

# Legislative Analysis



## RECREATION PASSPORT FEES

Phone: (517) 373-8080  
<http://www.house.mi.gov/hfa>

**House Bills 4486 and 4775 as introduced**  
**Sponsor: Rep. Gary Howell**

Analysis available at  
<http://www.legislature.mi.gov>

**House Bill 4776 as introduced**  
**Sponsor: Rep. Rebekah Warren**

**Committee: Transportation**  
**Revised 11-12-19**

### SUMMARY:

House Bill 4486 would amend the Michigan Vehicle Code, and House Bills 4775 and 4776 would amend the Natural Resources and Environmental Protection Act (NREPA), to require an individual to pay the recreation passport fee with his or her new or renewal vehicle registration application, unless he or she elected not to pay, and to modify the distribution of recreation passport fee revenue.

#### **House Bill 4486**

Currently under the Vehicle Code, Michigan residents may elect to pay a recreation passport fee of \$11 when getting or renewing their license plates via the Secretary of State. The passport is valid for one year, or the period of the registration, and allows entry to state parks, boat launches, and recreation areas.<sup>1</sup>

House Bill 4486 would require the recreation passport fee to be submitted with an application for a new or renewal vehicle registration or replacement tab or sticker unless the applicant elected on his or her application not to pay the fee.

That is, Michigan vehicle registration applicants are currently opted out of purchasing a recreation passport unless they indicate their wish to do so. Under the bill, applicants would be opted in by default, but could opt out by indicating their wish not to pay the fee.

The bill would also remove language that currently refers to an applicant's indication of his or her choice under the current election system. This language would no longer apply under the bill.

The bill would take effect 90 days after its enactment.

MCL 257.805

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<sup>1</sup> Recreation passports can also be purchased by Michigan residents outside the annual vehicle registration process, and nonresidents may purchase annual or daily motor vehicle park permits. Recreation passports are not required for entry on foot or bicycle into state-managed sites or for certain exempted vehicles (e.g., those with disabled veteran plates). For more information, see: [https://www.michigan.gov/dnr/0,4570,7-350-79134\\_79210---,00.html](https://www.michigan.gov/dnr/0,4570,7-350-79134_79210---,00.html)

### **House Bill 4775**

Currently, recreation passport fee revenue is distributed as specified in section 2045 of NREPA. After a distribution to the secretary of state of up to \$1.0 million to defray administrative expenses under the Vehicle Code, the next \$10.7 million is deposited in the State Park Improvement Account of the Michigan Conservation and Recreation Legacy Fund (“Legacy Fund”). The next \$1.03 million after that is deposited in the Waterways Account of the Legacy Fund. The remaining revenue is allocated in the following percentages for the following purposes:

- 50% to the State Park Improvement Account for capital improvements at state parks and recreation areas.
- 30% to the State Park Improvement Account for operations and maintenance at state parks and recreation areas.
- 2.75% to the State Park Improvement Account for capital improvements and operations and maintenance of state park cultural and historical resources.
- 0.25% to the State Park Improvement Account to promote the use of state parks and other state recreational sites and to promote public use of the internet in making camping reservations and recreation passport fee payments.
- 10% to the Local Public Recreation Facilities Fund for development of public recreation facilities for local units of government.
- 7% to the Forest Recreation Account of the Legacy Fund for capital improvements and operations and maintenance of state forest campgrounds and the state forest system of pathways and non-motorized trails.

The bill would increase the Local Public Recreation Facilities Fund share from 10% to 15%. The bill would also eliminate the first two State Park Improvement Account allocations, currently totaling 80% (50% for capital improvements and 30% for operations and maintenance), and instead allocate 75% to the State Park Improvement Account to be used for capital improvements, operations, and maintenance.

The bill would take effect 90 days after its enactment. It is tie-barred to House Bills 4486 and 4776, which means that it could not take effect unless those bills were enacted.

MCL 324.2045

### **House Bill 4776**

Under NREPA, the term *recreation passport fee* currently means a “state park and state-operated public boating access site recreation passport fee” paid under section 805 of the Vehicle Code. Under the bill, it would mean “recreation passport fee” paid under section 805 of the Vehicle Code. [Note: However, under HB 4486, which amends section 805 of the Vehicle Code, the fee would still be called the “state park and state-operated public boating access site passport fee.”]

