



**House
Legislative
Analysis
Section**

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SNOWMOBILING FEES

House Bill 4445 as enrolled
Second Analysis (7-7-94)

Sponsor: Rep. Tom Alley
First House Committee: Conservation,
Environment & Great Lakes
Second House Committee: Tourism &
Recreation
Senate Committee: Transportation &
Tourism

THE APPARENT PROBLEM:

Michigan currently has about 5,200 miles of snowmobile trails (on both public and private lands) that receive funding from the Recreational Snowmobile Trail Improvement Fund for grooming, maintenance, and signing purposes. Snowmobiling generates millions of dollars annually in tourism business for communities in the Upper Peninsula and northern lower Michigan, and contributes significantly to state and local tax revenues. (Reportedly, some business owners in the U.P. say they earn more in winter months than they do during summer simply because people--often, snowmobilers--who come in winter spend more for lodging than summer tourists, who usually camp at state parks or other places for less.) Many who snowmobile here, of course, are Michigan residents from populous southern areas of the state, but a significant number of nonresidents travel here from surrounding states to see just why Michigan is called the "Winter Wonderland."

Officials with the Department of Natural Resources (DNR) and others from state snowmobile groups, however, contend that more money is needed to maintain existing snowmobile trails and develop new ones if the state is to continue drawing snowmobilers from the state and elsewhere so their tourist dollars will be spent here. Over the last three years, public meetings have been held to determine what might be the best way to generate more revenue for trail improvement needs. Parties to these meetings, including active snowmobile groups and persons representing the interests of northern communities, have agreed to a plan to require a special trails decal to be purchased and for a person to attach it to his or her snowmobile so it could be operated on one of Michigan's publicly-funded snowmobile trails or a public roadway.

Thus, not only state residents but anyone who used the state's snowmobile trail system would contribute both to its continued maintenance as well as to any improvements made to it. (Currently, a nonresident pays nothing to operate a snowmobile here.) Also, it has been suggested that revenue raised via registration and trail permit fees be directed into two separate restricted funds (one of which would be created under the bill) rather than the general fund to ensure that this money could only be used for snowmobile-related purposes.

THE CONTENT OF THE BILL:

The bill would amend Public Act 74 of 1968, which provides for the registration and regulation of snowmobiles, to establish new registration requirements (including new fees) for snowmobile users as well as new provisions pertaining to the safe operation of snowmobiles. The bill would take effect May 1, 1994, but could not be enacted unless Senate Bill 938, which would add drunk-driving provisions to the act and make other changes intended to promote snowmobiling safety, were also enacted.

Application for registration. Currently, the act specifies that a snowmobile owner must file a registration application, along with a \$15 fee, with the Department of State. The bill, instead, would require an initial snowmobile registration application to be made with the dealer at the point of sale. Under the bill, a retail dealer would issue a temporary registration permit that would be valid for 15 days after the date of sale, and each dealer would submit registrations and fees to the department at least once per week.

House Bill 4445 (7-7-94)

The department could suspend a certificate of registration when it determined that the required fee had not been paid and remained unpaid after reasonable notice or demand. In addition to the required fee, a \$10 penalty would be assessed and collected against anyone who tendered an insufficient check or draft to pay the fee.

Snowmobile trail permit stickers. In addition to registering a snowmobile (including registration in another state or province), beginning October 1, 1994, someone who wanted to operate a snowmobile in the state would have to purchase a \$10 annual Michigan snowmobile trail permit sticker each October. Fifty cents of the fee would be used by the Department of Natural Resources for administrative costs, fifty cents would be retained by the agent who sold the permit, and \$9 would be credited to the Recreational Snowmobile Trail Improvement Fund.

The Department of Natural Resources could contract with a "person" (which under the act means an individual, partnership, corporation, the state and any of its agencies or subdivisions, and any body of persons whether incorporated or not) to act as an agent to sell the permits. The department would have to sell the permits to agents in bulk, and agents could obtain a refund from the department for any permits that were not sold. The bill would also delete current requirements in the act regarding the painting of identification numbers on snowmobiles, and instead would provide for the issuance of a special registration decal, as well as the trail permit sticker, and require the snowmobile owner to permanently attach them to the forward half of his or her snowmobile.

An agent who used or allowed the use of a permit by anyone except the snowmobile user to whom it was sold would be guilty of a misdemeanor, punishable by a fine of \$50 for each instance of such use or allowed use. Also, someone who failed to secure a trails permit sticker would be responsible for a civil infraction and subject to a \$50 fine plus court costs.

