



Senate Fiscal Agency
P. O. Box 30036
Lansing, Michigan 48909-7536

BILL



ANALYSIS

Telephone: (517) 373-5383
Fax: (517) 373-1986
TDD: (517) 373-0543

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

Date Completed: 5-19-09

RATIONALE

Over the last several years, funding for State parks, boating access sites, and other State recreational facilities has become a concern. A reduced revenue stream to the parks--a result of budget cuts and declining attendance--has compromised operations and led to deteriorating infrastructure, which can hinder access to and enjoyment of the parks and jeopardize visitor safety.

The State ended all General Fund support for the State park system in 2004 and began diverting money from the State Park Endowment Fund, which originally was designed to meet infrastructure replacement needs, to help fund general operations and maintenance. Revenue from other sources, such as motor vehicle permit fees and camping fees, has dropped as fewer people have chosen to visit the parks. Some people are concerned that the current funding practices are unsustainable and could result in the closure of State recreational facilities in the near future, causing significant harm to the State's tourism industry and local economies.

It has been suggested that existing resident daily and annual motor vehicle park permits and boating access site passes should be replaced with a "recreation passport", which a resident could obtain by paying an optional additional fee concurrently with his or her yearly vehicle registration. Once a person paid the annual passport fee, his or her license plate would serve as a pass to enter all State parks and recreation areas and

designated State-operated public boating access sites.

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; set the fee at \$5 for motorcycles and \$10 for other vehicles; and require the Secretary of State to transfer the fee revenue to the Department of Natural Resources (DNR).

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

- Prescribe the distribution of revenue from the proposed recreation passport fee.
- 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.

- Prescribe a \$100 maximum civil fine for entering a State park or designated State-operated public boating access site without a required permit or recreation passport.
- Authorize the DNR to promulgate rules providing an alternative 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.
- Eliminate legislative intent language regarding the use of General Fund/General Purpose money for State park operations.
- Specify legislative findings.

Senate Bill 389 (S-6), and some of the amendments under Senate Bill 388 (S-4), would take effect on January 1, 2010. The bills are tie-barred to each other.

Senate Bill 389 (S-6)

Under the bill, an applicant for the issuance or renewal of a motor vehicle registration could submit a State park and State-operated public boating access site passport fee to the Secretary of State (SOS) with the application. The recreation passport fee would be \$5 for a motorcycle and \$10 for other vehicles. The bill would not apply to commercial motor vehicles.

An application for a motor vehicle registration would have to contain at least the following information, in substantially the following format and language, except that the amount of the passport fee specified would be \$5 for a motorcycle:

"\$[amount] - Annual vehicle registration renewal.
 \$10.00 - Annual authorization to use this vehicle for unlimited entry into all 98 Michigan state parks and recreation areas and 838 DNR-operated state boating access sites. (You must check one of the boxes below or your renewal will not be processed.)
 _____ 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.
 \$_____ Total amount due."

Notwithstanding any other provision of the Code, the SOS could not issue or renew a registration unless the applicant adopted one of the statements and paid the recreation passport fee, if applicable.

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. At least weekly, the SOS would have to transfer the balance of the revenue to the DNR for deposit as provided in Senate Bill 388 (S-4).

For each calendar year, beginning with 2011, the State Treasurer would have to adjust the fee amounts by an amount he or she determined to reflect the cumulative percentage change in the consumer price index for the most recent one-year period for which data were available and rounded to the nearest five cents.

Upon request, the SOS would have to furnish a list of information from the records of the Department of State to the DNR or to a private person acting on behalf of the DNR for use in carrying out the DNR's functions, including marketing and advertising, under Section 2045 (which Senate Bill 388 (S-4) would add) and Parts 741 (State Parks System) and 781 (Michigan State Waterways Commission) of NREPA. Whether or not an individual paid a recreation passport fee would be personal information (i.e., information that identifies an individual, including his or her photograph or image, name, address, driver

license number, Social Security number, telephone number, digitized signature, and medical and disability information).

