

Legislative Analysis



RECREATION PASSPORT WAIVERS

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House Bill 4297 as enrolled
Public Act 81 of 2013

House Bill 4439 as enrolled
Public Act 82 of 2013

Sponsor: Rep. Frank Foster
Committee: Military and Veterans Affairs

Complete to 8-22-13

A SUMMARY OF HOUSE BILLS 4297 AND 4439 AS ENROLLED

When obtaining or renewing a license plate Michigan motorists can purchase a Recreation Passport for \$11 that grants access to all state-owned parks and public boating access sites. (The amount is adjusted annually based on inflation.)

The bills specify that motor vehicles with the following license plates would not be subject to the requirement that a Recreation Passport be purchased for entry into state parks, recreation areas, and state boating access sites:

- A special Congressional Medal of Honor registration plate,
- A totally disabled veteran plate, or
- The first ex-prisoner of war license plate an individual receives.

Under the provisions of the bills, motor vehicles with these specific plates would receive free entry into the state recreation facilities. The bills would take effect May 1, 2014.

House Bill 4297 would amend the Natural Resources and Environmental Protection Act (MCL 324.2045 et al.).

House Bill 4439 would amend the Michigan Vehicle Code (MCL 257.805). This bill also deletes a sunset date. The code currently calls for the Recreation Passport provisions to be repealed April 1, 2014, unless revenue from the fees (minus appropriations to the Secretary of State for administration and implementation expenses) totals at least \$12,017, 514 during one of the three fiscal years 2011, 2012, or 2013. That requirement would be struck. The bill also requires the fee inflation adjustment to be made on a calendar year basis rather than a fiscal year basis.

House Bill 4297 would also require the Department of Natural Resources to promulgate rules to provide a method for an individual to voluntarily pay the Recreation Passport fee as a donation if that individual's motor vehicle registration does not expire annually and is exempt under the act.

The bill also would require the DNR, in consultation with the Department of State, to estimate, by January 15 of each year, the additional revenue that would have been collected in Recreation Passport fees during the immediately preceding fiscal year if the exemptions were not in place. The bill says the Legislature is to annually appropriate from the General Fund a sum equal to that estimated amount.

FISCAL IMPACT:

Michigan residents may purchase an annual Recreation Passport for \$11. In FY 2012, the Recreation Passport generated \$20.7 million in revenues. The distribution of this funding is by statutory formula (MCL 324.2045(1)). The first \$13.0 million of the revenue is required to be used to replace the funding previously generated by the annual park and boating access permits (\$12.0 million) and to be allocated to the Secretary of State for administration (\$1.0 million). The majority of the remaining funding must be appropriated for state parks improvements, operations, and maintenance. The following table presents the distribution of the Recreation Passport revenue for FY 2012.

**Department of Natural Resources
Recreation Passport Revenue and Distribution
FY 2012**

| | |
|--|---------------------|
| Secretary of State Administration Fees | \$ 1,000,000 |
| Resident Motor Vehicle Permit Placement | 10,967,500 |
| Resident Boating Access Site Permit Placement | 1,055,800 |
| Amount Available for Distribution Per Formula | 7,723,100 |
| 50% - State Parks Capital Outlay | 3,867,500 |
| 30% - State Parks Operations & Maintenance | 2,317,000 |
| 10% - Local Public Recreation Facilities | 772,300 |
| 7% - Forest Recreation | 540,600 |
| 2.75% - State Parks Cultural & Historical Resources | 212,400 |
| --0.25% - Marketing & Promotional Expenses | 19,300 |
| Total Recreation Passport Allocation | \$20,746,400 |

According to the Secretary of State, as of November of 2012, there are 2 specialty Congressional Medal of Honor license plates issued within Michigan, 7,642 totally disabled veteran plates, and 426 Ex-POW plates. These 8,070 plates could potentially be affected by the bills' provisions. However, only the first ex-prisoner of war license plate an individual receives would be exempt from the Recreation Passport exclusion (individuals may receive additional Ex-POW plates for additional personal vehicles).

The fiscal impact of the bills' provisions to the DNR is dependent upon how many eligible vehicle owners take advantage of the exemptions and no longer purchase Recreation Passports for their vehicles. If all 8,070 plates were eligible for this exclusion and all vehicle owners take advantage of this exemption, then the fiscal impact to the DNR would be \$88,700 in lost revenues. In FY 2012, 27.3 per cent of all vehicle owners in Michigan opted to participate in the Recreation Passport program. If only 27.3 per cent of the eligible vehicle owners take advantage of this exemption, then the DNR would potentially lose approximately \$24,000 in revenues.

House Bill 4297 also requires that the Department of Natural Resources estimate and report to the Legislature the amount of additional Recreation Passport revenue that would have been collected had these licenses not been exempt. It further requires that the Legislature annually appropriate an equal amount of the estimated lost revenue from the General Fund to the DNR to be distributed in the same manner as Recreation Passport funding. If the Legislature appropriates enough General Fund dollars to the DNR to equal the amount of estimated lost revenues, then the bill would have no significant fiscal impact to the DNR; however, in this scenario, the General Fund of the State of Michigan would be reduced by that amount of lost Recreation Passport Revenue.

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