The bill would take effect 90 days after its enactment. It is tie-barred to House Bills 4486 and 4775, which means that it could not take effect unless those bills were enacted.

MCL 324.2001

## **FISCAL IMPACT:**

**House Bill 4486** may increase revenue for the Department of Natural Resources (DNR) by changing the Recreation Passport fee from an opt-in to an opt-out on motor vehicle registration applications processed through by the Department of State. Charging this optional fee by default on vehicle registrations would likely result in an increase in Recreation Passport sales. Sales have been trending upward, from 1.9 million passports sold in FY 2010-11 to 2.7 million passports sold in FY 2017-18; the majority of these sales (85%) have been processed by the Department of State, with the remainder being processed by DNR. Recreation Passport revenue has risen proportionally, from \$19.1 million in FY 2010-11 to \$30.3 million in FY 2017-18. Statute specifies that the first \$12.7 million in revenue be distributed to the Department of State, State Park Improvement Account, and Waterways Account, and that additional revenue is distributed to DNR by formula; consequently, any increase in revenue beyond \$12.7 million represents an increase in revenue for DNR. The department primarily uses Recreation Passport revenue to support state parks capital outlay, operations, and maintenance as well as forest recreation programs. Local units of government are also likely to realize an increase in revenue, as DNR uses passport sales to support the department's local public recreation grants program. The extent of the potential revenue increase resulting from the bill is unclear at present as the passport opt-out rate is yet to be established. The bill is unlikely to increase costs for DNR.

The bill would increase also costs for the Department of State (DOS) by an estimated \$205,000, according to DOS. \$105,000 of the total costs would be related to one-time implementation costs. These costs include \$30,000 for computer programming and testing of DOS's automate record system (CARS), \$60,000 for programming related to renewals by mail, and \$15,000 for reprinting forms. The remaining \$100,000 would be ongoing annual personnel costs to support potential increased staffing needs for handling refund requests of Recreation Passport fees from individuals who did not intend to purchase a Recreation Passport. \$100,000 would be the approximate amount to support the cost of an additional FTE position. It is not currently known whether an additional full-time employee would be needed to fulfil this task or if it could be covered with part-time employee equivalent costs.

DOS also reports that vehicle registrations with Recreation Passports take 10% longer to process than registrations without them. An opt-out decision would likely lead to significantly more Recreation Passports purchased and greater processing times in both Secretary of State branch offices and central offices. It is not yet determined if there would be additional implementation costs related to any increased administrative processing work or other changes from the bill.

**House Bill 4775** is likely to reduce revenue for state recreation facilities and increase revenue for local recreation facilities. The bill would decrease Recreation Passport revenue distributed for state parks capital outlay, operations, and maintenance by 5% while increasing revenue distributed for the development of local recreation facilities by 5%. The

table below illustrates the FY 2017-18 Recreation Passport revenue distribution under current law.

<b>Current law</b>	<b>Distribution</b>	<b>Revenue</b>
Secretary of State		\$1,000,000
State park improvement account		10,700,000
Waterways account		1,030,000
State parks capital outlay	50%	8,785,000
State parks operations and maintenance	30%	5,271,000
Local public recreation facilities	10%	1,757,000
Forest recreation	7%	1,229,900
State park cultural and historical resources	2.75%	483,175
State parks marketing	0.25%	43,925
<b>Total</b>		<b>\$30,300,000</b>

The table below illustrates the FY 2017-18 Recreation Passport revenue distribution under the bill.

<b>House Bill 4775</b>	<b>Distribution</b>	<b>Revenue</b>
Secretary of State		\$1,000,000
State park improvement account		10,700,000
Waterways account		1,030,000
State parks capital outlay, operations, and maintenance	75%	13,177,500
Local public recreation facilities	15%	2,635,500
Forest recreation	7%	1,229,900
State park cultural and historical resources	2.75%	483,175
State parks marketing	0.25%	43,925
<b>Total</b>		<b>\$30,300,000</b>

The bill would provide the Department of Natural Resources with the latitude to pool revenue for state parks capital outlay, operations, and maintenance which is not permitted under current law. It is important to note that HB 4775 would not affect total revenue generated by Recreation Passport sales. The bill is unlikely to have an impact on state or local government costs.

**House Bill 4776** would have no fiscal impact on state or local government.

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