Allocation of funds. Under current law, \$6 of each \$15 snowmobile registration fee is deposited into the Recreational Snowmobile Trail Improvement Fund to be used by the DNR solely for projects open to the public. The balance of revenue received from registration receipts (which goes into the general fund) is divided into two parts, at least

50 percent of which is allotted to the DNR for planning, construction, maintenance and acquisition of snowmobile trails and facilities. (Of this allotment, between 40 and 80 percent must be allocated to local units of government and nonprofit snowmobile organizations for use on trails.) The remainder of the registration receipts is used to make appropriations to the Department of State for administering the act's registration provisions and to the DNR for enforcement and safety education and training programs and disbursements for parallel county programs. (The act provides for the legislature to make an annual appropriation to both departments from revenues received under the act as well as revenues collected under sections 2 and 18b of Public Act 150 of 1927, which provides for the levy of gasoline and diesel motor fuel taxes and for revenue raised from them to be deposited into the Michigan Transportation Fund to be used for "specific transportation purposes.")

The bill would establish a different method of allocating funds. Under the bill, \$10 of the revenue received from snowmobile registration fees would have to be deposited into the Snowmobile Registration Fee Fund, which would be created under the bill. (The bill would delete language providing for the legislature to appropriate from revenues received under the act as well from gasoline and diesel motor fuel taxes funds for the Departments of Natural Resources and State.) Of this \$10, up to \$3 from each registration fee would have to be appropriated to the Department of State to administer snowmobile registrations. In addition, at least \$7 from each registration fee would be appropriated to the DNR. Of the \$7 appropriated to the DNR, \$5 would have to be used by the DNR for law enforcement and snowmobile safety education and training program purposes, while the bill specifically would require \$2 to be used for parallel county snowmobile programs. Any money not required to administer snowmobile registrations would be credited each year to the fund. Also, at least \$5 of the registration receipts (rather than, at present, at least 50 percent of remaining registration receipts--that is, anywhere from \$4.50 up to \$9); \$9 from the sale of annual permit stickers; and at least 80 percent of the revenue collected from the sale of duplicate registration fees and certificates would have to be deposited into the trail improvement fund to be used by the DNR for the planning, construction, maintenance and acquisition of trails.

Use of funds. Currently, the DNR may not build recreational trail facilities on private land unless it has a three-year agreement to do so with the owner of the land. The bill would require the DNR to have a five-year agreement with landowners, and would include "major improvements" under this provision. A written agreement in the form of an easement, lease or permit for a public trail right-of-way would have to be made between the land owner and the DNR. (Currently, the act specifies merely that a written agreement must be made between them.)

The bill also would delete the present \$30,000 limit placed on appropriations for a cooperative sign program for public snowmobile trails. Under the bill, signs would not be provided unless the trails met minimum state snowmobile trail construction standards and were funded for snowmobile season maintenance.

Snowmobile Registration Fee Fund. This fund would be created within the state treasury and would receive money as provided by law and from any gifts or contributions to it. The state treasurer would direct investments of the fund, and interest and earnings from it would have to be credited to it. Similar provisions would be added to the act relative to the Recreational Snowmobile Trail Improvement Fund.

In addition, the bill specifies that money deposited in the general fund pursuant to current law as of the bill's effective date would have to be transferred to the Snowmobile Registration Fee Fund, and money remaining in this fund at the end of a fiscal year would remain in it and would have to be carried over in it to the next and succeeding fiscal years.

Program review, report to legislature. The bill would require the Natural Resources Commission, in consultation with the Snowmobile Advisory Board, to conduct a review of the "effectiveness of operation" of the snowmobile program by the DNR Forestry Division and submit a written report to the House and Senate committees that consider natural resources and conservation legislation by July 1, 1996. The review would have to at least include consideration of the following:

- * How trail improvement funds and snowmobile registration fee funds were spent and whether such spending was in accordance with the act;

- * How the grant process had been implemented and who had been awarded grants during the time of review;

- * Establishment and maintenance of the snowmobile trails system;

- * Long-term planning pertaining to the trails system;

- * Contract grooming of snowmobile trails versus grooming of trails by DNR employees.

Other provisions. The bill would require a person operating or riding on a snowmobile, except for someone riding on or operating one on his or her own private property, to wear a U.S. Department of Transportation-approved crash helmet, and would prohibit the operation of a snowmobile without both headlights and taillights being lit. (The act currently only requires head- and taillights to be lit during hours of darkness.) The requirement for head- and taillights to be lit, however, would not apply to a snowmobile that was 25 or more years old.

MCL 257.1504 et al.

FISCAL IMPLICATIONS:

The Department of Natural Resources says the bill would have fiscal implications both for it and the Department of State, as well as to local units of government; the amount would depend on the number of snowmobiles that were registered and for which trail permit stickers were purchased. The department says there are approximately 190,000 snowmobiles in the state and about 100,000 out-of-state snowmobiles annually operated in Michigan. Assuming snowmobile trail permit stickers were issued for all of these vehicles, the bill could generate approximately \$2.76 million (290,000 x \$9.50) in additional revenue for the state. Of this amount, \$2.6 million would be deposited into the Snowmobile Trail Improvement Fund and \$145,000 allocated to the DNR for administration of snowmobile programs.

