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BILL ANALYSIS

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Senate Bills 388 and 389 (as introduced 3-17-09)
Sponsor: Senator Patricia L. Birkholz (S.B. 388)
Senator Raymond E. Basham (S.B. 389)
Committee: Natural Resources and Environmental Affairs

Date Completed: 4-22-09

CONTENT

Senate Bill 389 would amend the Michigan Vehicle Code to provide for a State park, public boating access site, and forest recreation passport that a Michigan resident could obtain by paying an additional fee when registering a motor vehicle; and require the Secretary of State to transfer the fee revenue to the Department of Natural Resources (DNR).

Senate Bill 388 would amend the Natural Resources and Environmental Protection Act (NREPA) to do the following:

- Prescribe the distribution of revenue from the proposed recreation passport fee.
- Apply existing provisions regarding motor vehicle park permits and fees to nonresident vehicles and commercial motor vehicles (CMVs).
- Eliminate provisions establishing park permit fees for resident motor vehicles, and eliminate the January 1, 2010, sunset on nonresident motor vehicle fees.
- Prescribe a daily park permit fee of \$15 for CMVs.
- Create the "Local Public Recreation Facilities Fund" to provide grants to local units of government for the development of public recreation facilities.
- Authorize money from specified accounts within the Conservation and Recreation Legacy Fund to be spent as provided in the bill.

- Require the Citizens Committee for Michigan State Parks to make recommendations to the Legislature for savings in State park and forest recreation programs.
- Eliminate legislative intent language regarding the use of General Fund/General Purpose money for State park operations.

The bills are tie-barred to each other. They would take effect on January 1, 2010.

Senate Bill 389

Under the bill, the Secretary of State (SOS) could not issue or renew a motor vehicle registration unless, in addition to vehicle registration taxes, a State park, public boating access site, and forest recreation passport fee was submitted with the application. The recreation passport fee would be \$5 for a motorcycle and \$10 for other vehicles. These provisions would not apply to CMVs.

These provisions also would not apply if the applicant adopted a statement that he or she declined to pay the fee because he or she did not intend to use the vehicle to enter any State park or recreation area, State public boating access site, or State forest campground or to provide access to any State forest nonmotorized trail or pathway during the registration period. The application would have to contain such a statement and a means for the applicant to adopt it, such as by checkmark or signature.

The SOS would have to retain an amount equal to 0.5% of all recreation passport fees, whether or not they were refunded, to defray the costs of administering the bill. At least weekly, the SOS would have to transfer the balance of the revenue to the DNR for deposit as provided in Senate Bill 388.

For each calendar year, beginning with 2011, the State Treasurer would have to adjust the fee amounts by an amount he or she determined at the end of each calendar year to reflect the cumulative percentage change in the consumer price index for the most recent one-year period for which data were available and rounded to the nearest five cents.

Senate Bill 388

Distribution of Fee Revenue

The bill would add Section 2045 to Part 20 (Michigan Conservation and Recreation Legacy Fund) of NREPA. This section would require the DNR to distribute State park, boating access site, and forest recreation passport fee revenue transferred to the Department under Section 805 of the Michigan Vehicle Code (proposed by Senate Bill 389) as follows:

- The first \$10,700,000 million received each fiscal year would have to be deposited in the State Park Improvement Account.
- The next \$1,030,000 received each fiscal year would have to be deposited in the Waterways Account.

For each calendar year, beginning in 2011, the State Treasurer would have to adjust these amounts by an amount he or she determined at the end of each calendar year to reflect the cumulative percentage change in the consumer price index for the most recent one-year period for which data were available. ("Consumer price index" would mean the most comprehensive index of consumer prices available for Michigan from the Bureau of Labor Statistics of the U.S. Department of Labor.)

The remaining revenue would have to be deposited as follows:

- 50% in the State Park Improvement Account to be used for capital

improvements at State parks and recreation areas.

- 30% in the State Park Improvement Account to be used for operations and maintenance at State parks and recreation areas.
- 3% in the State Park Improvement Account to be used for operations, maintenance, and capital improvements of State park cultural and historic resources.
- 10% in the proposed Local Public Recreation Facilities Fund (described below) to be used for development of public recreation facilities for local units of government.
- 7% in the Forest Recreation Account to be used for State forest campground and State forest nonmotorized trail and pathway system operations and capital improvements.

Local Public Recreation Facilities Fund

The bill would amend Part 19 (Natural Resources Trust Fund) of NREPA to create the Local Public Recreation Facilities Fund within the State Treasury. The State Treasurer could receive money or other assets from any source for deposit into the Fund. The Treasurer would have to direct the investment of the Fund and credit to it the interest and earnings from the investments. Money in the Fund at the close of the fiscal year would remain in the Fund and would not lapse to the General Fund.

The DNR would be the administrator of the Fund for auditing purposes. The DNR would have to spend money from the Fund, upon appropriation, only for grants to local units of government for the development of public recreation facilities pursuant to the procedures of the Michigan Natural Resources Trust Fund board under Section 1907.

