

SNOWMOBILE PROGRAM FUNDING

House Bill 5027 (Substitute H-1) First Analysis (10-21-03)

Sponsor: Rep. John Pastor
Committee: Great Lakes and Tourism

THE APPARENT PROBLEM:

Under Part 821 of the Natural Resources and Environmental Protection Act (NREPA), a person who wants to operate a snowmobile in the state must register the snowmobile and also must purchase an annual snowmobile trail permit sticker. The act specifies how the revenue from registration and trail permit fees is to be allocated. Critics of the current provisions in statute say that the strict formulas for allocating money, and the match requirements imposed on local units and private booster groups, result in money accumulating in snowmobile-related funds rather than being put to proper use. Generally speaking, there are more than enough funds for law enforcement purposes and not enough funds being allocated for trail improvement and development. Legislation to rewrite the methods of allocation of funds intended for snowmobile programs has been proposed.

THE CONTENT OF THE BILL:

The bill would amend Part 821 of the Natural Resources and Environmental Protection Act to alter the manner in which snowmobile fees are allocated. The following are among the bill's provisions.

- If the balance in the Snowmobile Registration Fund (for law enforcement and safety education) exceeded \$1.6 million at any time, the excess would be transferred to the Recreational Snowmobile Trail Improvement Fund.
- At the close of each fiscal year, funds not expended by the Department of State for registration administration would be credited to the Recreational Snowmobile Trail Improvement Fund, as is the case now. Additionally, under the bill, if less than \$3 of the snowmobile registration fee is appropriated to the Department of State for registration administration, the difference would go to the Recreational Snowmobile Trail Improvement Fund.
- Currently, \$14 from each (three-year) registration fee must be appropriated (out of the Snowmobile

Registration Fee Fund) for enforcement, safety education, and financial assistance programs established in Section 82107 of the act, with \$2 of that amount to go to financial assistance programs to counties and \$7 for trail enforcement grants to counties or other local groups. The bill would alter these provisions so that \$14 from each fee would simply be appropriated to the DNR for Section 82107 purposes, "including financial assistance to county sheriff departments and local law enforcement agencies for local snowmobile programs." The other allocation provisions would be eliminated. Instead, in preparing its annual budget for snowmobile registration fee funds, the DNR would have to seek input from the snowmobile advisory committee and, to the degree feasible, give priority to the use of funds for enforcement efforts under local snowmobile programs.

- The match required of counties who seek financial assistance for snowmobile enforcement projects would be decreased to 15 percent from 25 percent. Moreover, a county sheriff's department or local law enforcement could use "in-kind" contributions in calculating its match amount. The bill would define "in-kind contributions" as services and goods as approved the DNR that are provided by a grant recipient toward completion of a department-approved local snowmobile program.
- County sheriff departments and local law enforcement agencies that receive financial assistance would have to maintain records of activities, expenditures, and in-kind contributions and would have to submit documentation and reports to the DNR, following the department's forms, deadlines, and information requirements. This provision would replace current reporting and audit requirements.
- Section 82109 requires that local units of government and nonprofit incorporated snowmobile clubs be allocated not less than 40 percent or more than 80 percent of the money appropriated to the DNR from the Recreational Snowmobile Trail Improvement Fund. This apportionment would be

eliminated. Instead, in preparing its annual budget for recreational snowmobile trail improvement funds, the DNR would have to seek input from the snowmobile advisory committee and to the degree feasible, give priority to use of the funds for financial assistance to local units of government and to nonprofit incorporated snowmobile clubs or organizations.

Trail Improvement Assistance. The bill would specify that a portion of the funds appropriated to the DNR each year would be used to provide financial assistance to local units of government and nonprofit incorporated snowmobile clubs or organizations in the form of grants for annual snowmobile trail maintenance costs, including signage and liability insurance. The department could also issue grants for maintenance equipment; repair or new development of snowmobile trails or related facilities, including the costs of designing and engineering for grant-funded improvements; and the acquisition of land or rights in lands for snowmobile trails or related facilities, costs of leases, permits, easements, or other agreements that allow for use of private land for public access to trails and related facilities, or development of new trails and facilities.

