



**House
Legislative
Analysis
Section**

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BOAT FEE REFUNDS

**House Bill 5057 (Substitute H-1)
First Analysis (1-30-92)**

**Sponsor: Rep. Jessie Dalman
Committee: Marine Affairs and Port
Development**

THE APPARENT PROBLEM:

The Marine Safety Act requires boats to be registered and numbered and to display a color-coded decal which is valid for three years. Apparently there have been instances in which boat owners sold their boats before attaching the required decal, and yet were unable to get a refund for the unused registration. Legislation has been introduced to deal with this and other problems.

THE CONTENT OF THE BILL:

The bill would amend the Marine Safety Act to require the secretary of state to refund all or part of a boat registration fee if either:

- (1) The boat owner transferred or assigned (e.g. sold or gave away) the title or interest in the boat before attaching the decal and returned the decal to the secretary of state within thirty days of the sale; or
- (2) The surviving spouse of a dead boat owner returned the registration decal or provided the secretary of state with satisfactory proof that the decal had been destroyed or voided.

In the case of the sale or transfer of a boat before the decal had been attached, the secretary of state would have to give a full refund; in the case of the surviving spouse, the refund would be prorated on a monthly basis.

The bill also would change the definition of "historic vessel" from a vessel manufactured before 1940 to a vessel that was 30 years old or older.

MCL 281.1033

BACKGROUND INFORMATION:

Currently, the Marine Safety Act authorizes the following fees for boat registrations:

Nonmotorized rental canoes or kayak	\$ 4.50
Nonpowered boats over 16' long	\$ 8.25
Temporary permits for dealers delivering boats out-of-state	\$10.00
Motorized canoes/boats less than 12'	\$14.00
Licensed commercial fishing boats	\$15.00
12-16' motorboats	\$16.75
All pontoon boats	\$22.50
16-21' motorboats	\$41.75
Charter and livery boats; federal boats; boats carrying freight (and passengers)	\$45.00
21-28' motorboats	\$115.00
28-35' motorboats	\$168.00
35-42' motorboats	\$244.00
41-50' motorboats	\$280.00
Motorboats over 50 feet long	\$448.00

FISCAL IMPLICATIONS:

According to the Department of Natural Resources (9-20-91), the bill would have minimal fiscal impact, since the conditions under which a refund would be required don't occur very often and the fees presumably would be recovered from the next boat owner.

According the Department of State (11-5-91), if the department refunded one percent of the 168,000 registration fee transactions eligible for refund, the bill would result in a cost of about \$10,000.

ARGUMENTS:

For:

People who, for whatever reason, cannot use their boat registration decals should be able to recover the money they paid for the registration. For example, a boat owner who had a valid registration for his or her boat and who sold the boat can lose the money paid for the boat registration. Also, people who, for whatever reason, do not use their

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boat decals within 30 days of buying the decal currently cannot get their money back either. Finally, even if the surviving spouse of a boat owner who died no longer wants the boat and sells or gives it away, he or she might simply lose the money spent on the registration. Motor vehicle registration refunds currently are authorized under circumstances similar to those proposed in the bill, and this same convenience should extend to boat owners.

Response:

Most people who sell or give away their boats include the current registration in the transfer, either by including the cost of the registration in the sale or by offering the registration as part of the gift. So boat owners currently can easily compensate for the cost of their registration fee without having to get a refund from the Department of State.

Against:

Although the money lost to the state by this bill may be minimal, it would set a precedent for registration refunds that could open the door to other kind of refunds and, in the long run, cost the state substantial sums of money.

Against:

Unlike motor vehicle ownership documents, watercraft registrations become the proper ownership documents for untitled watercraft vessels. Under the bill, those owners who surrender a registration to the Department of State for a fee refund before transferring ownership of the vessel are also forfeiting the only properly assigned ownership document with which to make the transfer.

POSITIONS:

The Department of Natural Resources supports the bill. (1-29-92)

The Michigan Boating Industries Association supports the bill. (1-28-92)

The Department of State has no position on the bill. (1-28-92)