Senate Bill 388 (S-4)

Distribution of Fee Revenue; Reports

The bill would add Section 2045 to Part 20 (Michigan Conservation and Recreation Legacy Fund) of NREPA, effective January 1, 2010. This section would require the DNR to distribute recreation passport fee revenue transferred to the Department under Section 805 of the Michigan Vehicle Code (proposed by Senate Bill 389 (S-6)) as follows:

- The first \$10,700,000 received each fiscal year would have to be deposited in the State Park Improvement Account.
- The next \$1,030,000 received each fiscal year would have to be deposited in the Waterways Account.

For each calendar year, beginning in 2011, the State Treasurer would have to adjust these amounts by an amount he or she determined to reflect the cumulative percentage change in the consumer price index for the most recent one-year period for which data were available. ("Consumer price index" would mean the most comprehensive index of consumer prices available for Michigan from the Bureau of Labor Statistics of the U.S. Department of Labor.)

The remaining revenue would have to be deposited as follows:

- 50% in the State Park Improvement Account to be used for capital improvements at State parks, including recreation areas.
- 30% in the State Park Improvement Account to be used for operations and maintenance at State parks, including recreation areas.
- 2.75% in the State Park Improvement Account to be used for operations, maintenance, and capital improvements of State park cultural and historic resources.
- 0.25% in the State Park Improvement Account to be used to promote, in concert with other State agencies, the use of State parks, State-operated public boating access sites, State forest campgrounds, and State forest

nonmotorized trails and pathways; and to promote 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 to be used for development of public recreation facilities for local units of government.
- 7% in the Forest Recreation Account to be used for State forest campground and State forest nonmotorized trail and pathway system operations, maintenance, and capital improvements.

The bill would delete provisions requiring the DNR to give to the standing committees and appropriate budget subcommittees of the Legislature that primarily consider issues pertaining to natural resources an annual report that details the revenue stream generated by the existing fee structure. This report must include information on the impact of the revenue stream on the Michigan State Parks Endowment Fund created in Article IX, Section 35a of the State Constitution and provided for in Section 74119 of NREPA, the use of the General Fund for funding the State park system, and other relevant issues that have an impact on funding needs for the system.

Under the bill, instead, by February 1 each year, starting in 2011, the DNR would have to submit to the standing committees and Appropriations subcommittees of the Legislature with jurisdiction over issues pertaining to natural resources and the environment a report that provided information on all of the following for the preceding State fiscal year:

- The total amount of recreation passport fee revenue the Department received from resident vehicles and the amounts allocated as prescribed by the bill.
- The total amount of annual and daily State park motor vehicle permit fee revenue from nonresident and commercial motor vehicles the DNR received.
- Details on the specific uses of the revenue and the amounts spent for each specific use.
- The adequacy of the recreation passport fee revenue for each of the purposes for which it was allocated.

- The impact of the State park revenue stream from recreation passports and annual and daily motor vehicle permits on the Michigan State Parks Endowment Fund.
- Other relevant issues that affected funding needs for the State park system.

By February 1, 2011, and every two years after that, the DNR would have to submit to the same legislative standing committees and Appropriations subcommittees a 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 during the registration period. This information would have to be based on random audits conducted by the Department. The report could be combined with the report on passport fee and motor vehicle permit revenue.

The DNR could prepare a list of frequently asked questions and answers concerning the recreation passport fee. The DNR and the Department of State could post the information on their websites. The Department of State also could provide the information with any applications for motor vehicle registration that it mailed.

Local Public Recreation Facilities Fund

The bill would amend Part 19 (Natural Resources Trust Fund) of NREPA to create the Local Public Recreation Facilities Fund within the State Treasury. The State Treasurer could receive money or other assets from any source for deposit into the Fund. The Treasurer would have to direct the investment of the Fund and credit to it the interest and earnings from the investments. Money in the Fund at the close of the fiscal year would remain in the Fund and would not lapse to the General Fund.

