

Legislative Analysis



INCLUDE RECREATION PASSPORT FEE IN VEHICLE REGISTRATION AND RENEWAL PAYMENTS

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<http://www.house.mi.gov/hfa>

House Bill 5428 (proposed substitute H-1)
Sponsor: Rep. Julie Brixie

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

House Bill 5873 (proposed substitute H-1)
Sponsor: Rep. Denise Mentzer

Committee: Natural Resources
Revised 12-5-24

SUMMARY:

House Bill 5428 would amend the Michigan Vehicle Code to include the amount of the annual recreation passport fee in a vehicle's annual registration or renewal fee as an option on the registration and renewal forms. The recreation passport fee is the admission cost for a vehicle to enter all Michigan state parks and recreation areas as well as all DNR-operated boat access sites. The bill also would add a separate line item to the registration and renewal form that would allow individuals to make an optional \$15 donation to support state parks and recreation in addition to the other fees.

Currently, the recreation passport fee is listed as a separate line item on a vehicle registration or renewal form, and the vehicle owner indicates if they wish to pay the additional recreation passport fee along with their registration or renewal cost. The bill would combine the registration or renewal costs and recreation passport fee into a single line item and provide the vehicle owner with a separate option to decline the recreation passport.

For the 2024 calendar year, the cost of the passport is \$14 for vehicles and \$7 for motorcycles.¹ The code currently states that the state treasurer can adjust the fees annually based on the change in the consumer price index. The bill would amend this requirement so that any change to the passport fee would be made by August 1 annually. Donations made via the registration/renewal forms would be collected by the Secretary of State and deposited as recreation passport fee revenue.

The secretary of state and DNR would have to agree on the format and language regarding the recreation passport fee for both online, electronic, and written application formats. Changes to the form would have to be implemented by January 1, 2026. Payment of the recreation passport fee authorizes a vehicle's entry into state parks, recreation areas, and boat launches for the same duration as the vehicle's registration or renewal.

MCL 257.805

House Bill 5873 would amend the Natural Resources and Environmental Protection Act (NREPA) to revise the formula for distribution of recreation passport revenue to be participation-based rather than revenue-based.

¹ <https://www.michigan.gov/dnr/about/newsroom/releases/2023/12/21/resident-recreation-passport-fee-to-increase-slightly-jan-1>

Under current law, up to the first \$1.0 million in revenue collected may be appropriated to cover necessary expenses incurred by the secretary of state in their administration and implementation of section 805 of the Vehicle Code, which enables collection of the recreation passport fee through vehicle registration and renewals.

The next \$10.7 million collected each fiscal year is distributed in the State Park Improvement account, with the following \$1.03 million deposited into the Waterways account. After these amounts, which total \$12.73 million, are deposited into their respective accounts, the remaining revenue is distributed into accounts on a percentage basis as follows:

- 50% into the State Park Improvement account to be used for capital improvements at state parks, including state recreation areas.
- 30% into the Improvement account to be used for operations and maintenance at state parks and state recreation areas.
- 2.75% into the Improvement account to be used for historical and culture resources at state parks.
- 0.25% into the Improvement account for the purpose of promoting:
 - In concert with other state agencies, the use of state parks, state-operated boating access sites, state forest campgrounds, and state forest nonmotorized trails and pathways.
 - Using the internet to make reservations at state park campgrounds and for payment of the recreation passport fee in conjunction with motor vehicle registration.
- 10% into the Local Public Recreation Facilities Fund to be used for the development of public recreation facilities for local units of government.
- The final 7% is deposited into the Forest Recreation Account to be used for operating, maintaining, and making capital improvements to state forest campgrounds and state forest pathways and nonmotorized trails.

The bill would amend this distribution by establishing two formulas based on the ***participation rate*** in the recreation passport program. Annually by August 1, the Department of State would report to the DNR the participation rate for the prior year. If the participation rate was less than 55%, then funds would be distributed as they currently are, with one change:

- 80% to the State Park Improvement account, to be used for capital improvements, operations, operations, and maintenance at state parks and state recreation areas (while this is the same total amount of revenue that would be dedicated towards this work currently as the separate allocations, the bill combines them into a single category).

