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Senate Bills 1489 and 1490 (as introduced 9-11-08)  
Sponsor: Senator Jason E. Allen (S.B. 1489)  
Senator Jim Barcia (S.B. 1490)  
Committee: Hunting, Fishing and Outdoor Recreation

Date Completed: 9-24-08

## **CONTENT**

**Senate Bill 1490 would amend Part 821 (Snowmobiles) of the Natural Resources and Environmental Protection Act to do the following:**

- Increase the snowmobile trail permit sticker fee.
- Create the Permanent Snowmobile Trail Easement Subaccount.
- Require the Department of Natural Resources (DNR) to spend Subaccount money for grants to tax-exempt entities to purchase land and secure easements or other agreements allowing use of private property to establish permanent public snowmobile trails.
- Require proceeds from the sale of land or the termination of easements or agreements under the bill to be deposited in the Subaccount.
- Require the dissolution of the Subaccount and the transfer of any money in it to the Recreational Snowmobile Trail Improvement Subaccount upon the full development of the public snowmobile trail system.

**Senate Bill 1489 would amend Part 821 to do the following:**

- Increase the penalty for operating a snowmobile without proper registration.
- Increase snowmobile registration and renewal fees.
- Allocate the amount of the fee increase to the Permanent Snowmobile Trail Easement Subaccount.

The bills are tie-barred to each other and would take effect on October 1, 2008. They are described below in further detail.

### **Senate Bill 1490**

#### **Subaccount**

The bill would create the Permanent Snowmobile Trail Easement Subaccount as a subaccount of the Snowmobile Account. The State Treasurer could receive money or other assets from any source for deposit into the Subaccount, and would have to credit to the Subaccount interest and earnings from its investments. Money in the Subaccount at the close of the fiscal year would remain in the Subaccount and would not lapse to the Snowmobile Account or the General Fund. The DNR would be the administrator of the Subaccount for auditing purposes.

The DNR could spend Subaccount money, upon appropriation, only for grants for the purpose of purchasing land, or securing easements or other appropriate agreements allowing use of private property, to establish permanent snowmobile trails that were open to the public in Michigan. To be eligible for a grant, an entity would have to have been organized at least three years before the bill took effect for educational and charitable purposes within the meaning of 26 USC 501(c)(3) that included promoting and facilitating the expansion and improvement of the existing snowmobile trail system in Michigan with permanent trails. (Section 501(c)(3) of the Internal Revenue Code exempts certain entities from Federal income taxation, provided they do not engage in political campaigns related to a candidate for public office.)

In consultation with the Snowmobile Advisory Committee, the DNR would have to promulgate rules for the administration of the Subaccount.

Proceeds from the sale of land purchased under the bill or the termination of easements or other agreements secured under the bill would have to be deposited into the Subaccount.

If, at any time after July 1, 2010, the Snowmobile Advisory Committee, by the affirmative vote of at least five members, determined that the public snowmobile trail system in Michigan was developed fully and not capable of expansion by the addition of further permanent trail easements, all of the following would apply:

- Any money in the Permanent Snowmobile Trail Easement Subaccount would be transferred to Recreational Snowmobile Trail Improvement Subaccount.
- The Permanent Snowmobile Trail Easement Subaccount would be dissolved.
- All future revenue that would otherwise be deposited in the Permanent Snowmobile Trail Easement Subaccount would have to be deposited in the Recreational Snowmobile Trail Improvement Subaccount.

#### Trail Permit Fee

Under Part 821, in addition to registering a snowmobile, a person who desires to operate a snowmobile in Michigan must purchase a Michigan snowmobile trail permit sticker. The trail permit is valid for one year, and the current fee is \$25. Under the bill, the fee would be as follows:

- In 2008 and 2009, \$50 (or \$35 if paid by November 15 of the respective year).
- In 2010, 2011, and 2012, \$60 (or \$45 if paid by November 15 of the respective year).
- In 2013 and each subsequent year, \$75 (or \$60 if paid by November 15 of the respective year).

Currently, revenue from the trail permit fee must be allocated as follows:

- \$23.50 must be deposited in the Recreational Snowmobile Trail Improvement Subaccount.
- 50 cents must be retained by the DNR for administrative costs.
- \$1 must be retained by the agent selling the permit.

The bill would retain the 50-cent allocation to the DNR and the \$1 allocation to the agent, and require the balance to be deposited into the Recreational Snowmobile Trail Improvement Subaccount.

### **Senate Bill 1489**

#### Penalty

Under Part 821, a snowmobile may not be operated unless the owner first obtains a certificate of registration and a registration decal (unless the snowmobile is operated

exclusively on land owned by or under control of the owner, or is used entirely in a safety education and training program). A person who is convicted of a violation is subject to a \$50 maximum fine. Under the bill, a violator would be guilty of a misdemeanor punishable by a fine of up to \$200.