The DNR would be the administrator of the Fund for auditing purposes. The DNR would have to spend money from the Fund, upon appropriation, only for grants to local units of government for the development of public recreation facilities pursuant to the procedures of the Michigan Natural Resources Trust Fund board under Section 1907.

(Under that section, the board must determine which land and rights in land

should be acquired and which public recreation facilities should be developed with money from the Trust Fund, and submit to the Legislature in January each year a prioritized list of those parcels, rights in land, and facilities. The list must be accompanied by estimates of total costs for the proposed acquisitions and developments. The Legislature must approve the land and rights in land and the public recreation facilities to be acquired or developed each year with money from the Trust Fund.)

These provisions would take effect on January 1, 2010.

Forest Recreation & State Park Improvement Accounts

Part 20 establishes the Forest Recreation Account and the State Park Improvement Account within the Michigan Conservation and Recreation Legacy Fund. Money in those accounts may be spent, upon appropriation, only as provided in Part 831 (State Forest Recreation) and Part 741 (State Parks System), respectively, and for the administration of each account. Under the bill, effective January 1, 2010, the money also could be spent, upon appropriation, as provided in Section 2045.

Savings Recommendations

Part 741 provides for the Citizens Committee for Michigan State Parks within the DNR. The bill would require the Committee, by December 31, 2010, to submit a report to the Natural Resources Commission and the legislative standing committees and Appropriations subcommittees with jurisdiction over issues pertaining to natural resources and the environment. The report would have to contain recommendations for savings in State park and forest recreation programs. Savings in State park programs equivalent to at least 10% of the cumulative expenditures for those programs during the fiscal year ending September 30, 2010, would have to be identified.

In developing recommendations, the Committee would have to consult with the DNR and interested parties. At a minimum, the Committee would have to consider all of the following:

- Increased preventative maintenance.

- Energy conservation and efficiency.
- Contracting concessions, major maintenance or renovation work, and other park operations to private parties.
- Sharing resources and coordinating activities with parks or public recreation facilities owned by local units of government.

State Park Motor Vehicle Permits

Currently, under Part 741, the DNR must designate the State parks in which a park permit is required for lawful entry by a motor vehicle. The bill instead provides that a motor vehicle park permit would be required for lawful entry into a State park by a nonresident motor vehicle or commercial motor vehicle. The bill would delete a provision allowing the Department to designate portions of State parks where a permit is not necessary. Currently, the DNR is required to post at parks signs stating that a motor vehicle park permit is required. The bill would refer to park permits required for entry by a nonresident motor vehicle or CMV.

("Resident motor vehicle" would mean a motor vehicle other than a CMV that is registered as a motor vehicle in Michigan. "Nonresident motor vehicle" would mean a motor vehicle other than a CMV that is not registered as a motor vehicle in Michigan.)

Part 741 prohibits a person from entering any State park or portion of a State park in which a permit is required without a valid permit affixed to the vehicle. Under the bill, this would apply to a person entering in a nonresident or commercial motor vehicle. The bill would require an annual motor vehicle park permit to be affixed permanently for that year.

Subject to exceptions described below, a person could not enter a State park in a resident motor vehicle without having paid the recreation passport fee.

Under Part 741, a motor vehicle park permit is not required for a motor vehicle while it is being driven or parked within an established Federal, State, or county highway within a State park, a motor vehicle used in the operation or maintenance of a State park, an emergency vehicle, or a State-owned or law enforcement or private motor vehicle being operated on official State business.

Under the bill, these exceptions would apply to nonresident and commercial motor vehicles that did not have an annual park permit, as well as resident motor vehicles for which a recreation passport fee had not been paid.

These amendments would take effect on January 1, 2010.

Park Permit Fees

Part 741 allows the DNR to require park permits and collect park permit fees for entry into a State park or portion of a State park posted in the manner prescribed in Part 741. The bill would delete this provision.

Under Part 741, the DNR may waive the park permit requirement for Department-sponsored events or other circumstances as determined by the Director or his or her designee. The bill would retain this provision for nonresident vehicles and CMVs, and provide for the waiver of the recreation passport fee requirement for resident motor vehicles under these circumstances.

