

# Legislative Analysis



## HISTORIC SNOWMOBILES

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**House Bill 6261 (Substitute H-1)**

**Sponsor: Rep. Joel Sheltrown**

**Committee: Tourism, Outdoor Recreation and Natural Resources**

### First Analysis (10-28-10)

**BRIEF SUMMARY:** The bill would amend Part 821 (Snowmobiles) of the Natural Resources and Environmental Protection Act to (1) allow snowmobiles more than 25-years-old to be registered as "historic" for a one-time fee of \$50 (instead of the usual fee of \$30 for three years); (2) exempt historic snowmobiles from an annual \$35 trail permit requirement; and (3) specify the allocation of revenue from historic snowmobile registration fees. To qualify as "historic," a snowmobile would have to be more than 25-years-old, be owned as a collector's item and for occasional use, and be used for club activities, exhibitions, tours, parades, and similar uses, including mechanical testing. A "historic snowmobile" registration would remain valid for as long as the registrant owned the snowmobile.

**FISCAL IMPACT:** House Bill 6162 would have an indeterminate fiscal impact on the Department of State. Any fiscal impact would depend on the number of historic snowmobile registrations received by the Secretary of State and how these registrations would affect overall snowmobile registrations. The Secretary of State would incur initial costs associated with the creation of the program. The bill would also have an indeterminate fiscal impact on the DNRE, but could reduce revenues to the department by lowering the potential number of \$30 snowmobile registrations paid to the state and eliminating the need for historic snowmobiles to have trail permits. The amount of impact would depend upon how many snowmobiles that are currently paying the \$30 registration fee and the annual \$35 trail permit would be designated as historic snowmobiles that are no longer required to pay these fees and pay only the one-time \$50 registration fee.

### THE APPARENT PROBLEM:

Some snowmobile enthusiasts say that interest in antique snowmobiles is growing in Michigan. Signs of this include an increase in the number of antique or vintage snowmobile shows, swap meets, and races held each year, and the opening of a snowmobile museum in Naubinway in the Upper Peninsula in 2007. Some vintage snowmobile shows or swap meets, including one in Onaway, feature a related vintage snowmobile ride. In addition, antique snowmobile races are held in various locations on snow, ice, or grass.

Unlike some other states, Michigan has no special low-cost license plate or registration category for historic or antique snowmobiles similar to the one for historic cars and

trucks not used for general transportation.<sup>1</sup> Unless an older snowmobile is used only in certain limited ways, its owner must register it every three years (for a \$30 fee) and buy an annual trail permit sticker for it (for a \$35 fee, increasing to \$45 on October 1, 2011). Registering and buying trail permit stickers for a vintage sled used only a few times per year is expensive. According to committee testimony, some people with large collections of vintage snowmobiles do not register or buy trail stickers for all of them, perhaps registering and buying trail permit stickers for only one or two. It would be better, they say, if there were a lower-cost way to register their vintage snowmobiles, and if older snowmobiles were exempt from trail permit sticker requirements.

Michigan law already exempts some snowmobiles from registration and trail permit sticker requirements: (1) those used only on land owned or rented by the snowmobile's owner; (2) those used only in a safety education or training program; and (3) those used only for a special event of a limited duration conducted under a permit from the appropriate governmental unit. In addition, snowmobiles used only for ice fishing do not need a trail permit, but must be registered. The existing "special event" exception allows unregistered snowmobiles to be used on special occasions, such as parades or breakfast rides connected with vintage snowmobile shows, if the event's sponsors have obtained the appropriate governmental permit. Apparently, some people think that this exception is not broad enough or that it is too hard to get a governmental permit for vintage snowmobile events. Unless an exception applies, a snowmobile can't be raced or driven off the owner's private property, unless it is registered and has a trail permit sticker.