### Registration Application

Before operating a snowmobile, the owner must apply for registration with the Department of State. If the snowmobile was purchased from a Michigan retail dealer, application for initial registration must be made with the dealer at the point of sale. The application must include the new owner's name, signature, and bona fide residence address, as well as the names and addresses of holders of any security interest in the snowmobile and its accessories in order of priority. Under the bill, the requirement that the application include the new owner's name and residence address, and the names and addresses of security interest holders would apply beginning July 1, 2009.

The current application fee is \$22. The bill would increase the fee to \$30.

Upon receiving the application in approved form, the Department of State must enter it into the Department's records and issue a certificate of registration and decal. The certificate must contain the number awarded to the snowmobile, the owner's name and address, the names and addresses of the holders of secured interests, and other information the Department considers necessary. Under the bill, the requirement that the certificate contain the names and addresses of the holders of secured interests would begin July 1, 2009.

The bill would delete a requirement that the certificate be pocket size, accompany the vehicle, and be legible. Instead, the bill would prohibit a person from operating a snowmobile that was required to be registered in Michigan unless he or she possessed the certificate in legible form.

### Registration Renewal Fee

A snowmobile certificate of registration and decal authorize the operation of the snowmobile for a three-year period. The certificate and decal may be renewed for a \$22 fee. The bill would increase the renewal fee to \$30.

### Distribution of Fee Revenue

Part 821 requires that certain amounts of each registration fee be deposited into various funds for specified purposes. From each fee, \$5 must be deposited in the Recreational Snowmobile Trail Improvement Subaccount and administered by the DNR for the purposes of planning, construction, maintenance, and acquisition of trails and areas for snowmobile use, or access to those trails and areas, and basic snowmobile facilities. In planning the expenditures of the money from this Subaccount, the DNR must consider providing recreational opportunities for bicyclists, hikers, equestrians, and other nonconflicting recreational trail users as ancillary benefits of the program. The bill would refer to "off-season" recreational opportunities.

Currently, money appropriated for snowmobile trails and facilities may be spent for the acquisition, development, and maintenance on any land in the State; and may be used to purchase land or secure easements, leases, permits, or other appropriate agreements permitting use of private property for snowmobile trails, basic facilities, and areas that may be used by bicyclists, hikers, equestrians, and other nonconflicting off-season recreational trail users, if the easements, leases, permits, or agreements provide public access to the trail, use areas, and support facilities. The bill would delete these provisions, but would allow money in this Subaccount to be used to purchase land or secure easements, leases,

permits, or other appropriate agreements authorizing use of private property for snowmobile trails and basic snowmobile facilities.

The bill also would require \$8 from each registration fee to be deposited into the proposed Permanent Snowmobile Trail Easement Subaccount. The bill provides that this money would be intended to supplement other money spent for snowmobile-related activities of the DNR, and not as a replacement of those expenditures.

MCL 324.82103 et al. (S.B. 1489)  
324.82118 et al. (S.B. 1490)

Legislative Analyst: Julie Cassidy

### **FISCAL IMPACT**

The proposed increases in registration and trail sticker fees would bring additional revenue to the State of about \$4.9 million annually for snowmobile purposes.

According to the Department of State, there were 264,348 snowmobiles registered in the State in FY 2006-07. Since the registration fee is paid once every three years, the total additional revenue of \$2.1 million collected from the higher registration fee proposed in Senate Bill 1489 would be spread out over those years for a total of approximately \$700,000 annually. Also, the increased cost of registration could result in a reduction in the number of snowmobiles registered. The additional revenue from the registration fees would be deposited into the Permanent Snowmobile Trail Easement Subaccount and used to support grants for purchasing land or securing easements to allow use of snowmobiles on private land and to establish permanent snowmobile trails in the State. No additional revenue would be deposited into the Snowmobile Registration Fee subaccount, nor would the Department of State retain any more of the revenue for administrative purposes than it currently does.

The proposed increase in the trail permit sticker fee under Senate Bill 1490 would increase revenue to the Recreational Snowmobile Trail Improvement Subaccount an indeterminate amount. The current annual permit fee of \$25 for a trail sticker initially would be doubled to \$50; however, the bill would provide for a \$15 discount if the trail sticker were purchased by November 15 of each year. According to the Department of Natural Resources, in FY 2006-07 \$4.8 million was collected from the sale of 190,600 trail stickers. Under the bill, this revenue could double to \$9.5 million in FY 2008-09, but an unknown number of people would purchase the trail sticker at the discounted price, so the increase in revenue would be somewhat less. Also, the increased cost of a trail sticker could result in a reduction in the number of trail stickers purchased. If 20% of people purchasing a snowmobile trail sticker were to do so at the discounted price of \$35, the total additional revenue to the Recreational Snowmobile Trail Improvement Subaccount would be \$4.2 million.

The increased trail sticker fee of \$50 would be effective in 2008 and 2009 only. It would increase to \$60 (or \$45 if purchased by November 15) for 2010, 2011, and 2012. Then, it would increase again to \$75 (or \$60 if purchased by November 15) in 2013 and thereafter.

Fiscal Analyst: Jessica Runnels

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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.