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BILL ANALYSIS

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Senate Bill 388 (Substitute S-4 as reported)  
Senate Bill 389 (Substitute S-6 as reported)  
Sponsor: Senator Patricia L. Birkholz (S.B. 388)  
Senator Raymond E. Basham (S.B. 389)  
Committee: Natural Resources and Environmental Affairs

### **CONTENT**

Senate Bill 389 (S-6) would amend the Michigan Vehicle Code to provide for a State park and State-operated public boating access site recreation passport that a Michigan resident could obtain by paying an additional fee when registering a motor vehicle. The fee would be \$5 for motorcycles and \$10 for all other vehicles (excluding commercial motor vehicles). An application for a motor vehicle registration would have to include the following statements:

- "I elect to pay this \$10.00 fee."
- "I elect not to pay this \$10.00 fee. This vehicle will not be used to enter any State park or recreation area during the registration period."

The Secretary of State (SOS) could not issue or renew a registration unless the applicant adopted one of the statements and paid the recreation passport fee, if he or she elected to do so. The SOS would have to retain an amount equal to 0.5% of all recreation passport fees to defray the costs of administering the bill, and transfer the balance of the revenue to the Department of Natural Resources (DNR) for deposit as provided in Senate Bill 388 (S-4).

The bill would take effect on January 1, 2010.

Senate Bill 388 (S-4) would amend the Natural Resources and Environmental Protection Act to do the following:

- Prescribe the distribution of revenue from the proposed recreation passport fee (as described below).
- Apply existing provisions regarding motor vehicle park permits and fees to nonresident vehicles and commercial motor vehicles (CMVs).
- Eliminate provisions establishing park permit fees for resident motor vehicles, and eliminate the January 1, 2010, sunset on nonresident motor vehicle fees.
- Prescribe a daily park permit fee of \$15 for CMVs.
- Make it a State civil infraction to enter a State park or designated State-operated public boating access site without a required permit or recreation passport, and prescribe a maximum civil fine of \$100.
- Require the DNR to report to the Legislature annually on the amount of revenue the Department received from motor vehicle permit fees and recreation passport fees, uses of the revenue, the adequacy of the revenue, and the impact of this revenue stream on the Michigan State Parks Endowment Fund; and on how frequently residents entered State parks and public boating access sites without paying the recreation passport fee.
- Authorize the DNR to promulgate rules providing an additional method for payment of the proposed recreation passport fee.

- Require the DNR Director to designate State-operated public boating access sites for which a recreation passport fee would have to be paid or a pass purchased for entry.
- Create the "Local Public Recreation Facilities Fund" to provide grants to local units of government for the development of public recreation facilities.
- Authorize money from specified accounts within the Conservation and Recreation Legacy Fund to be spent as provided in the bill.
- Require the Citizens Committee for Michigan State Parks to make recommendations to the Legislature for savings in State park and forest recreation programs.

The first \$10,700,000 of the recreation passport fee revenue transferred from the SOS to the DNR each fiscal year would have to be deposited in the State Park Improvement Account. The next \$1,030,000 would have to be deposited in the Waterways Account. The State Treasurer annually would have to adjust those amounts for inflation. The remaining revenue would have to be deposited as follows:

- 50% in the State Park Improvement Account for capital improvements at State parks, including recreation areas.
- 30% in the State Park Improvement Account for operations and maintenance at State parks, including recreation areas.
- 2.75% in the State Park Improvement Account for operations, maintenance, and capital improvements of State park cultural and historic resources.
- 0.25% in the State Park Improvement Account for promotion of the use of State parks, State-operated public boating access sites, State forest campgrounds, and State forest nonmotorized trails and pathways, as well as the use of the internet for State park camping reservations, and for payment of the recreation passport fee in conjunction with motor vehicle registration.
- 10% in the proposed Local Public Recreation Facilities Fund for development of public recreation facilities for local units of government.
- 7% in the Forest Recreation Account for State forest campground and State forest nonmotorized trail and pathway system operations, maintenance, and capital improvements.

