



SEPTEMBER
2006
BALLOT PROPOSAL
06-1

An Overview

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PROPOSAL 06-1

On November 7, 2006, electors in Michigan will decide if a new fund called the Conservation and Recreation Legacy Fund, and if two existing trust funds, should be established in the Michigan Constitution. The Legacy Fund would be composed of 17 existing funds supporting activities in the Department of Natural Resources (DNR); those funds would become accounts or subaccounts within the new Fund.

The ballot language will read as follows:

A PROPOSED CONSTITUTIONAL AMENDMENT TO REQUIRE THAT MONEY HELD IN CONSERVATION AND RECREATION FUNDS CAN ONLY BE USED FOR THEIR INTENDED PURPOSES

The proposed constitutional amendment would:

- *Create a Conservation and Recreation Legacy Fund within the Constitution and establish existing conservation and recreation accounts as components of the fund.*
- *Use current funding sources such as state park entrance and camping fees; snowmobile, ORV and boating registration fees; hunting and fishing license fees; taxes and other revenues to fund accounts.*
- *Establish the current Game and Fish Protection Fund and the Nongame Fish and Wildlife Fund within the Constitution.*
- *Provide that money held in Funds can only be used for specific purposes related to conservation and recreation and cannot be used for any purpose other than those intended.*

Should this proposal be adopted?

If a majority of the electors vote "yes", the Constitution will be amended.

Discussion

The ballot proposal is the result of House Joint Resolution Z, adopted by the State Legislature in December 2004. Proposal 06-1 would add Sections 40, 41, and 42 to Article IX of the Michigan Constitution. Section 40 would create the Conservation and Recreation Legacy Fund. Section 41 would create the Michigan Game and Fish Protection Trust Fund and Section 42 would create the Michigan Nongame Fish and Wildlife Trust Fund.

Establishing a fund in the Constitution places additional restrictions on it compared with a fund in statute, by preventing diversion of user fee revenue. The single instance of diverting funds involved the Michigan State Waterways Fund. In fiscal year 2002-03, \$7.8 million was transferred from this fund to the State's General Fund. Also, it is more difficult to change the Constitution than to amend a statute since a ballot proposal must be adopted by voters.

In addition to creating new sections in the Constitution, adoption of Proposal 06-1 would allow Public Act 587 of 2004 to take effect. This act would amend the Natural Resources and Environmental Protection Act to transform existing funds into accounts within the new Legacy Fund.

The proposal would not change the purpose of any of the funds affected. Nor would it increase or decrease any user fee or affect the amount of revenue received or spent by the DNR. There would be no costs or savings from adopting this proposal. Below is a summary of the funds that would be affected by Proposal 06-1.

Game and Fish Protection. Hunting and fishing license fee revenue is deposited into the Game and Fish Protection Fund's general purpose fund and its six subfunds and used for maintenance and development of wildlife and fish habitat, species monitoring, and enforcement of game laws.

Forest Recreation. This fund receives revenue from camping permit fees and other recreational activities in State forests. It is used to develop, maintain, operate, and promote additional forest recreation.

Off-Road Vehicle (ORV). Revenue from the license fees assessed for off-road vehicles is deposited into this account. Public Act 587 of 2004 would combine the current ORV Trail Improvement Fund and the ORV Safety Education Fund into this account, while maintaining the purposes of both funds.

Park Improvement. The fund receives revenue from park entrance permits, camping fees, and leases. It is used for improvement, operation, and maintenance of the 97 State parks.

Recreation Improvement. A portion of gas tax revenue is used for the development of trails and the restoration of land damaged by recreational vehicles.

Snowmobile. Revenue from registration fees and trail access stickers for snowmobiles is used for law enforcement, safety education, trail planning, and construction. The current Snowmobile Registration Fee Fund and the Recreational Snowmobile Trail Improvement Fund would be established as two subaccounts within the Snowmobile account.

Waterways. Revenue from watercraft registrations and 1.8% of gas tax revenue is divided between three funds. Proposal 06-1 would combine the Michigan State Waterways Fund, the Harbor Development Fund, and the Marine Safety Fund into the Waterways account while maintaining their existing purposes.

Game and Fish Protection Trust Fund. Royalties from minerals withdrawn from certain State-owned land is deposited into the Game and Fish Protection Trust Fund. The interest and \$6.0 million from the fund balance are transferred annually to the Game and Fish Protection Fund.

Nongame and Fish Protection Trust Fund. Revenue from the Wildlife Habitat fund-raising license plate is used for the management of Michigan's nongame fish and wildlife resources.

Adoption of Proposal 06-1

While the adoption of Proposal 06-1 and the implementation of Public Act 587 of 2004 would not change the uses of the revenue received by the funds or save or cost any money, there still would be policy impacts for the State and natural resource programs.

- *Dedicated support for these programs.* Constitutional restrictions would guarantee program support at a level determined by the revenue collected from user fees.
- *Recurring fee bills.* Since many DNR programs rely on fee revenue for support, legislation to maintain user fees at levels sufficient to meet program needs is necessary on a regular basis. Proposal 06-1 would not change existing user fees, but it would not prevent their increase at a later time.
- *Less decision-making.* With the DNR, the Governor, and the Legislature bound by the constitutionally set purposes for each account and trust fund, much of the decision-making for DNR programming would be predetermined. If Proposal 06-1 were approved, 60% of the DNR operations budget would be from constitutional funds.