The bill's supporters say that creating a special historic snowmobile registration category and fee, and exempting historic snowmobiles from trail permit requirements, would encourage more people to register and use their historic snowmobiles, and allow more vintage snowmobile rides to be offered in connection with vintage snowmobile shows or swap meets, even if the ride didn't qualify for the current "special event" exception. The bill would also allow snowmobiles registered as "historic" to be used in any club-sponsored event held anywhere in Michigan, whether specifically intended for vintage sleds or not. Proponents say that these changes could boost snowmobile-related tourism.

### ***THE CONTENT OF THE BILL:***

The bill would amend Part 821 (Snowmobiles) of the Natural Resources and Environmental Protection Act to allow certain snowmobiles more than 25 years old to be registered as "historic" for a one-time registration fee of \$50. A "historic snowmobile" registration would remain valid for as long as the snowmobile was owned by the registrant. Historic snowmobiles would also be exempt from trail permit sticker requirements. In contrast, owners of snowmobiles not considered "historic" must pay

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<sup>1</sup> Section 20a of the Michigan Vehicle Code, MCL 257.20a, defines a "historic vehicle" as one that is "over 25 years old, and which is owned solely as a collector's item and for participation in club activities, exhibitions, tours, parades, and similar uses, including mechanical testing, but is not used for general transportation." Historical vehicle plates costs \$10 and are valid for ten years. See [http://www.michigan.gov/documents/hplate\\_16252\\_7.pdf](http://www.michigan.gov/documents/hplate_16252_7.pdf).

\$30 to register their snowmobiles for three years, and usually also need a trail permit sticker for an annual fee of \$35 (\$45 as of October 1, 2011). To qualify as a "historic snowmobile," a snowmobile would have to be at least 25 years old and be owned solely as a collector's item and for occasional use and for participation in club activities, exhibitions, tours, parades, and similar uses, including mechanical testing. The bill would retain all current exemptions from registration and trail permit requirements, including the special event exemption.

In particular, the bill would amend Part 821 to do the following things:

- Define "historic snowmobile" as "a snowmobile that is over 25 years old and that is owned solely as a collector's item and for occasional use and for participation in club activities, exhibitions, tours, parades, and similar uses, including mechanical testing."
- Allow the Secretary of State to issue a historic snowmobile registration decal to someone who registers a "historic snowmobile," bearing the inscription "Historic Snowmobile - Michigan" and a registration number.
- Allow a person who owns a historic snowmobile and certifies that it will only be used as one to register it for a one-time registration fee of \$50.
- Specify that a historic snowmobile registration would remain valid for the entire period of ownership by the registrant, but would not be transferable.
- Allow the Secretary of State to revoke a historic snowmobile registration decal after a hearing if the applicant failed to comply with certain requirements or used the snowmobile in a way not allowed by the bill.
- Allow the Secretary of State to promulgate rules regarding historic snowmobile registration.
- Specify that each \$50 historic snowmobile registration fee would be allocated as follows: up to \$3 to the Secretary of State, \$5 to the Department of Natural Resources and Environment (DNRE) for the law enforcement purposes described in Section 82107 (including financial assistance to county sheriff departments and local law enforcement agencies for local snowmobile programs), and \$42 to the Recreational Snowmobile Trail Improvement Subaccount.
- Exempt historic snowmobiles from trail permit sticker requirements.<sup>2</sup>

#### ***BACKGROUND INFORMATION:***

Current registration exemptions. Section 82104, MCL 324.82104, provides that:

A certificate of registration or a registration decal is not required for a snowmobile that is exclusively operated in a special event of limited duration

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<sup>2</sup> Snowmobile trail permit stickers are valid for a one-year period starting October 1 and ending on September 30. The trail permit sticker fee, currently set at \$35, will rise to \$45 on October 1, 2011, and be adjusted for inflation every five years after that, starting in 2016. Trail permit sticker revenue is allocated as follows: \$0.50 is retained by the DNRE for administrative costs; \$1 is retained by the agent who sells the permit, if any, and the balance goes to the Recreational Snowmobile Trail Improvement Subaccount.

conducted according to a prearranged schedule under a permit from the governmental unit having jurisdiction.