Currently, except as otherwise provided, an annual park permit must be issued and authorize the entry of the motor vehicle to which it is originally attached within any State park or recreation area during the calendar year for which it is issued. Under the bill, this provision would apply to a nonresident motor vehicle. Additionally, the bill would delete the reference to a State recreation area.

Under Part 741, the fee for an annual resident motor vehicle park permit is \$24 until January 1, 2010. If the vehicle owner is at least 65 years old, the fee is \$6. If the vehicle owner has a food stamp card and personal identification at the time of purchase, the fee is \$18. The bill would delete these provisions.

The bill would retain the \$29 annual permit fee for the owner of a nonresident motor vehicle, and eliminate a January 1, 2010, sunset on this fee. An annual park permit could not be used for a CMV.

Currently, a daily permit authorizes the entry of a motor vehicle within a State park during the day for which it is issued. The bill would eliminate the \$6 fee for the owner of a resident motor vehicle. The bill would

retain the \$8 fee for a nonresident motor vehicle, and eliminate a January 1, 2010, sunset on this fee. In addition, the bill would establish a fee of \$15 for a daily CMV permit.

Under Part 741, if a person has obtained an annual nonresident motor vehicle park permit for a recreational vehicle to be used as a stationary primary camping shelter camped legally in and not moved from a State park campground during the period of the camping stay, he or she may obtain a duplicate permit for a towed second motor vehicle present at the time of entry for a fee of \$6, effective for the duration of the camping stay. Under the bill, this provision would apply to a nonresident motor vehicle.

Under Part 741, commercial motor coaches or vans with a capacity of more than 12 passengers are not eligible to enter a State park with an annual park permit. Until January 1, 2010, the daily fee for such a vehicle is \$15. The bill would delete these provisions.

Currently, if a person's annual park permit is lost or destroyed, the DNR must give him or her a replacement permit free of charge. The DNR may require the person to supply sufficient evidence of the loss or destruction of the original permit. Under the bill, these provisions would apply to a nonresident motor vehicle permit.

Under Part 741, the DNR may establish a fine for failure to purchase a required park permit. The fine must be twice the cost of a motor vehicle entrance permit or daily permit as established by Part 741 or the Department. Under the bill, the fine would have to be twice the cost of an annual nonresident motor vehicle park permit.

The bill would eliminate a provision stating, "It is the intent of the legislature that if, on September 30 of any state fiscal year, the amount of money in the countercyclical budget and economic stabilization fund...exceeds \$250,000,000, then general fund/general purpose support for state parks operations for the following state fiscal year shall be equal to or exceed 50% of the revenues generated by motor vehicle entrance fees...during the previous state fiscal year."

These amendments would take effect on January 1, 2010.

Alternate Method: Recreation Passport Fee

The bill would authorize the DNR to promulgate rules providing a method for an individual to pay a recreation passport fee in addition to the method provided for in Senate Bill 389 (S-6). The amount of the fee required under this method could not exceed twice the amount of a passport fee submitted with a vehicle registration application.

Penalties: State Parks

Currently, a person who violates Part 741 or a rule promulgated under it is guilty of a misdemeanor. Under Senate Bill 388 (S-4), this provision would not apply to violations involving entry by a nonresident or commercial motor vehicle without a park permit and entry by a resident motor vehicle without having paid the recreation passport fee. A person who committed either of those violations would be responsible for a State civil infraction and could be ordered to pay a civil fine of up to \$100.

Under Part 741, in any proceeding for a violation, if a motor vehicle is found parked in a State park without the required motor vehicle park permit affixed, the registration plate constitutes prima facie evidence that the owner was the person who parked or placed the vehicle at the location where it was found. Under the bill, this provision also would apply to a motor vehicle found parked in a State park without the recreation passport fee having been paid.