(Under that section, the board must determine which land and rights in land should be acquired and which public recreation facilities should be developed with money from the Trust Fund, and submit to the Legislature in January of each year a list of those lands, rights in land, and facilities, compiled in order of priority. The list must be accompanied by estimates of total costs for the proposed acquisitions and developments. The board must supply with each list a statement of the guidelines used

in listing and assigning priority. The Legislature must approve the lands and rights in land and the public recreation facilities to be acquired or developed each year with money from the Trust Fund.)

Forest Recreation Account

Part 20 establishes the Forest Recreation Account, the State Park Improvement Account, and the Waterways Account within the Michigan Conservation and Recreation Legacy Fund. Money in those accounts may be spent, upon appropriation, only as provided in Part 831 (State Forest Recreation), Part 741 (State Parks System), and Parts 781 (Michigan State Waterways Commission), 791 (Harbor Development), and 801 (Marine Safety), respectively, and for the administration of each account. Under the bill, the money also could be spent, upon appropriation, as provided in Section 2045.

Savings Report

Part 741 provides for the Citizens Committee for Michigan State Parks within the DNR. The bill would require the Committee, by December 31, 2009, to submit a report to the legislative standing committees and Appropriations subcommittees with jurisdiction over issues pertaining to natural resources and the environment. The report would have to contain recommendations for savings in State park and forest recreation programs. Savings in State park programs equivalent to at least 10% of the cumulative expenditures for those programs during the fiscal year ending September 30, 2009, would have to be identified.

In developing recommendations, the Committee would have to consult with the DNR and interested parties. At a minimum, the Committee would have to consider all of the following:

- Increased preventative maintenance.
- Energy conservation and efficiency.
- Transfer of functions between the Forest, Mineral, and Fire Management Division and the Parks and Recreation Division, or their successors, with respect to public boating access sites, State forest nonmotorized trails or pathways, State forest campgrounds, and other facilities to achieve more efficient use of personnel.

- Contracting major maintenance or renovation work to private parties.

State Park Motor Vehicle Permits

Under Part 741, the DNR must designate the State parks in which a park permit is required for lawful entry by a motor vehicle. Under the bill, instead, the Department would have to designate the State parks in which a motor vehicle park permit was required for lawful entry by a nonresident motor vehicle or commercial motor vehicle. Also, the Department currently may designate portions of State parks where a permit is not necessary. Under the bill, this would apply to portions where a permit was not necessary for a nonresident motor vehicle or CMV.

("Resident motor vehicle" would mean a motor vehicle other than a CMV that is registered as a motor vehicle in Michigan. "Nonresident motor vehicle" would mean a motor vehicle other than a CMV that is not registered as a motor vehicle in Michigan.)

Part 741 prohibits a person from entering any State park or portion of a State park in which a permit is required without a valid permit affixed to the vehicle. Under the bill, this would apply to a person entering in a nonresident or commercial motor vehicle. The bill would require an annual motor vehicle park permit to be affixed permanently for that year.

Under Part 741, a motor vehicle park permit is not required for a motor vehicle while it is being driven or parked within an established Federal, State, or county highway within a State park, a motor vehicle used in the operation or maintenance of a State park, an emergency vehicle, or a State-owned or law enforcement or private motor vehicle being operated on official State business. Under the bill, these exceptions would apply to nonresident and commercial motor vehicles.

Park Permit Fees

Part 741 allows the DNR to require park permits and collect park permit fees for entry into a State park or portion of a State park posted in the manner prescribed in Part 741. The bill would delete this provision.

Currently, except as otherwise provided, an annual park permit must be issued and authorize the entry of the motor vehicle to which it is originally attached within any State park or recreation area during the calendar year for which it is issued. Under the bill, this provision would apply to a nonresident motor vehicle. Additionally, the bill would delete the reference to a State recreation area.

Under Part 741, the fee for an annual resident motor vehicle park permit is \$24 until January 1, 2010. If the vehicle owner is at least 65 years old, the fee is \$6. If the vehicle owner has a food stamp card and personal identification at the time of purchase, the fee is \$18. The bill would delete these provisions.

The bill would retain the \$29 annual permit fee for the owner of a nonresident motor vehicle, but eliminate a January 1, 2010, sunset on this fee.

Currently, a daily permit authorizes the entry of a motor vehicle within a State park during the day for which it is issued. The bill would eliminate the \$6 fee for the owner of a resident motor vehicle. The bill would retain the \$8 fee for a nonresident motor vehicle, and eliminate a January 1, 2010, sunset on this fee. In addition, the bill would establish a fee of \$15 for a daily CMV permit.

Under Part 741, if a person has obtained an annual nonresident motor vehicle park permit for a recreational vehicle to be used as a stationary primary camping shelter camped legally in and not moved from a State park campground during the period of the camping stay, he or she may obtain a duplicate permit for a towed second motor vehicle present at the time of entry for a fee of \$6, effective for the duration of the camping stay. Under the bill, this provision would apply to a nonresident motor vehicle.

Under Part 741, commercial motor coaches or vans with a capacity of more than 12 passengers are not eligible to enter a State park with an annual park permit. Until January 1, 2010, the daily fee for such a vehicle is \$15. The bill would delete these provisions.