The bill also would repeal a section authorizing the DNR to establish a fine for failure to purchase a park permit, and setting the fine at twice the cost of the permit.

The bill's amendments (except those requiring a permit or recreation passport, authorizing the DNR to promulgate rules, requiring the Citizens Committee to make recommendations, defining terms, and stating legislative findings) would take effect on January 1, 2010.

The bills are tie-barred to each other.

MCL 324.2001 et al. (S.B. 388)  
Proposed MCL 257.805 (S.B. 389)

Legislative Analyst: Julie Cassidy

### **FISCAL IMPACT**

Current resident motor vehicle park permit fees and resident boating access site permit fees generate \$11,730,000 annually. The bills would eliminate those fees and replace them with a State park, public boating access site, and forest recreation passport fee that the Secretary of State would collect with annual vehicle and motorcycle registrations. The fee would be \$10 for passenger vehicles and \$5 for motorcycles. According to a three-year average of registrations compiled by the Department of Natural Resources (FY 2004-05 through FY 2006-07), projected fee collections are based on approximately 7.1 million passenger vehicle registration transactions and 248,000 motorcycle registration transactions. If 100% of the registrants paid the proposed new fee, approximately \$72.2 million would be generated annually. However, Senate Bill 389 (S-6) would allow registration applicants to opt out of paying the new recreation passport fee. Actual revenue generated by the fee would be contingent upon how many registration applicants opted out.

In order to generate the same level of revenue that the current resident permit fees generate, over 17% of registration applicants would have to participate in the new fee. Montana currently uses the method proposed in this legislation to support its park system. Montana's participation rate was 88% in 2008. Whether Michigan would have a similar participation rate is not determinable.

Using participation rates ranging from 25% to 75%, the bills would result in the distributions shown in Table 1:

Table 1

Participation Rate	Estimated Revenue Impact		
	25%	50%	75%
Passenger Vehicles	\$17,750,000	\$35,500,000	\$53,250,000
Motorcycles	310,000	620,000	930,000
Secretary of State Administration Costs (0.5% of fees)	(90,300)	(180,600)	(270,900)
State Park Improvement Fund*	(10,700,000)	(10,700,000)	(10,700,000)
Waterways Account*	(1,030,000)	(1,030,000)	(1,030,000)
Net New Revenue:	\$6,239,700	\$24,209,400	\$42,179,100
State Park Infrastructure 50%	3,119,850	12,104,700	21,089,550
State Park Operation & Maintenance 30%	1,871,910	7,262,820	12,653,730
Local Public Recreation Facilities 10%	623,970	2,420,940	4,217,910
State Forest Campground Pathways 7%	436,779	1,694,658	2,952,537
State Park Cultural & Historic Resources 2.75%	171,592	665,759	1,159,925
Recreational/Internet Promotion 0.25%	15,599	60,524	105,448
*These two items reflect replacement of revenue loss due to elimination of current permits for resident motor vehicle park permit and the resident boating access site permit fees.			

Another provision of Senate Bill 388 (S-4) that would have a fiscal impact is the elimination of the January 1, 2010, sunset for nonresident motor vehicle fees, which annually generate approximately \$2.1 million.

Revenue from civil fines for entering a State park or boating access site without a permit or recreation passport would depend on the number of violations.

The Department of State estimates its administrative costs under the bills at approximately \$3.2 million for the first year, and \$2.5 million annually thereafter. Most of the cost estimate (\$2.5 million) relates to additional transaction time. To the extent that the Department is correct, and additional funds for staff were not provided, processing time would increase for transactions at branch offices. Of the 18,000 transactions conducted in 2008 related to vehicle or driver transactions, nearly 15,000 (or 83%) were conducted in person at a Secretary of State branch office.

In addition, Senate Bill 388 (S-4) would eliminate the legislative intent provision regarding funding at least 50% of State park operations with General Fund dollars when the Countercyclical Budget and Economic Stabilization Fund exceeds \$250.0 million. The cost of that provision to the General Fund, if effective, would be approximately \$6.3 million.

Date Completed: 5-12-09

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.