Currently, a person convicted of an act of vandalism under Part 741 must reimburse the DNR up to three times the amount of the damage as determined by the court, and the money must be credited to the State Park Improvement Account. The bill would refer to an act of vandalism to State park equipment, facilities, or resources.

These amendments would take effect on January 1, 2010. On that date, the bill also would repeal Section 74123, which authorizes the DNR to establish a fine for failure to purchase a park permit. The fine must be twice the cost of the permit as established by Part 741 or the Department.

State-Operated Public Boating Access Sites

Under Part 781, the DNR may charge fees for both daily and seasonal use of State-operated public access sites, if the cost of the collecting the fees will not exceed the revenue derived from them. A seasonal pass grants the permittee the right to enter any State-operated public access site without paying an additional fee. The bill would delete these provisions.

Under the bill, the DNR Director would have to designate State-operated public boating access sites that could not be entered by a resident motor vehicle unless the recreation passport fee had been paid or by a nonresident motor vehicle or CMV unless a pass had been purchased and affixed to the vehicle as described below.

The DNR would have to charge fees for passes authorizing daily or seasonal entry by nonresident motor vehicles and CMVs at designated access sites. As currently required, fee revenue would have to be deposited in the Waterways Account.

The bill would prohibit a person from entering, in a nonresident motor vehicle or CMV, a designated access site without a valid pass affixed to the lower right-hand corner of the windshield. A seasonal pass would have to be affixed permanently for the season. A person could not enter in a resident motor vehicle without having paid the recreation passport fee.

A pass would not be required and a passport fee would not have to have been paid for entry into a designated public boating access site if the motor vehicle were used in the operation or maintenance of the site, were an emergency vehicle, or were a private motor vehicle being operated on official State business.

The DNR could waive the pass requirement for nonresident motor vehicles and CMVs and the recreation passport fee requirement for resident motor vehicles for Department-sponsored events or other circumstances as determined by the Director or his or her designee.

These amendments would take effect on January 1, 2010.

Penalties: Boating Access Sites

Under the bill, a person who entered a designated State-operated public boating access site without purchasing the required pass or paying the recreation passport fee would be responsible for a State civil infraction and could be ordered to pay a civil fine of up to \$100.

In any proceeding for the violation of Part 781 or a rule promulgated under it, if a motor vehicle were found parked in a designated access site without the required pass affixed or passport fee having been paid, the registration plate would constitute prima facie evidence that the owner was the person who parked or placed it at the location where it was found.

These provisions would take effect on January 1, 2010.

State Forest Land Use

Part 831 authorizes the DNR to require a person to obtain a permit for camping in designated State forest campgrounds, and allows the DNR to establish and collect a fee for the permit. Also, the DNR may require a person to obtain a permit, except as otherwise provided by law, for the use of land and facilities within a State forest as designated by the Department for recreational use. Under the bill, the DNR could not require a permit or payment of a fee for use of a State forest nonmotorized trail or pathway or State forest campground facility except as provided for campgrounds or otherwise provided in NREPA. These amendments would take effect on January 1, 2010.

Legislative Findings

Part 741 contains various legislative findings regarding the State park system. The bill would add the following findings:

- "A holistic, integrated park system that reflects the unique value of both state and local parks is a goal of this state."
- "State and local park planners should work in concert for a coordinated Michigan park and recreation plan."

Repealed Sections

The bill would repeal Sections 1909 and 1910, effective January 1, 2010. Section 1909 required the State Treasurer, on October 1, 1985, to transfer to the Game and Fish Protection Fund and the Natural Resources Trust Fund the balances of several other funds. Section 1910 required the Department of Treasury, on that date, to transfer documents of the former State Recreational Land Acquisition Trust Fund board of trustees and the Heritage Trust Fund board of trustees to the Natural Resources Trust Fund board.

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

ARGUMENTS

(Please note: The arguments contained in this analysis originate from sources outside the Senate Fiscal Agency. The Senate Fiscal Agency neither supports nor opposes legislation.)

