

RAISE SNOWMOBILE PERMIT FEES

House Bill 4409 (Substitute H-2)

House Bill 4538 as introduced

Sponsor: Rep. David Mead

First Analysis (4-17-01)

Committee: Conservation and Outdoor
Recreation

THE APPARENT PROBLEM:

In order to operate a snowmobile in Michigan, snowmobilers generally must buy a \$10 annual trail permit sticker, and must also register their snowmobiles every three years and pay a \$22 registration fee (no permit is required for a snowmobile that is operated on the owner's own property or driven over frozen waters for ice fishing purposes). People caught operating a snowmobile without a trail permit are responsible for a state civil infraction and can be fined up to \$50. Except for one dollar of each \$10 trail permit fee, money from these fees goes to a snowmobile trail improvement fund and is used by the Department of Natural Resources (DNR) to contract with private businesses and to make grants to local entities to groom and maintain the six thousand miles of snowmobile trails in the state.

Officials of the department and others from state snowmobile groups contend that needs for the state's trail system are growing faster than there are available funds to pay for them. For example, currently, there isn't enough money in the snowmobile trail improvement fund to replace grooming equipment and for special maintenance projects, such as bridge replacement. Annual snowmobile trail permit fees were last raised in 1994. However, reportedly, snowmobilers have said they are willing to pay a little more to sustain what many agree is one of the best snowmobile trail systems in the country. It is proposed that, among other changes, annual trail permit fees be increased gradually over the next three years.

THE CONTENT OF THE BILLS:

Under the Natural Resources and Environmental Protection Act (NREPA), a person who wants to operate a snowmobile in the state must register the snowmobile, and, in addition, purchase a \$10 annual Michigan snowmobile trail permit sticker. Fifty cents of the fee is retained by the Department of

Natural Resources for administrative costs; fifty cents is retained by the agent who sells the permit; and \$9 is credited to the Recreational Snowmobile Trail Improvement Fund. House Bill 4409 would amend the act to gradually increase trail permit fees, to change their allocation, to increase the fine for operating a snowmobile without a trail permit, and to require that the DNR make the sale of trail permits available on its web site. House Bill 4538 would make complementary amendments to the section of the NREPA that creates the trail improvement fund.

Annual Snowmobile Trail Permit Fees. The bill would amend the act (MCL 324.82118) to increase permit fees and change the allocation. The fees would be:

- \$10.00 until June 30, 2001;
- \$20.00 beginning June 30, 2001 through June 30, 2004; and
- \$25.00 beginning July 1, 2004.

In addition, beginning June 30, 2001 through June 30, 2004, revenue from the trail permit fee would be allocated as follows: 75 cents would be retained by the agent who sold the permit, fifty cents would be retained by the DNR for administrative costs, and \$18.75 would be credited to the Recreational Snowmobile Trail Improvement Fund. Beginning July 1, 2004, fifty cents would be retained by the DNR, \$1.00 would be retained by the agent selling the permit, and \$23.50 would be allocated to the Recreational Snowmobile Trail Improvement Fund.

Web Site Sales. The bill would specify that, beginning on October 1, 2001, the DNR would be required to make trail permits available for sale on its web site. For each trail permit sold through the web site, the amount that would otherwise be retained by

an agent would, instead, be credited to the Recreational Snowmobile Trail Improvement Fund.

Penalties. Failure to obtain an annual snowmobile trail permit, or failure to apply the trail permit sticker on the snowmobile, as specified under the act, is a civil infraction, and a violator could incur a civil fine of up to \$50. House Bill 4409 would increase the fine amount to \$100.

House Bill 4538 would amend the section of the NREPA (MCL 324.82110) that creates the trail improvement fund to make complementary amendments to that section. The bill is tie-barred to House Bill 4409.

