

## Educational Corner—Submitted by Mindy Koch The History of the Michigan Natural Resources Trust Fund

The Michigan Natural Resources Trust fund (Trust Fund) is NOT funded by tax dollars: It is NOT funded by the oil and gas industry: and it is NOT a slush fund for the State of Michigan. I felt compelled to begin this article with a negative statement after recently listening to a heated discussion between several concerned folks that made the Trust Fund sound like a giveaway program that was a burden to taxpayers. So, this article presents a brief history of the Trust Fund.

The Trust Fund was created after the State leased oil and gas rights in 1968 in the Pigeon River Country State Forest (the Pigeon). The leases covered 57,669 acres of land and drilling began in 1970. The increase in development in the Pigeon to accommodate oil and gas production created significant controversy. The controversy led to several years of litigation concluding with restrictive drilling and oil and gas production requirements in the Pigeon and the creation of the Kammer Recreation Land Trust Fund in 1976. The Kammer Land Trust Fund was created to mitigate recreation opportunities negatively impacted by the production of oil and gas and other minerals on State owned lands. The revenues from that production were placed in the Fund to be used to award grants to local units of government and the Michigan Department of Natural Resources for the acquisition of public land for resource protection and recreation.

Seeing a need to protect the fund from competing purposes in 1984, voters overwhelmingly approved a constitutional amendment to protect the use of the Fund for recreational purposes and renamed the Fund the Michigan Natural Resources Trust Fund. The implementing act specified that annual grants must use no more than 25% of the Funds for recreation development and no less than 75% for acquisition of public recreation land.

In 1994, the voters again voted to protect the Fund with a constitutional amendment to prohibit the diversion of Trust Fund revenue to the Strategic Fund. The State Park Endowment Fund was also created to fund the operation, maintenance and capital improvements in Michigan State Parks. The amendment provided for the distribution of \$10 million a year from Trust Fund revenues annually to be placed in the State Park Endowment Fund.

In 2002, voters approved a constitutional amendment to raise the Trust Fund cap from \$400 million to \$500 million.

In 2011, the Trust Fund unexpectedly met the \$500 million cap. Once the cap was achieved, all mineral revenues started to be placed in the State Park Endowment Fund.

In 2020, an amendment provided greater flexibility in balancing the funding of land acquisition and development projects. It capped the State Park Endowment Fund at \$800 million with a requirement that a minimum of 20% of the funding must be used for state park improvements. After the cap is reached, all revenue and royalties from state-owned, nonrenewable resources would again be placed in the Trust Fund.

In 2021, \$37.8 million dollars was distributed for 76 public recreation projects. These projects included the creation of trails, the acquisition of high-quality natural resources, and a wide range of development projects that expand recreation opportunities across the state.

For over 45 years, the Trust Fund has granted more than \$1.2 billion to local units of government and the state to improve recreation opportunities in Michigan.

There is a lot more history related to the Trust Fund not provided in this article, but I believe it is clear that the creation of the Michigan Natural Resources Trust Fund was a very positive, significant event in Michigan's history, overwhelmingly supported by the citizens of Michigan.