In addition, Section 82103, MCL 324.82103, provides, in pertinent part, that:

A certificate of registration or a registration decal is not required for a snowmobile operated exclusively on lands owned or under the control of the snowmobile owner or for a snowmobile used entirely in a safety education and training program conducted by a certified snowmobile safety instructor and authorized pursuant to section 82108.

The bill would retain all existing registration exemptions.

Current trail permit exemptions. Section 82118(1), MCL 324.82118(1), provides, in pertinent part, that:

In addition to registration of a snowmobile pursuant to Section 82105 or registration in another state or province, *except as otherwise provided in this section*, a person who desires to operate a snowmobile in this state shall purchase a Michigan snowmobile trail permit sticker. The Michigan snowmobile trail permit issued under this section shall be valid for a period of 1 year which begins on October 1 and ends on the following September 30.

The only exception to the trail permit requirement expressly provided for in Section 82118 is the one for ice fishing found in Section 82118(8), MCL 324.82118(8): "A snowmobile used solely for transportation on the frozen surface of public waters for the purpose of ice fishing is exempt from the requirement of purchasing and displaying a snowmobile trail permit sticker under this section."

However, the DNRE apparently interprets Section 82118 as requiring a trail permit for a snowmobile only if the snowmobile is required to be registered. On its website, under the heading "Michigan Snowmobile Regulations," the DNRE explains:

"Snowmobiles are exempt from registration *and having a trail permit* if they are:

- operated exclusively on lands owned or under the control of the owner.
- used entirely in a safety education program conducted by a certified snowmobile safety instructor.
- operated exclusively in a special event of limited duration which is conducted according to a prearranged schedule under a permit from the governmental unit having proper jurisdiction.

In addition, a snowmobile used solely for ice fishing transportation is exempt from the trail sticker requirement, but must still be registered."

See [www.michigan.gov/dnr/0,1607,7-153-10365\\_14824-32293--,00.html](http://www.michigan.gov/dnr/0,1607,7-153-10365_14824-32293--,00.html)

## ***FISCAL INFORMATION:***

House Bill 6162 would have an indeterminate fiscal impact on the Secretary of State. Any fiscal impact would depend on the number of historic snowmobile registrations received by the Secretary of State and how these registrations would affect overall snowmobile registrations. The Secretary of State would incur initial costs associated with the creation of new decals for historic snowmobile registrations and with promulgating rules, along with continuing administrative costs associated with the program. However, under the provisions of the bill, not more than \$3 of the one-time \$50 historic snowmobile registration fee would go to the Secretary of State for administrative costs. The Secretary of State testified that this amount would not cover the initial start-up costs associated with a historic snowmobile registration program. It cannot be determined with any accuracy how many historic snowmobile registrations there will be in any given year.

Under current law, the DNRE receives \$19 of each \$30 snowmobile registration to fund programs which include financial assistance to county sheriff departments and local law enforcement agencies for snowmobile programs. In FY 2009, the DNRE received \$1.8 million revenue from snowmobile registration fees. These snowmobile registrations must be renewed and the fee paid every 3 years.

House Bill 6261 would amend NREPA to allow snowmobiles that are older than 25 years old to be registered as historic snowmobiles that would no longer require the \$30 registration fee. Instead, these snowmobiles would only require a one-time registration fee of \$50 — of which the DNRE would receive \$5 for law enforcement programs.

Currently, \$8 of the revenue from each snowmobile registration is deposited into the Permanent Snowmobile Trail Easement Subaccount and is used to purchase lands and secure easements for permanent snowmobile trails that are open to the public. Under the bill, none of the revenues from the \$50 registration fee for historic snowmobiles would be deposited into this account.

