

Michigan Natural Resources Trust Fund



General Overview

The Michigan Natural Resources Trust Fund (MNRTF) is used to provide grants to local units of government and the Department of Natural Resources (DNR) for land acquisition and development. The purpose of these projects, as specified in Article IX, Section 35 of the Michigan Constitution, is to increase recreational opportunities and to protect land based on its environmental importance or scenic beauty. Since its inception in 1976, the MNRTF has been used to fund about 2,100 projects totaling just over \$1.0 billion.

The Constitution requires that not less than 25.0% of amounts made available for expenditure be used for acquisition, and not more than 25.0% be made available for development. Michigan Natural Resources Trust Fund revenue also is permitted to be used for administration of the Fund, as well as payments in lieu of taxes.

Each year, typically in December, the MNRTF Board votes on applications received for MNRTF projects that year. Before approval is granted, each project is scored by DNR staff, and the Board meets several times to review projects, hear testimony from interested parties, and discuss the merits of each project. Following the Board's approval, the project recommendations are included in a draft bill that is presented to the Legislature by the Governor.

The total dollar amount of these project recommendations is left to the discretion of the Board. Before 2011, that dollar amount was typically based on the interest and earnings of the corpus balance of the MNRTF plus 33.3% of the lease and royalty revenue received from mineral (primarily gas and oil) leases on State land, as specified in the Michigan Constitution. In 2011, however, the MNRTF reached a \$500.0 million cap established in the Constitution, so future mineral lease and royalty revenue is now credited to the Michigan State Parks Endowment Fund, which had formerly received only \$10.0 million of this revenue each year. This effectively means that all future MNRTF projects will be funded solely from interest and earnings on the balance of the MNRTF. Because of this, the MNRTF Board established a stabilization reserve that receives unallocated interest and earnings to be used in years when investment returns do not produce sufficient revenue to fund projects.