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BILL



ANALYSIS

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Senate Bill 537 (Substitute S-2)
Sponsor: Senator Liz Brater
Committee: Appropriations

Date Completed: 6-12-03

CONTENT

The bill would amend the Natural Resources and Environmental Protection Act to do all of the following:

- Require the Natural Resources Commission (NRC) to notify the Legislature 30 legislative session days before issuing an order.
- Increase annual and daily motor vehicle permit fees to State parks, and sunset permit fees on January 1, 2007.
- Establish a separate annual permit fee for owners of nonresident motor vehicles.
- Require the NRC to submit annual reports to the Legislature on the sufficiency of the established fees.
- Transfer motor vehicle permit fee-setting authority to the NRC on January 1, 2007.
- Repeal Section 74109 to state the intent of the Legislature regarding minimum General Fund support for State parks.
- State legislative intent to appropriate General Fund dollars for State parks if the BSF has a balance over \$250 million.

Natural Resources Commission Orders

The bill would require the NRC, at least 30 legislative session days before issuing an order, to give notice of the order to each member of each standing committee in the Senate and the House of Representatives that considers issues regarding conservation, the environment, natural resources, recreation, tourism, or agriculture, the Appropriations Committee chairpersons, and the members of the Appropriations subcommittees on natural resources. (Since there are generally three legislative session days each week, this requirement would mean at least 10 weeks would pass between notification to the Legislature of the NRC order and issuance of the order.

Motor Vehicle Permit Fees

Currently, daily entrance permits are \$4 for resident motor vehicles and \$6 for nonresident motor vehicles. Daily permits for nonresident motor vehicles may be \$4 in parks where nonresident day use is not extremely high. Annual permits are \$20 for all motor vehicles. No differentiation is made between resident and nonresident motor vehicles for annual permits. The annual permit for a resident motor vehicle whose owner is 65 years of age or older is one quarter the amount of the annual permit. This means that senior citizens of this State pay \$5 for an annual motor vehicle permit. Revenue from motor vehicle permits is deposited into the Park Improvement Fund.

The bill would increase annual permit fees to \$24 for owners of resident motor vehicles and \$29 for owners of nonresident motor vehicles. The separate annual permit fee for nonresident vehicles would be a change from the current fee structure. Senior citizens would pay \$6 for an

annual resident motor vehicle permit. The daily permit fee would increase to \$6 for residents and \$8 for nonresidents. Currently, the higher daily rate of \$6 for nonresidents is charged only at State parks that the Department of Natural Resources determines have an extremely high rate of nonresident use. The bill would eliminate that option. All motor vehicle permit fees would sunset on January 1, 2007. The sunset also would apply to the \$15 daily permit fee for commercial motor coaches with 12 or more passengers, although that fee would not be changed in the bill.

Natural Resources Commission Fee Setting Authority

The bill would transfer authority for establishing motor vehicle permit fees to the Natural Resources Commission (NRC) on January 1, 2007. The fees set by the NRC would have to be an amount necessary and sufficient for the improvement, operations, and maintenance of State parks, considering other available funding. Until 2007, the NRC would be required to submit an annual report on the sufficiency of the fees under this section and any recommendations for changes to the fees to the legislative standing committees and Appropriations subcommittees pertaining to natural resources.

General Fund Appropriation Minimum

The bill would repeal Section 74109 of the Natural Resources and Environmental Protection Act. This section specifies that the increased motor vehicle permit fee revenue resulting from Public Act 177 of 1989 may not be used to reduce General Fund support for State parks. It also states that Public Act 177 of 1989 is repealed if General Fund support for State park operations does not equal or exceed the amount appropriated in FY 1993-94, annually adjusted for inflation by the Detroit Consumer Price Index.

(Public Act 177 of 1989 increased the annual motor vehicle permit (MVP) fee from \$10, to \$15 in 1990-1992, \$18 in 1993-1994, and \$20 in 1995 and later; and raised the daily MVP fee from \$2 to \$4 for residents and from \$3 to \$6 for nonresidents. This means that an appropriation in FY 2003-04 less than approximately \$8,500,000 General Fund would result in the reduction of MVP fees from \$20 to \$10 for an annual permit, from \$4 to \$2 for a resident daily permit, and from \$6 to \$3 for a nonresident daily permit.)

The bill would add a statement of legislative intent to appropriate General Fund dollars for State parks operations equal to at least 50% of the motor vehicle permit fee collections of the prior fiscal year if the Countercyclical Budget and Economic Stabilization Fund (BSF or "Rainy Day Fund") reaches a balance of at least \$250 million. The current balance of the BSF is less than \$50,000.

MCL 324.74109 et al.

FISCAL IMPACT

The Governor's recommended budget and the Senate Appropriations Committee budget for FY 2003-04 for State park operations would offset an \$8,596,900 reduction in General Fund support for State parks with restricted funds from two sources: \$6,000,000 from the State Parks Endowment Fund and \$2,596,900 from the Park Improvement Fund. The proposal would result in no net change in appropriations for State park operations.

The House-passed and Senate Committee budgets both include an additional appropriation of \$6,000,000 from the State Parks Endowment Fund. Of this amount, \$5,000,000 is available due to the adoption of Proposal 02-2 in August 2002, which allows up to \$5,000,000 from the State Parks Endowment Fund to be spent annually. In FY 2002-03, this funding was appropriated in the capital outlay budget for projects within State parks. The redirection of the

State Park Endowment Fund to State park operations reduces the funding available for capital projects in the parks, which is reflected in the proposed capital outlay budget for FY 2003-04. The remaining \$1,000,000 from the State Parks Endowment Fund is the anticipated interest earnings from investing the Fund in the stock market, which also was included in Proposal 02-2 in August 2002. In FY 2002-03, \$4,661,700 is appropriated for State park operations from the State Parks Endowment Fund.

Revenue from motor vehicle permits is deposited into the Park Improvement Fund. The Governor's proposed and the Senate Committee budgets for FY 2003-04 include an appropriation of \$2,396,900 from this Fund to reflect the anticipated revenue from increased MVP fees. The amount included in the recommended budget assumes a 6.4% reduction in the number of MVPs purchased due to the increased price. An additional \$70,000 to \$80,000 could be collected due to the larger increase for nonresident annual permits. The budget also includes an appropriation of \$150,000 from the balance of the Park Improvement Fund for a total increase of \$2,546,900 from the Park Improvement Fund for State park operations. In FY 2002-03, \$25,297,500 is appropriated for State park operations from the Park Improvement Fund. The House-passed version of the DNR budget would appropriate additional permit fee revenue up to \$2,546,900 if the fees are increased before September 30, 2003; otherwise, General Fund revenue of \$2,546,900 would be appropriated.

PROPOSED MOTOR VEHICLE PERMIT FEES		
	Current Rate	Proposed Rate
Annual		
Resident	\$20	\$24
Nonresident	20	29
Senior Citizen	5	6
Daily		
Resident	4	6
Nonresident	6	8

If the section requiring a minimum of General Fund support for the State parks is not repealed and no General Fund money is appropriated for State parks operations, then the Department of Natural Resources will lose approximately \$5,400,000 in revenue to the Park Improvement Fund due to the reversion of MVP fees to their levels prior to Public Act 177 of 1989. The reduction could be somewhat less than this amount since more people are likely to visit the State parks if entrance fees are lower.

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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.