

**Summary: Conference Report
NATURAL RESOURCES
FY 2004-05 Senate Bill 1068**



Analyst: Kirk Lindquist

	FY 2003-04 YTD (as of 2/12/04)	Executive	Senate	House	Conference	Difference: Conference from FY 2003-04 YTD	
						Amount	%
IDG/IDT	\$3,437,900	\$3,528,700	\$3,528,700	\$3,528,700	\$3,528,700	\$90,800	2.6
Federal	33,706,600	37,195,200	34,629,300	37,195,200	37,195,200	3,488,600	2.7
Local	0	0	0	0	0	0	0.0
Private	1,871,400	2,024,300	2,024,300	2,024,300	2,024,300	152,900	8.2
Restricted	186,358,700	187,914,500	188,075,600	188,108,900	192,702,200	6,343,500	3.4
GF/GP	28,089,400	25,507,300	25,040,100	24,873,100	28,885,000	795,600	2.8
Gross	\$253,464,000	\$256,170,000	\$253,298,000	\$255,730,200	\$264,335,400	\$10,871,400	4.3
FTEs	2,094.5	2,076.5	2,077.5	2,072.5	2,072.5	(22.0)	(1.0)

Overview

The Department of Natural Resources manages, conserves, and protects Michigan's resources. Programs include forest management, land and minerals management, wildlife and fisheries management, conservation law enforcement, and State Park and forest campground programs. Federal funds support game and fish habitat maintenance, emerald ash borer eradication, and hunter safety protection programs.

Summary of FY 2004-05 Major Budget Issues

Department-wide

The Senate included separate line items for travel and reduced travel appropriations. The House did not concur. The House instituted an across the board 4% General Fund reduction.

Snowmobile Trail Maintenance

The recent fee increase on snowmobiles has generated approximately \$1.0 million in new revenue for trail maintenance.

Major Budget Changes from FY 2003-04 YTD Appropriations:

		FY 2003-04 YTD (as of 2/12/04)	Conference Change
1. Payments in Lieu of Taxes	Gross	\$8,272,800	(\$472,800)
Line item is to remain in the DNR budget. This \$7.8 million payment will be split between General Fund and Restricted fund support.	Restricted	6,259,900	(2,359,900)
	GF/GP	\$2,012,900	\$1,887,100
Executive: (\$8,272,800)			
Senate: (\$8,272,800)			
House: (\$8,268,800)			

<u>Major Budget Changes from FY 2003-04 YTD Appropriations:</u>		<u>FY 2003-04 YTD (as of 2/12/04)</u>	<u>Conference Change</u>
2. Snowmobile Trail Maintenance	Gross	\$8,585,900	\$1,042,500
Expanded state and local snowmobile trails program appropriating the added amount realized through the recently enacted fee increase.	Restricted	8,585,900	1,042,500
Executive: \$1,042,500			
Senate: \$1,042,500			
House: \$1,042,500			
3. Marine Safety Grants	Gross	\$2,805,000	\$0
Reduces Marine Safety grant funds. These grants are provided to county sheriffs to partially support the cost of enforcing watercraft laws. Annual revenue to the Marine Safety Fund is not sufficient to cover the traditional funding level of the program. A fee increase may be necessary to support the current grant level.	Restricted	2,805,000	0
Executive: (\$500,000)			
Senate: \$0			
House: \$0			
4. Funding Shift: Forest Fire Suppression	Gross	\$9,506,000	\$0
Replaces General Fund support with Forest Development Fund revenue.	Federal	734,400	0
	Restricted	2,913,200	1,000,000
	GF/GP	\$5,858,400	(\$1,000,000)
Executive: \$0			
Senate: \$0			
House: \$0			
5. Retail Sales System Contract	Gross	\$5,241,700	\$200,000
Increased automation contract reflecting increased software and systems enhancement costs realized with the recent upgrade of point-of-sale terminals used for hunting and fishing license sales.	Federal	200,000	0
	Restricted	4,945,900	200,000
	GF/GP	\$95,800	\$0
Executive: \$200,000			
Senate: \$200,000			
House: \$200,000			
6. Economic Adjustments and Employee Related Savings	Gross		\$8,567,900
Increased each line item supporting pay roll expenses to cover the cost of scheduled pay increases and fringe benefit costs (\$13,365,000). Employee salaries are to increase by 7% and health insurance premiums are to increase by 13.6%. The contribution rates for the defined benefit and defined contribution retirement programs are increasing as well, reflecting the system costs related to the recent early retirement program.	IDG		90,800
	Federal		922,700
	Private		52,900
	Restricted		6,780,700
	GF/GP		\$720,800
Workforce related savings (\$4,797,100) are recommended to offset the cost of included economic adjustments. Savings (amounting to 5% of payroll) are to be achieved through state employee contract concessions.			
Executive: \$8,567,900			
Senate: \$8,567,900			
House: \$8,567,900			

Major Boilerplate Changes from FY 2003-04:

Sec. 218. Porcupine Mountain Ski Hill PILT Payment – NEW

Requires PILT payment for the ski hill operation to be made from ski hill fee revenue.

Sec. 702. State Park Refuse Collection Practices – DELETED

Requires the Department to continue to collect trash at state parks.

Sec. 801. State Forest Certification – NEW

Requires a report on the State forest management plan.

Sec. 805. Southwest Michigan Forester – NEW

Requires the department to assign one forester to handle forest management matters for state lands in southwest Michigan.