In addition, the bill would exempt a snowmobile that is registered as a historic snowmobile from requiring a trail permit sticker. Under current law, all snowmobiles must have a trail permit sticker to operate in the state. The annual permit costs \$35. The only exceptions to this trail permit requirement are snowmobiles being used for ice fishing and those that are operated exclusively on lands owned by the snowmobile owner, are used entirely in a safety education program, or are operated during a limited special event. In FY 2009, the DNRE received \$4.7 million revenue from the sale of snowmobile trail permits.

Under current law, \$33.50 of the revenue from each annual trail permit sticker is deposited into the Recreational Snowmobile Trail Improvement Subaccount. The bill would eliminate the need for trail permits for historic snowmobiles and this permit revenue from these snowmobiles would no longer be collected. However, the bill

requires that \$42 of the new \$50 one-time historic snowmobile registration fee be deposited into the Recreational Snowmobile Trail Improvement Subaccount.

House Bill 6261 would have an indeterminate fiscal impact on the DNRE, but may reduce revenues to the department by lowering the potential number of \$30 snowmobile registrations paid to the state and eliminating the need for historic snowmobiles to have trail permits. The amount of impact would depend upon how many snowmobiles that are currently paying the \$30 registration fee and the annual \$35 trail permit would be designated as historic snowmobiles that are no longer required to pay these fees and pay only the one-time \$50 registration fee.

## **ARGUMENTS:**

### ***For:***

***The bill would reduce fees for older, seldom-used snowmobiles.*** Many people own older snowmobiles primarily as collector's items or for use in special events, such as antique snowmobile shows, swap meets, rides, and races. Some people say this number would be even higher, but for current registration and trail permit fees. The bill would provide an affordable way for people to register their seldom-used historic snowmobiles, possibly increasing the number registered in Michigan. Even more importantly, the bill would exempt historic snowmobiles from expensive annual trail permit sticker fees, but still allow them to be used for many things, including club-sponsored trail rides.

***The bill could encourage snowmobile-related tourism.*** Michigan's vintage snowmobile clubs are reportedly growing in popularity and holding more events than ever before. By reducing the cost of operating a historic snowmobile, yet allowing it to be used for races, rides, and other club-sponsored events, the bill will encourage people to take their vintage snowmobiles out of storage and travel around Michigan to attend or participate in snowmobile-related events. This could provide a boost to snowmobile-related tourism in Michigan.

### ***Against:***

***Is the bill necessary?*** Under current law, people do not have to register or buy trail permits for antique snowmobiles used in certain special events, such as shows, parades or trail rides, if the organizer has obtained the appropriate permit. Why is this exception not sufficient to allow antique snowmobile collectors to show or display their collector's items and go on short rides designed for vintage sleds from time to time, if that is all that the bill is intended to allow? And, if the current special event exception is too restrictive, why not modify this exception, rather than creating a whole new historic snowmobile registration and trail permit exemption scheme?

***Is the definition of historic snowmobile appropriate?*** The owner of a so-called historic snowmobile would have to certify that it would only be used as historic snowmobile, but what would that mean? The bill's definition of "historic snowmobile" does not provide clear guidance on how frequently historic snowmobiles could be used and for what type



of events. For example, what is meant by "occasional use"? And would the language authorizing the use of historic snowmobiles in any club event mean they could be used for any club-sponsored trail ride, not just those designed for antique snowmobiles? If so, why shouldn't so-called historic snowmobiles be subject to the same registration fees as other snowmobiles given that the bill would allow them to be used in much the same way?

And, although the bill requires the Secretary of State to revoke the decal of a historic snowmobile used inappropriately, this will not be a realistic or effective limit on the use of historic snowmobiles because the bill is unclear as to what uses are allowed (and can be read to allow just about anything), and the Secretary of State has not been provided funding to promulgate rules or hold decal revocation hearings.

Other people question whether the requirement that a snowmobile be at least 25-years-old is strict enough, or have questioned how the age of a rebuilt or refurbished snowmobile would be determined.