Currently, if a person's annual park permit is lost or destroyed, the DNR must give him or

her a replacement permit free of charge. The DNR may require the person to supply sufficient evidence of the loss or destruction of the original permit. Under the bill, these provisions would apply to a nonresident motor vehicle permit.

Under Part 741, the DNR may establish a fine for failure to purchase a required park permit. The fine must be twice the cost of a motor vehicle entrance permit or daily permit as established by Part 741 or the Department. Under the bill, the fine would have to be twice the cost of an annual nonresident motor vehicle park permit.

The bill would eliminate a provision stating, "It is the intent of the legislature that if, on September 30 of any state fiscal year, the amount of money in the countercyclical budget and economic stabilization fund...exceeds \$250,000,000, then general fund/general purpose support for state parks operations for the following state fiscal year shall be equal to or exceed 50% of the revenues generated by motor vehicle entrance fees...during the previous state fiscal year."

Public Access Sites

Under Part 781, the DNR may charge fees for both daily and seasonal use of State-operated public access sites, if the cost of the collecting the fees will not exceed the revenue derived from them. All revenue derived from this source must be deposited in the Waterways Account. A seasonal pass must grant the permittee the right to enter any State-operated public access site without paying an additional fee. The bill would delete these provisions.

State Forest Land Use

Part 831 authorizes the DNR to require a person to obtain a permit for camping in designated State forest campgrounds, and allows the DNR to establish and collect a fee for the permit. Also, the DNR may require a person to obtain a permit, except as otherwise provided by law, for the use of lands and facilities within a State forest as designated by the Department for recreational use. Under the bill, the Department could not require a permit or payment of a fee for use of a State forest nonmotorized trail or pathway or State forest campground facility except as

provided for campgrounds or otherwise provided in NREPA.

Repealed Sections

The bill would repeal Sections 1909 and 1910. Section 1909 required the State Treasurer, on October 1, 1985, to transfer to the Game and Fish Protection Fund and the Natural Resources Trust Fund the balances of several other funds. Section 1910 required the Department of Treasury, on that date, to transfer documents of the former State Recreational Land Acquisition Trust Fund board of trustees and the Heritage Trust Fund board of trustees to the Natural Resources Trust Fund board.

MCL 324.2005 et al. (S.B. 388)
Proposed MCL 257.805 (S.B. 389)

Legislative Analyst: Julie Cassidy

FISCAL IMPACT

Current resident motor vehicle park permit fees and resident boating access site permit fees generate \$11,730,000 annually. The bills would eliminate those fees and replace them with a State park, public boating access site, and forest recreation passport fee that would be collected by the Secretary of State with annual vehicle and motorcycle registrations. The fee would be \$10 for

passenger vehicles and \$5 for motorcycles. According to a three-year average of registrations compiled by the Department of Natural Resources (FY 2004-05 through FY 2006-07), projected fee collections are based on approximately 7.1 million passenger vehicle registration transactions and 248,000 motorcycle registration transactions. If 100% of the registrants paid the proposed new fee, approximately \$72.2 million would be generated annually. However, Senate Bill 389 would allow registration applicants to opt out of paying the new recreation passport fee. Actual revenue generated by the fee would be contingent upon how many registration applicants opted out.

In order to generate the same level of revenue that the current resident permit fees generate, over 17% of registration applicants would have to participate in the new fee. Montana currently uses the method proposed in this legislation to support its park system. Montana's participation rate was 88% in 2008. Whether Michigan would have a similar participation rate is not determinable.

Using participation rates ranging from 25% to 75%, the bills would result in the distributions shown in Table 1:

Table 1

Participation Rate	Estimated Revenue Impact		
	25%	50%	75%
Passenger Vehicles	\$17,750,000	\$35,500,000	\$53,250,000
Motorcycles	310,000	620,000	930,000
Secretary of State Administration Costs	(361,200)	(361,200)	(361,200)
State Park Improvement Fund*	(10,700,000)	(10,700,000)	(10,700,000)
Waterways Account*	(1,030,000)	(1,030,000)	(1,030,000)
Net New Revenue:	\$5,968,800	\$24,028,800	\$42,088,800
State Park Infrastructure 50%	2,984,400	12,014,400	21,044,400
State Park Operation & Maintenance 30%	1,790,640	7,208,640	12,626,640
Local Public Recreation Facilities 10%	596,880	2,402,880	4,208,880
State Forest Campground Pathways 7%	417,816	1,682,016	2,946,216
State Park Cultural & Historic Resources 3%	179,064	720,864	1,262,664
*These two items reflect replacement of revenue loss due to elimination of current permits for resident motor vehicle park permit and the resident boating access site permit fees.			

Another provision of the bill that would have a fiscal impact is the elimination of the January 1, 2010, sunset for nonresident motor vehicle fees, which annually generate approximately \$2.1 million.

In addition, the bill would eliminate the legislative intent provision regarding funding at least 50% of State park operations with General Fund dollars when the Countercyclical Budget and Economic Stabilization Fund exceeds \$250.0 million. The cost of that provision to the General Fund, if effective, would be approximately \$6.3 million.

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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.