



Senate Fiscal Agency
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BILL ANALYSIS



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House Bill 4297 (Substitute H-4 as reported without amendment)
House Bill 4439 (Substitute H-3 as reported without amendment)
Sponsor: Representative Frank Foster
House Committee: Military and Veterans Affairs
Senate Committee: Veterans, Military Affairs and Homeland Security

CONTENT

House Bill 4439 (H-3) would amend the Michigan Vehicle Code to do the following:

- Exclude certain veterans' designations from the requirement that an applicant for motor vehicle registration be given an opportunity to pay a Recreation Passport fee.
- Revise the method by which the State Treasurer must adjust Recreation Passport fees.
- Delete a scheduled repeal of the section authorizing collection of the fee.

Section 805 of the Code allows an applicant for the issuance or renewal of a motor vehicle registration to submit a State park and State-operated public boating access site passport (a Recreation Passport) fee to the Secretary of State with the application. Under the bill, this would not apply to any of the following motor vehicle registrations:

- An "EX-POW" plate that is exempt from the motor vehicle registration tax (which the Act limits to one per household).
- A special Congressional Medal of Honor plate.
- A "DV" plate issued to a person who is a totally disabled veteran with an honorable discharge from the Armed Services.

The bill would delete a provision under which Section 805 will be repealed on April 1, 2014, unless, during at least one of the State fiscal years ending September 30, 2011, 2012, or 2013, revenue from the Recreation Passport fee, minus appropriations to the Secretary of State for administrative and implementation expenses, is at least \$12,017,514.

House Bill 4297 (H-4) would amend the Natural Resources and Environmental Protection Act to do the following:

- Require the Department of Natural Resources (DNR), in consultation with the Department of State, annually to estimate the amount of additional Recreation Passport fee revenue that would have been collected if not for the exemptions proposed by House Bill 4439 (H-3).
- Require the Legislature annually to appropriate from the General Fund a sum equal to the estimated amount.
- Specify that payment of the Recreation Passport fee would authorize entry into all State parks and recreation areas, as well as designated State-operated public boating access sites until the motor vehicle registration expired.
- Revise the method by which the State Treasurer must adjust nonresident motor vehicle park permit fees.

-- Require the DNR to promulgate rules providing a method for an individual whose registration did not expire annually, and who was exempt from paying the Recreation Passport fee under House Bill 4439 (H-3), to pay the fee voluntarily as a donation.

The bills are tie-barred and would take effect on May 1, 2014.

MCL 324.2045 et al. (H.B. 4297)
257.805 (H.B. 4439)

Legislative Analyst: Patrick Affholter

FISCAL IMPACT

The bills would have a minor, but likely negative fiscal impact on the DNR. Under the bills, residents who have a Congressional Medal of Honor, totally disabled veteran, or ex-POW specialty license plate would not have to pay the \$11 fee for a Recreation Passport. According to the Secretary of State, there are currently about 8,000 of these types of specialty plates being used by Michigan residents. If all 8,000 otherwise would have purchased a Recreation Passport, the DNR would lose about \$88,000 in fee revenue under the bills. However, the actual participation rate for FY 2011-12 was about 27%. Therefore, if the distribution of residents holding one of the specified plates who purchase a Recreation Passport is similar to that of all residents, the actual amount of revenue lost would be closer to about \$23,800 annually. Recreation Passport fee revenue is used primarily to support the operation and maintenance of State parks and other public recreation facilities, as detailed below.

ITEM	AMOUNT
Total Recreation Passport revenue	\$20,746,400
Dollar amounts specifically allocated in statute	13,023,300
Secretary of State administration	1,000,000
Resident Motor Vehicle Permit revenue replacement (annually adjusted for inflation)	10,967,500
Resident Boating Access Site Permit revenue replacement (annually adjusted for inflation)	1,055,800
Amounts distributed by statutory formula	7,723,100
50% - State Park capital outlay	3,861,500
30% - State Park operation and maintenance	2,317,000
10% - Local public recreation facility grants	772,300
7% - Forest recreation (campgrounds and trailways)	540,600
2.75% - State Parks cultural and historical resources	212,400
0.25% - Marketing and promotion of public recreation	19,300

House Bill 4297 (H-4) would allow residents holding the specified specialty license plates to voluntarily pay the Recreation Passport fee as a donation. This would help to offset some of the lost revenue from the exemption, although the extent to which it would occur is unknown. The bill also specifies that the amount of revenue lost from the exemptions from the Recreation Passport fee would have to be appropriated from the General Fund to the programs supported by the fee. This sort of language is nonbinding and generally interpreted as a statement of intent, but to the extent that future Legislatures would make appropriations as specified in the bill, the burden of lost revenue from the proposed exemptions could be shifted from Recreation Passport fees to the General Fund.

Date Completed: 5-22-13

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.