



Senate Fiscal Agency
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BILL ANALYSIS



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House Bill 4297 (Substitute H-4 as passed by the House)
House Bill 4439 (Substitute H-3 as passed by the House)
Sponsor: Representative Frank Foster
House Committee: Military and Veterans Affairs
Senate Committee: Veterans, Military Affairs and Homeland Security

Date Completed: 5-21-13

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.
- Allow the Secretary of State to revise the language of a registration application to reflect that a recreation passport would authorize entry into all State parks and recreation areas and State-operated public boating access sites until the registration expired.
- Revise the method by which the State Treasurer must adjust recreation passport fees.
- Delete a scheduled repeal of the section of the Vehicle Code authorizing collection of the recreation passport fee.

House Bill 4297 (H-4) would amend the Natural Resources and Environmental Protection Act (NREPA) 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 expiration of the motor vehicle registration.
- 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.

House Bill 4439 (H-3)

Recreation Passports

Section 805 of the Vehicle 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 fee to the Secretary of State with the registration application. The Code specifies information that an application for registration must contain, and the format and language of the information.

Under the bill, the requirement that an applicant for registration be given an opportunity to pay a passport fee to the Secretary of State with the registration application would not apply to the issuance or renewal of 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 also would allow the Secretary of State to revise the format and language of a registration application to reflect that, under NREPA (as it would be amended by House Bill 4297 (H-4)), payment of the recreation passport fee would authorize entry into all State Parks and State recreation areas and designated State-operated public boating access sites until the motor vehicle registration expired.

Recreation Passport Fees

When enacted in 2010, the recreation passport fee was set at \$10, or \$5 for a motorcycle. For each State fiscal year, the State Treasurer must adjust those fees by an amount he or she determines to reflect the cumulative percentage change in the consumer price index (CPI) since October 1, 2010. Under the bill, the State Treasurer would have to adjust the fees by an amount he or she determined to reflect the cumulative percentage change in the CPI from October 1, 2010, to the October 1 immediately preceding that calendar year.

Deletion of Repeal

The bill would delete a provision under which Section 805 is repealed effective 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 from the passport fee revenue for necessary expenses incurred by the Secretary of State for administration and implementation of the recreation passport program, equals or exceeds \$12,017,514.

House Bill 4297 (H-4)

Recreation Passport Fee Revenue

The DNR must distribute recreation passport fee revenue according to a formula specified in NREPA. Under the bill, by January 15 of each year, the DNR, in consultation with the Department of State, would have to estimate the amount of additional revenue that would have been collected as recreation passport fees during the immediately preceding State fiscal year if resident vehicle owners were not exempt from paying the fee under Section 805 of the Vehicle Code (as proposed by House Bill 4439 (H-3)).

The DNR would have to estimate the amount according to a formula specified in the bill. The bill would require the Legislature annually to appropriate from the General Fund (GF) a

sum equal to the estimated amount, and distribute it according to a formula specified in NREPA.

By February 1 of each year, the DNR must submit a report to the Legislature's standing committees and Appropriations subcommittees with jurisdiction over issues pertaining to natural resources and the environment. The report must contain information about passport fee revenue, State park permit fee revenue, and boating access site revenue. Under the bill, the report also would have to include the amount of revenue received during the preceding State fiscal year from the annual GF appropriation required by the bill.

Entry to State Parks & Boating Access Sites

Currently, with certain exceptions, the operator of a resident motor vehicle may not enter a State Park or a State-operated public boating access site with the vehicle unless the recreation passport fee has been paid for that vehicle. The bill would include in those exceptions a motor vehicle exempted from paying the recreation passport fee under Section 805 of the Vehicle Code (as proposed by House Bill 4439 (H-3)).

The bill also specifies 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 expiration of the motor vehicle registration.

Nonresident Permit Fees

Under NREPA, the DNR must issue an annual nonresident motor vehicle park permit authorizing the entry of a nonresident motor vehicle within any State park during the calendar year for which it is issued. The fee for an annual nonresident permit is \$29. The Department also must issue a daily motor vehicle park permit for entry of a nonresident motor vehicle or commercial motor vehicle within any State park. The fee for a daily nonresident motor vehicle permit is \$8; the fee for a daily commercial motor vehicle permit is \$15. A person who has obtained an annual nonresident motor vehicle 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 may obtain a duplicate nonresident motor vehicle permit effective for the duration of the camping stay for a towed second motor vehicle present at the time of entry for a fee of \$6.

For each State fiscal year, beginning with FY 2011-12, the State Treasurer must adjust the fees described above by an amount he or she determines to reflect the cumulative percentage change in the CPI for the most recent one-year period for which data are available and rounded to the nearest five cents. Under the bill, the State Treasurer instead would have to adjust the fees each calendar year by an amount he or she determined to reflect the cumulative percentage change in the CPI from October 1, 2010, to the October 1 of the immediately preceding calendar year, using the most recent data available and rounded to the nearest dollar.

Alternative Fee/Voluntary Donation

Under NREPA, the DNR may promulgate rules providing a method for an individual to pay a State park and State-operated public boating access site recreation passport fee in addition the method provided for in Section 805 of the Michigan Vehicle Code. The amount of the fee to be paid under that alternative method may not exceed twice the amount of a recreation passport fee paid under the Vehicle Code. The bill indicates that the alternative fee would apply to an individual whose motor vehicle registration expired annually.

The bill also would require the DNR to promulgate rules providing a method for an individual whose motor vehicle registration did not expire annually, and who was exempt from paying

the recreation passport fee under Section 805 of the Vehicle Code (as proposed by House Bill 4439 (H-3)), to pay the recreation passport fee voluntarily as a donation.

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 Department of Natural Resources. Under the bills, residents who have a Congressional Medal of Honor, totally disabled veteran, or ex-POW specialty license plate would not be required 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 license plates being used by residents of Michigan. 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 specialty license 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. Fee revenue from Recreation Passports is used primarily to support the operation and maintenance of State parks and other public recreation facilities, as detailed in Table 1.

Table 1

Recreation Passport Fee Distribution in FY 2011-12

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 at this time the extent to which the donations would offset lost revenue 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 appropriation 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.

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.