***Is the trail permit sticker exemption appropriate?*** Even if creating a special registration category for historic snowmobiles is a good idea, why should all historic snowmobiles be exempt from trail permit sticker requirements if some of them are going to be used on trails? Although some people say that older snowmobiles are unlikely to be used very often for long trail rides because they are uncomfortable and prone to breaking down, if someone chooses to use an older snowmobile for ordinary snowmobile trail riding, why shouldn't he or she have to buy a trail permit sticker? Many ordinary snowmobile trail users only get to ride their sleds on trails a few times a year due to limited time or funds, but they still have to buy trail permits. Why shouldn't the owners of older snowmobiles do the same?

***The bill will impose new costs on the Secretary of State.*** Although the bill would allocate \$3 from every historic snowmobile registration fee to the Secretary of State (the same fee that it gets from a regular snowmobile registration fee), that department says that this \$3 fee will not cover the start-up costs associated with developing a new system for issuing historic snowmobile registrations and decals, and that \$3 does not even cover the routine administrative expenses associated with registering any snowmobile, historic or not, much less promulgating new rules or holding decal revocation hearings. In addition, if the bill is enacted, its effective date should be delayed to allow time for steps such as computer programming changes, decal development, and employee training before the bill took effect.

***The bill could reduce funding for snowmobile patrols, for expanding the snowmobile trail system, and for trail maintenance.*** Information provided by the Secretary of State's office indicates that about 12,000 snowmobiles manufactured before 1986 are currently registered in Michigan, and a much larger number have lapsed registrations. To the extent the bill resulted in fewer ordinary snowmobile registration fees being paid, the bill could reduce funding for the snowmobile programs of county sheriffs and other local law enforcement agencies. Of the \$30 regular registration fee snowmobile owners pay every

three years, \$19 goes toward the DNRE for financial assistance to county sheriff departments and local law enforcement agencies for local snowmobile programs to pay for officers to patrol snowmobile trails, assist in search and rescue operations, and to provide assistance to snowmobile users. In contrast, of the \$50 registration fee that the owners of a historic snowmobile would pay one time only, \$5 would go toward local snowmobile programs.

In addition, to the extent that the bill reduces the number of ordinary snowmobile registrations, it could also reduce funds available to expand Michigan's snowmobile trail system. Currently, \$8 of every \$30 three-year registration fee goes to the DNRE's Permanent Snowmobile Trail Easement Subaccount for this purpose. None of a \$50 historic snowmobile registration fee would be for trail expansion.

Currently, almost all of each \$35 annual snowmobile trail permit sticker fee goes to the DNRE's Recreational Snowmobile Trail Improvement Subaccount for grants to groups that groom snowmobile trails. (This fee will rise to \$45 as of October 1, 2011.) If the bill reduces the number of snowmobile trail permit stickers sold each year, less money might be available to maintain snowmobile trails. Although \$42 of each \$50 one-time only historic snowmobile registration fee would be directed to the Trail Improvement Subaccount for this purpose, that would be a one-time-only payment, whereas trail provide trail maintenance funding on an annual basis.

#### ***POSITIONS:***

Representatives of the following agencies or organizations testified or indicated support for the bill at a hearing held on 6-29-10: The Department of Natural Resources and Environment, the Antique Snowmobile Club of America, the Mid Michigan Relic Riders, the Michigan Snowmobile Association, the Ogemaw Hills Snowmobile Club, the Top of the Lakes Snowmobile Museum, and the Vintage Snowmobile Club of America.

The Big Bay Antique & Vintage Snowmobile Association, Inc. submitted written testimony in support of the bill. (6-27-10)

Representatives of the Secretary of State expressed concern that no funds were allocated for the start-up costs associated with developing and implementing a historic snowmobile registration system and also asked that the bill's effective date be adjusted. (6-29-10)

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■ 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.