In addition, the department says the bill would establish a Snowmobile Registration Fee Fund and revise allocation of the current \$15 snowmobile registration fee. (It should be noted that a snowmobile is registered for a three-year period and revenues raised from registration fees pay for programs operated over this time period.) Five

dollars would be deposited into the Recreational Snowmobile Trail Improvement Fund, which is a \$1 per-registration decrease from current law, or a loss of about \$190,000 in revenue to the fund. The remaining \$10 would be deposited into the new Snowmobile Registration Fee Fund, and allocated (over a three-year period) as follows: \$3 (approximately \$570,000) to the secretary of state; \$2 (approximately \$380,000) to the financial assistance program; and \$5 (approximately \$950,000) for enforcement of the act and safety education and training.

A spokesman for the Department of State says the registration fee reallocation would result in negligible additional revenue to the department. The proposed appropriation for the 1994-95 fiscal year to the Department of State is \$220,700 for issuing snowmobile registrations and \$125,000 for issuing trail permit stickers on behalf of the DNR. (For the 1993-94 fiscal year, the department was appropriated \$217,300 for issuing snowmobile registrations.)

And finally, the DNR says that local units of government could experience increased revenue due to the bill. Approximately \$380,000 would be allocated to counties for a financial assistance program from snowmobile registration fees. There could be an increase in revenues to local units of government if they applied for and received snowmobile trail improvement fund grants. (7-7-94)

ARGUMENTS:

For:

According to DNR officials and representatives of snowmobile groups, even though Michigan currently has thousands of miles of fairly well-maintained public and private snowmobile trails throughout most of the state, needs for the trail system are growing faster than there are available funds to pay for them. A spokesman for the DNR says that if nothing is done to increase funding levels for trail maintenance and improvements, the trail system will simply begin to deteriorate. Not only will the state be unable to expand the current trail system; it probably will have to reduce maintenance levels to what they were four or five years ago. The bill would solve this problem by providing a means to generate more revenue by requiring every snowmobiler to purchase, in addition to the \$15 registration fee, a special trail sticker permit for \$10. Most of this money would be used by the

DNR for trail maintenance and improvement needs. In addition, the bill would create a new restricted fund, the Snowmobile Registration Fee Fund, into which most of the money raised from registration fees would go. (The remaining \$5 of registration fees would go into the other restricted fund, the Recreational Snowmobile Trail Improvement Fund, as well as most of the revenue generated from the \$10 trail permit sticker.) By directing revenues from fees into separate restricted funds rather than the general fund, the bill would guarantee that this money could be used only for snowmobile-related purposes.

Nearly all of the new money that would be generated under the bill, of course, would come from the proposed trail permit sticker, which would have to be purchased and used with a snowmobile that was operated anywhere in the state. In essence, snowmobilers (whether state residents or not) would pay a "user fee" to help both maintain and, if all goes as planned by state officials, upgrade the existing system. Nonresidents currently are not required to pay anything to operate a snowmobile in public areas in Michigan, which allows them to use the state's resources without contributing anything to their upkeep or improvement. And according to a spokesman for the Michigan Snowmobile Association, snowmobilers from both Michigan and other states have said they are willing to pay a little more to sustain what many agree is one of the best snowmobile trail systems in North America. The bill also would provide for a portion of fees to go to the DNR for law enforcement purposes; would direct a small percentage of fees to the Department of State for increased administrative duties related to issuing both registrations and trail permit stickers; and would provide for those who sold snowmobile registrations to receive a portion of the proposed \$10 sticker fee, just as dealers of hunting and fishing licenses are paid for selling them.

Response:

The \$10 trail permit sticker should not have to be purchased by persons who operated their snowmobiles exclusively on private land. By requiring these people to purchase the sticker, the bill would be forcing them to subsidize the costs of maintaining or making improvements to a snowmobile trail system which they did not utilize.

For:

The bill would add provisions to the act governing the operation of snowmobiles in order to promote safety for their operators. Under the bill, head- and

taillights would have to be lit at all times rather than just when it was dark (most snowmobiles made today, in fact, operate only with their lights on), except that those 25 years or older would be exempt from this provision. Also, the bill would require all snowmobilers to wear crash helmets approved by the U.S. Department of Transportation, although persons who drive or ride on snowmobiles on their own property would be exempt from this requirement. And finally, the bill is tie-barred to Senate Bill 938 which would add drunk-driving provisions to the act and make other changes intended to promote snowmobiling safety. These proposed changes should help to reduce the number of deaths and injuries caused annually from snowmobile-related accidents in Michigan and make the sport safer and more enjoyable.