Allocation of Assistance. Financial assistance could not be provided unless the costs were for a trail that is available for public snowmobile use and were approved by the department. Financial assistance would be allocated as follows. 1) Assistance for trail maintenance costs, excluding signage and liability insurance, would be according to a formula promulgated by the state recreational trail coordinator, which would have to provide up to 100 percent of the actual, eligible expense of maintaining the trail per year incurred and documented by the grant recipient and approved by the department. 2) Assistance for the cost of land acquisition, leasing, permits, or other agreements could equal 100 percent of the expenses incurred, documented, and approved. 3) Assistance for signage could equal 100 percent of the costs incurred, documented, and approved, although in lieu of financial assistance, the DNR could use funds to purchase signs and provide them to the grant recipients. Financial assistance for signs could not be provided unless the trails met minimum state construction standards and were funded for snowmobile season maintenance. 4) Assistance for trail insurance could equal 100 percent of costs incurred, documented, and approved. 5) Assistance for repair or the development of new trails or trail facilities would equal 100 percent of costs incurred, documented, and approved. 6) The department could also assist in a portion of the costs of acquiring

grooming equipment. The DNR would determine the available grant percentage for grooming equipment costs on an annual basis and publish it prior to the application deadline. Assistance would be based on actual costs incurred, document, and approved.

Applications for Assistance/Grant Agreements. To be considered for financial assistance, a local unit of government or nonprofit incorporated snowmobile club or organization would have to submit an application on a form provided by the DNR and by a deadline established by the department. An application would have to include a proposed budget and the amount of grant assistance requested for each of the activities for which assistance was requested. To receive assistance, the local unit or nonprofit group would have to enter into a grant agreement with the department specifying the obligations of the recipient, including a requirement that the recipient maintain records and submit documentation and reports to the department to verify expenditures of grant money. The grant agreement would also require recipients to adhere to the department's trail specifications.

Upon execution of a grant agreement, the department could provide an advanced payment for a portion of the projected cost for one or more of the approved activities. Final payment would be made upon completion of the project and approval by the department of cost documentation. A grant would have to define a grant period, and funds would be encumbered upon execution of the grant period and would remain available for the grant period. Funds not spent during a grant period could be reallocated to the recipient as part of a new grant agreement, at the DNR's discretion.

MCL 324.82101

BACKGROUND INFORMATION:

The annual trail permit fee currently \$20, with \$18.75 allocated to the Recreational Snowmobile Trail Improvement Fund. (The fee goes up to \$25 on July 1, 2004). The three-year registration fee is \$22. Of that, \$17 goes to the Snowmobile Registration Fee Fund, with up to \$3 to be appropriated to the Department of State and \$14 to the Department of Natural Resources for enforcement purposes. The remaining \$5 of the registration fee is deposited in the Recreational Snowmobile Trail Improvement Fund for the purpose of planning, constructing, maintaining, and acquiring snowmobile trails and areas. These general provisions would not be amended.

FISCAL IMPLICATIONS:

The House Fiscal Agency notes that the amount provided for local snowmobile enforcement grants would be reduced, but the amount removed from this purpose would be granted for trail development and improvement. The HFA points out that the bill would limit grant funds provided for local law enforcement to \$1.6 million and would deposit amounts above this, and any lapses from funds appropriated for law enforcement, into the fund for trail improvement and development. The current amount provided for that purpose in the Fiscal Year 2003-2004 budget act is \$6.5 million. (HFA analysis dated 10-20-03)

ARGUMENTS:***For:***

The bill will rewrite the formulas and match requirements that determine where fees collected for snowmobile programs will be allocated, so that funds will more efficiently flow to the programs where they are most needed. Currently, knowledgeable critics say, the formulas result in monies accumulating in funds where they are not needed, while other programs in need of allocations cannot receive them. Further, the current match requirements for local units and snowmobile clubs are too onerous and so available money goes untapped. Under the bill, in general, the DNR will make decisions about the distribution of funds in consultation with the Snowmobile Advisory Committee, and will give priority to the funding of law enforcement and trail improvement programs conducted at the local level, including projects undertaken by nonprofit snowmobile organizations.

POSITIONS:

The Department of Natural Resources supports the bill. (10-13-03)

The Michigan Snowmobile Association has indicated support for the bill. (10-9-03)

Analyst: C. Couch

■ 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.