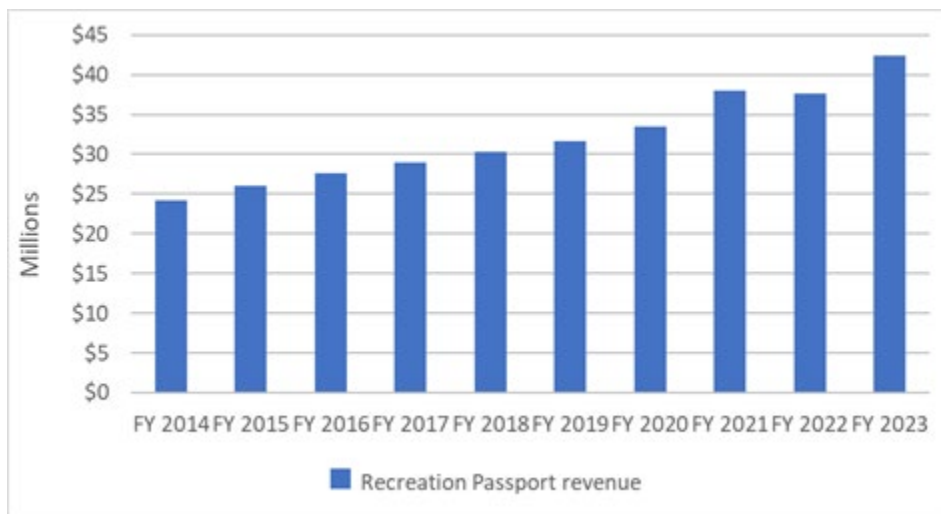
If participation is 55% or greater in the prior year, then after the static dollar amounts are allocated, then the percentage-based distributions would be changed as follows:

- 70% to the State Park Improvement account for capital improvements, operations, and maintenance.
 - 20% to the Local Public Recreation Facilities Fund for the development of public recreation facilities for local units of government.
 - The other percentage-based categories would remain unchanged.
- Participation rate*** would mean the percentage of registered motor vehicles, other than commercial motor vehicles, for which the recreation passport fee was paid for the year of registration.

MCL 324.2045

FISCAL IMPACT:

Whether House Bill 5428 will increase revenue for DNR depends in part on whether the application process change from "opt-in" to "opt-out" results in an increase in the number of Recreation Passports sold. It is likely that the addition of an optional \$15.00 donation to support state parks and recreation will increase departmental revenue. The extent of these revenue increases is unclear at present as the number of applicants taking advantage of these application options remains to be seen. The bill is unlikely to affect departmental costs as DNR is already engaged in the collection and expenditure of Recreation Passport fee revenue. The bill is also unlikely to affect local government costs or revenues. Recreation Passport fee revenue is expended by DNR to support public recreation facilities at both the state and local levels. Estimated annual revenue is listed below.



House Bill 5873 is unlikely to directly affect DNR revenue. However, the bill would alter some costs covered by Recreation Passport revenue if the participation rate exceeds 55% for the prior fiscal year. Under this condition the bill would reduce the collective percentage of revenue expended for state parks capital improvements, operations, and maintenance from 80% to 70% and increase the percentage of revenue to the Local Public Recreation Facilities Fund from 10% to 20%. The Recreation Passport participation rate has not exceeded 55%; it has hovered around 40% in recent fiscal years. The FY 2024-25 DNR budget includes \$23.9 million from Recreation Passport fees, the majority of which (\$23.0 million) supports capital outlay repair and maintenance in state parks. This budget also includes \$3.9 million from the Local Public Recreation Facilities Fund, the majority of which (\$3.7 million) supports grants to local governments for the development of public recreation facilities. Local governments would have access to additional revenue if the conditions of the bill are met. The bill is unlikely to affect local government costs.

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■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations and does not constitute an official statement of legislative intent.