BACKGROUND INFORMATION:

Annual snowmobile trail permit fees were established under Public Act 99 of 1994 as amendments to Public Act 74 of 1968, which was later recodified under Public Act 451 of 1995 to create the Natural Resources and Environmental Protection Act (NREPA). As part of a move to generate more revenue for trail improvement needs and to promote snowmobiling safety, the act imposed -- in addition to the \$15 registration fee required at that time -- a \$10 annual Michigan snowmobile trail permit fee. The fee was imposed on all snowmobilers, whether state residents or not (prior to this, nonresidents were not required to pay anything to operate a snowmobile in the state). Only snowmobiles operated on private property or on frozen waters for ice fishing purposes were exempt from the requirement.

The act also established a new restricted fund, the Snowmobile Registration Fee Fund, and required that \$10 of the revenue received from snowmobile registration fees was to be deposited into this fund. Of this \$10, up to \$3 from each registration fee was to be appropriated to the Department of State to administer snowmobile registrations, and at least \$7 was to be appropriated to the DNR. Of the \$7, \$5 was to be used by the DNR for law enforcement and snowmobile safety education and training program purposes, while the act specifically required that \$2 be used for parallel county snowmobile programs. Any money not required to administer snowmobile registrations was to be credited each year to the fund. In addition, at least \$5 of the registration receipt, \$9 from the sale of annual permit stickers, and at least 80 percent of the revenue collected from the sale of duplicate registration fees and certificates was to be deposited into the trail improvement fund, and used by the DNR for the planning, construction, maintenance and acquisition of trails.

Public Act 99 also provided that the Department of State could suspend a certificate of registration when it determined that the required fee remained unpaid after reasonable notice. Public Act 99 also required that snowmobilers wear crash helmets approved by the U.S. Department of Transportation, and prohibited the operation of a snowmobile that was 25 or more years old without both headlights and taillights. In addition, Public Act 98 of 1994 added drunk driving provisions to Public Act 74, and made other changes intended to promote snowmobiling safety.

FISCAL IMPLICATIONS:

According to the House Fiscal Agency (HFA), the increase in the cost of snowmobile trail permit sticker fees proposed under House Bill 4409 would result in an increase in the amount of revenue available for snowmobile trail improvement. The HFA estimates that the total amount of new revenue for fiscal year 2001-2002 could be as much as \$2,600,000. Consequently, the total amount available for trail maintenance and improvement grants would be up to \$5,480,000 during the 2002 winter season. The HFA estimates that House Bill 4538 would have no impact on state funds. (4-11-01).

ARGUMENTS:

For:

Snowmobiling generates millions annually in tourism business for communities in northern lower Michigan and in the Upper Peninsula and contributes significantly to state and local tax revenues. Many who snowmobile are, of course, Michigan residents from populous southern areas of the state, but a significant number of nonresidents travel here from surrounding states to see just why Michigan's trail system has been called one of the best in North America. Moreover, it is a "user pay" system -- residents and tourists both contribute to its maintenance.

The Michigan Snowmobilers Association reports that its members have agreed to the proposed increase, rather than have the maintenance and grooming of the trails reduced. Most of the money from the permit fee increase proposed under House Bill 4409 would be deposited in the Recreational Snowmobile Trail Improvement Fund, and used to improve the snowmobile trails. The department's "agents" (persons whom the department had contracted with to sell the permits) would also receive an increase to keep up with rising costs.

Against:

If Michigan wants to attract tourists to the state during the winter snowmobiling season, then an increase in the fine that is imposed on persons who fail to have a permit sticker on their snowmobiles is poor public policy. Many of those who operate snowmobiles here are tourists from other states, attracted by Michigan's claim to be a "Winter Wonderland." Some of these tourists might be unaware of the state's permit requirements, and they might not come back if they're hit with a \$100 fine.

Response:

The increase in the fine is necessary, since some snowmobilers might choose not to go to the trouble of purchasing a trail permit if the fine were to remain at \$50 while the trail permit fee was increased to \$20, and, eventually, to \$25. Conversely, the threat of a higher fine might encourage snowmobile owners to purchase a trail permit.

POSITIONS:

The Department of Natural Resources (DNR) supports the bills. (4-5-01)

The Michigan Snowmobilers Association supports the bills. (4-11-01)

Analyst: R. Young

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