Supporting Argument

Without an increased, sustainable source of revenue, the State's outdoor recreation facilities will continue to deteriorate and some might have to be closed. This could be devastating to the State's tourism industry as a whole and to the nearby communities in particular. The poor condition of many State parks and boating access sites demonstrates that continued reliance on a shrinking visitor pool and funds cobbled together from other sources is ineffective. The bills would establish a more reliable, adequate revenue stream while making recreational opportunities more affordable and accessible to Michigan citizens.

The proposed recreation passport fee would be a significant saving for residents over the existing \$24 annual permit, which might encourage more people to visit the parks. Reportedly, a similar fee system implemented in Montana has been successful, with an 88% participation rate in 2008. No Michigan resident is ever more than an hour's drive from a State park or recreation area, but tough economic times and fluctuating gas prices have made recreational activities difficult for many. The recreation passport fee could give families an opportunity to take an affordable vacation without traveling to and spending money in another state. In addition to

increasing the number of park visitors, the access and affordability of the recreation passport could help reverse downward trends in hunting and fishing.

State parks and recreation areas contain some of the State's valuable natural resources and unique geographic features. For some people, these facilities might be one of few opportunities for outdoor recreation and physical activity. In recent years, much attention has been given to the health risks and costs associated with a sedentary lifestyle, particularly for children. The closure of some of these facilities would hinder efforts to encourage more active lifestyles and the conservation of natural resources. The recreation passport fee would generate revenue to ensure that the park system was viable for future generations and would make it easier for residents to take advantage of these opportunities.

The proposed recreation passport fee also would eliminate lines at park entrances, as well as the need for DNR personnel to staff the entrances in order to issue daily permits and check vehicles for annual permits. These employees would be available for duties more directly related to park operations, maintenance, and law enforcement, which would enhance visitors' experience.

Reportedly, travel is a \$17 billion-industry in Michigan, and more than 200,000 jobs in the State depend on it. The economies of many local units rely on tourism associated with State recreational facilities, as users spend money at restaurants, gas stations, and other local businesses. In order to support the State and local economies, restore the State park system to excellent condition and ensure its stability, and protect Michigan's invaluable natural resources, it is critical that the existing funding structure be replaced.

Response: Because park personnel would no longer be checking for permits at park entrances, it might be easier for people to enter the parks without paying the required fee. Although the DNR could do spot checks of license plates, and Senate Bill 388 (S-4) would establish a civil fine of up to \$100, that might not be a strong enough deterrent for those who would cheat the system. Some park employees still would be needed at park offices to issue permits to

out-of-State tourists and residents who did not pay the recreation passport fee but wanted to visit the parks occasionally (if the DNR developed an alternative method of paying the passport fee). Additionally, the passport fee could cause confusion for motorists as to which facilities it covered, especially in areas containing State, local, and Federal facilities, or whether they would need to pay a separate fee for each vehicle they owned.

Supporting Argument

Senate Bill 388 (S-4) would recognize the complementary nature of local recreational facilities by allocating a portion of the recreation passport fee to local parks and encouraging collaboration between the State park system and local parks and recreation entities. This dedicated funding and emphasis on resource-sharing and improved efficiency would contribute to enhanced opportunities for residents.

Opposing Argument

The bills would present several problems for the Secretary of State and residents registering their vehicles. First, using the vehicle registration process to raise funds for the State park system--a cause unrelated to transportation or roads--could set a precedent for use of the Department of State as a fund-raising conduit for various causes that fall outside of the Department's core functions. Furthermore, vehicle registration forms already contain much information that can be confusing to motorists. Adding the recreation passport fee language could lead to more misunderstandings, questions, and bungled transactions, which could result in longer waits at Secretary of State branch offices.

In another matter, due to its ongoing business application modernization initiative, the SOS would be unable to comply with the bills by the specified effective date of January 1, 2010. Compliance with any new requirements should be postponed until October 1, 2010, when the new software system is expected to be in place.

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.

Fiscal Analyst: Bill Bowerman

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.

A0910\388a

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.