



January 31, 2018

Senate Natural Resources Committee  
Lansing, Michigan

Re: SB 763 & SJR O

Dear Committee Members:

The Michigan Environmental Council (MEC) is an umbrella organization of over 70 environmental, conservation and faith-based groups located across the state of Michigan. We have a long history on engagement on issues of public lands, outdoor recreation, as well as the use of revenues derived from the development of state-owned oil, gas and minerals through the Michigan Natural Resources Trust Fund (MNRTF) and the State Park Endowment Fund (SPEF).

MEC has been engaged in conversations with legislator and allied organizations regarding the future of conservation funding in Michigan for years, and more recently in specific conversations about the MNRTF and SPEF that have arisen since the MNRTF reached its constitutional cap in May, 2011.

We agree with many of the larger concepts outlined in these two bills. However, there are a few issues raised by the specific language in the bills that we hope are addressed before the legislation moves forward. Additionally, since this is an issue that will go to the ballot for a vote of the people, MEC's final position will be determined by our Board of Directors once language is finalized.

In general, MEC supports removal of the cap on the MNRTF so that oil, gas and minerals revenues continue to support conservation long term. Because oil, gas and mineral revenues represent a one-time return for the extraction and sale of a non-renewable natural resource owned by the people of Michigan, we believe the funds should rightly continue to provide the people a long-term natural resource asset in return and in perpetuity. We also, with some reservations, support changing the formula of MNRTF grants to allow a larger portion of the funds to be used for either development projects or acquisition projects. Similarly, by allowing a portion of SPEF funds to be used for more recreation projects across the state, we expect some pressure on the MNRTF to be reduced and more local projects to be developed and provide more recreational opportunities for Michigan residents.

However, based on early reviews and conversations with our member organizations, we find there are concerns with the following provisions of the legislation as currently drafted:

- Use of State Park Endowment funds for the purpose of “control” versus “prevention” of aquatic invasive species.
- The shift toward using these one- time funds for operation purposes versus investments in assets that will be enjoyed by future generations.

First, the language allows the SPEF to be used for “the control and prevention of aquatic invasive species.” We support the use of funds for project such as boat washing facilities that try to prevent the movement of aquatic nuisance species between water bodies. However, we think that using the money for ”control” of nuisance species through methods such as herbicide treatments should not be an authorized use.

While herbicide treatments are clearly necessary in the fight against invasive species, we feel that the language should be tightened to focus on one-time efforts to create or open new recreational opportunities or addressing the underlying problems that allow for the invasive species to thrive in that location, not on the recurring treatment of waters with herbicide. We suggest removing the word “control” from the approved uses. A larger concern we are continuing to explore is the long-term shift away from capital investments in land and recreational assets, and into using oil and gas revenues for ongoing operations expenses. This concern stems from three primary observations:

1. The volatility and unpredictability of oil and gas revenues year-to-year make it an ideal source for capital investment, but a poor source to rely on heavily for annual operational expenses.
2. The massive backlog of ongoing, critical and failing infrastructure in state parks needs to be addressed, and the SPEF is the best fund source to address this need. For example, the DNR has identified \$50 million worth of needed projects to address already failed infrastructure, and another \$50 million needed for systems and facilities at risk of imminent failure. Therefore we would like to see a larger portion of SPEF funds being directed to the capital needs long-term, thus reducing pressure on other fund streams (a modified Recreation Passport, etc.) for capital investment needs and shifting more of these projects to the SPEF.
3. There will be a continued and long-term need for state and local land acquisition funds, particularly in light of several outside panel recommendations that say the state needs to provide for additional recreational lands in the southern lower peninsula closer to urban population centers (where land prices are higher than Up North), more shoreline to provide additional access to the Great Lakes for water trails and recreation, and lands that serve as trail connections, which are often in urban or developed areas.

Director Creagh and others have similarly indicated their desire to see less reliance on SPEF for annual operational needs, are participating in and appreciate related conversations around long-term operational needs and revenues funding for state parks, and will support the DNR and the legislature in finding an appropriate fund source for

ongoing operational needs. But we do not believe the SPEF should become a dominant source to meet that need over the long term.

We believe that the language in the bill could be adjusted to better ensure appropriate reliance on SPEF for some annual operations, with a larger percentage directed to State Park capital improvements and future strategic land acquisitions. In agreeing to change the MNRTF percentage allocation to allow for more development projects (and likely fewer acquisitions), we would like to discuss adding commensurate language that allocates a specific percentages of the SPEF for operations, with larger percentage allocations directed to address capital needs and to strategic land acquisitions, ensuring that these critical needs are met in perpetuity.

We are aware of and sensitive to the need for additional ongoing operational resources of the DNR Parks, but are interested in exploring ways of addressing that need with other more appropriate revenue streams (Recreation Passport changes, etc.), while focusing one-time oil, gas and minerals on capital and land investments – ensuring that the “asset for asset” model of the original MNRTF is preserved. We believe that one-time SPEF money is better used to address the maintenance and capital improvement backlog, and to acquiring key parcels that continue to build and grow Michigan’s world-class recreational land assets.

We urge the committee to continue to work with stakeholders to clean-up and finalize language in the legislation. With changes as suggested above, MEC would likely support the legislation to further the mission of the MNRTF and SPEF.

Sincerely,

Brad Garmon  
Director of Conservation & Emerging Issues