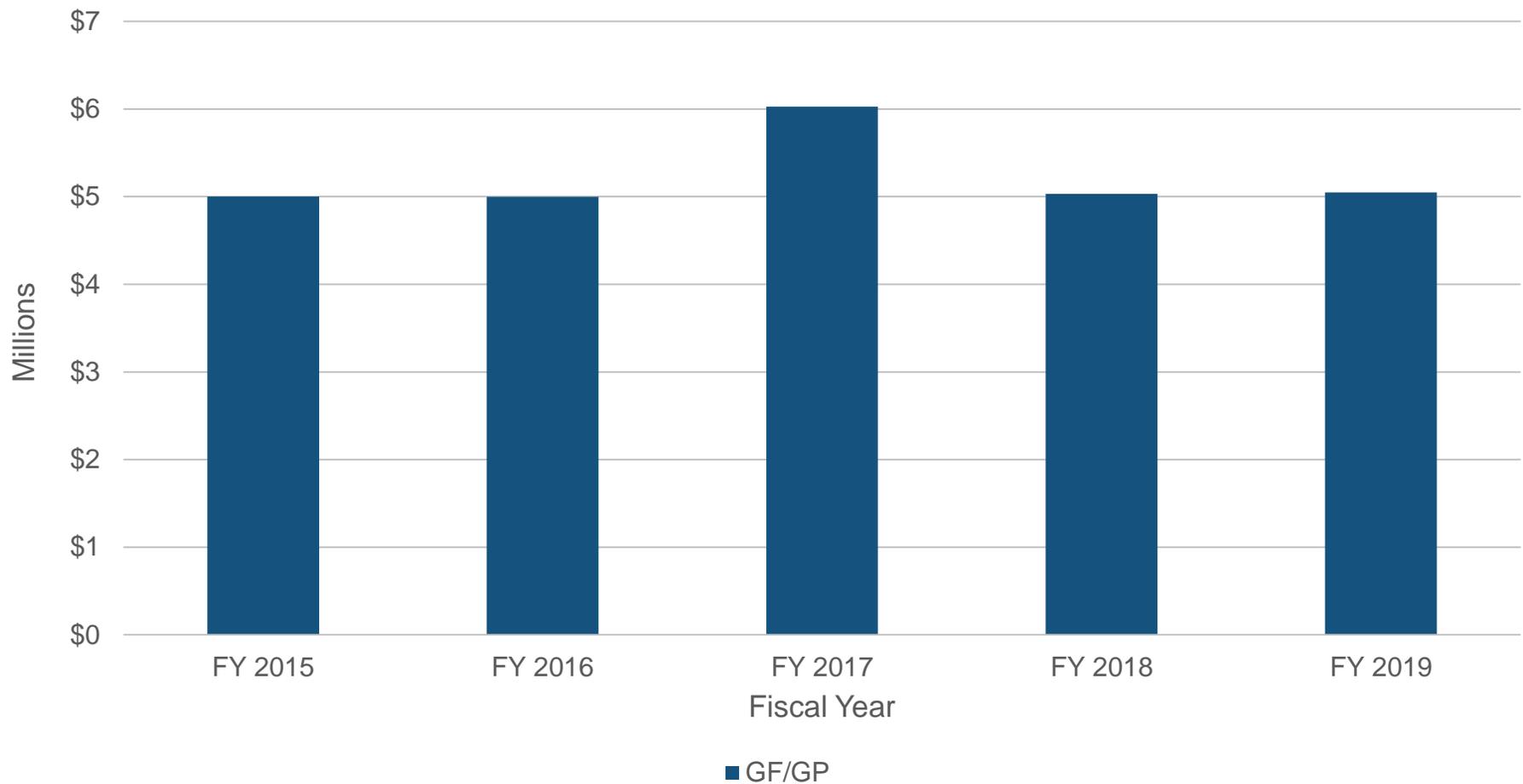
# Law Enforcement: Appropriations

DNR law enforcement funding was relatively stable through FY 2012-13. Increased GF/GP for conservation officer academies in FY 2013-14 and FY 2014-15 raised the gross appropriation for law enforcement to its current level of **\$44.3 million**.



# Invasive Species Prevention and Control

An annual GF/GP appropriation for invasive species prevention and control began in FY 2014-15. The FY 2016-17 appropriation included an additional \$1.0 million in one-time GF/GP funding.



# For more information about the Natural Resources budget:

## HFA Resources

<http://www.house.mi.gov/hfa/Naturalresources.asp>

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