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House Bill 5752 (as reported without amendment)
Sponsor: Representative Arlan Meekhof
House Committee: Great Lakes and Environment
Senate Committee: Natural Resources and Environmental Affairs

CONTENT

The bill would amend the Natural Resources and Environmental Protection Act to:

- Prescribe the distribution of revenue from a proposed recreation passport fee.
- Create the "Local Public Recreation Facilities Fund" to provide grants to local units of government for the development of public recreation facilities.
- Require the Department of Natural Resources and Environment (DNRE), beginning in 2012, to submit to the Legislature an annual report on the revenue collected by the Department and its uses and impact on the State park system.
- Require the DNRE, beginning in 2012, to submit to the Legislature a biennial report on how frequently motor vehicles for which the registrant declined to pay the passport fee entered State parks and designated State-operated public boating access sites.
- Allow the DNRE to prepare a list of frequently asked questions and answers concerning the passport fee, allow the DNRE and the Department of State to post the information on their websites, and allow the Department of State to include the information with motor vehicle registration applications that it mailed.

The bill would take effect on October 1, 2010. It is tie-barred to Senate Bills 389 and 1057 and House Bill 4677. Senate Bill 389 (H-2) would 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. Senate Bill 1057 and House Bill 4677 (H-3) would prohibit the operator of a resident motor vehicle from entering a State park or designated State-operated boating access site without paying the proposed recreation passport fee; prohibit the operator of a nonresident or commercial motor vehicle from entering without purchasing a required park permit or pass; and prescribe a \$100 maximum civil fine for a violation.

MCL 324.2001 et al.

Legislative Analyst: Julie Cassidy

FISCAL IMPACT

The bill would direct the distribution of revenue from the recreation passport fee, which is proposed by Senate Bill 389 (H-2), to which House Bill 5752 is tie-barred. Currently, those wishing to enter a State park must purchase a motor vehicle permit to do so. Senate Bill 389 (H-2) would replace the motor vehicle permit system with a recreation passport fee, which residents would annually have the option to pay when renewing their vehicle's registration. The recreation passport fee would be \$10 for passenger vehicles and \$5 for motorcycles under Senate Bill 389 (H-2).

Under current law, the DNRE collects approximately \$11.7 million per year from motor vehicle permit fees, which are charged according to the following scheme.

Motor Vehicle Permit Fees	
Permit Type	Fee
Annual resident	\$24
Annual nonresident	\$29
Daily resident	\$6
Daily nonresident	\$8
Senior annual	\$6
Bridge card annual	\$18
Towed vehicle	\$6
Commercial coach daily	\$15

Source: MDNRE website:
<http://www.michigan.gov/dnr/0,1607,7-153-10365-82938--,00.html>

On average, approximately 7.2 million passenger vehicles and 254,000 motorcycles are registered annually in Michigan. Assuming these registration numbers remain constant, it would take approximately a 16% participation rate in the program for the recreation passport fee to raise as much revenue as the motor vehicle permit fee. This percentage assumes registrants of passenger vehicles and motorcyclists register at an equal rate.

House Bill 5752, however, would require that the Department of State be reimbursed for its actual costs of implementing the recreation passport fee, up to \$1.0 million. Taking this into account, a 17% participation rate would be necessary to break even. The Department of State estimates that the actual cost of implementation would be \$3.1 million in the first year and \$2.5 million in subsequent years. Most of this cost would be in the form of increased transaction time.

House Bill 5752 would direct the distribution of revenue brought in from the recreation passport fee. The following table was generated using participation rates between 25% and 100%, and it shows how the bill would call for revenue raised by the recreation passport fee to be distributed.

Recreation Passport Fee Distribution				
Participation rate	25%	50%	75%	100%
Total Estimated Revenue	\$18,404,250	\$36,808,500	\$55,212,750	\$73,617,000
SOS Administration Costs	1,000,000	1,000,000	1,000,000	1,000,000
State Park Improvement Fund	10,700,000	10,700,000	10,700,000	10,700,000
Waterways Account	1,030,000	1,030,000	1,030,000	1,030,000
New Recreation Passport Fee Revenue (Total less above three deductions)	\$5,674,250	\$24,078,500	\$42,482,750	\$60,887,000
State Park Capital Improvements (50%)	2,837,125	12,039,250	21,241,375	30,443,500
State Park Operations and Maintenance (30%)	1,702,275	18,266,100	12,744,825	18,266,100
Local Public Recreation Facilities (10%)	567,425	2,407,850	4,248,275	6,088,700
State Forest Recreation Account (7%)	397,198	1,685,495	2,973,793	4,262,090
State Park Cultural, Historic Resources (2.75%)	156,042	662,159	1,168,276	1,674,393
Marketing, Internet Promotion (0.25%)	14,186	60,196	106,207	152,218
Total revenue based on 3-year average (2006-2008) of passenger vehicle and motorcycle registration transactions				

Date Completed: 3-11-10

Fiscal Analyst: Josh Sefton

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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.