

Legislative Analysis



EXEMPT SMALL BOATS WITH PORTABLE ELECTRONIC MOTOR FROM REGISTRATION FEES

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House Bill 5722

Sponsor: Rep. Bruce R. Rendon

Committee: Tourism

Complete to 9-9-14

A SUMMARY OF HOUSE BILL 5722 AS INTRODUCED 8-13-14

House Bill 5722 would amend Section 80123 of the Natural Resources and Environmental Protection Act (NREPA) by exempting from registration fees boats smaller than 16 feet in length that are powered by portable electronic motors rated at 100 pounds of thrust or less and not used for rental or other commercial purposes.

Currently, vessels 16 feet or smaller that are propelled by hand with oars or paddles and not used for rental or other commercial purposes are exempt from registration. (Other exempt vessels include vessels owned by the United States, lifeboats, all-terrain vehicles not used as a vessel, and non-motorized canoes and kayaks not used for rental or other commercial purposes.)

MCL 324.80123

FISCAL IMPACT:

House Bill 5722 would have an indeterminate negative fiscal impact on the Department of Natural Resources and on the amount of funding that Michigan counties and local governments might receive from certain DNR grant programs.

A watercraft registration is valid for three years. According to the Secretary of State, there were 296,264 watercraft registrations sold in 2013 in Michigan; these registrations generated \$9.5 million in revenues. Revenues from watercraft registrations are deposited into two funds, the Michigan State Waterways Fund and the Marine Safety Fund.

The **Michigan State Waterways Fund** receives 51 percent of watercraft registration fees collected, as well as certain gas tax revenues. In 2013, the Fund received \$4.8 million from watercraft registration fees. Funding in the Michigan State Waterways Fund is expended for the construction, operation, and maintenance of recreational boating facilities, acquisition of land, and law enforcement, as well as waterways grants to locals.

The **Marine Safety Fund** receives 49 percent of the funding generated from watercraft registration fees and is to be used for the enforcement of watercraft laws and education. In 2013, the Fund received \$4.6 million from these fees. This fund provides the funding for certain programs within the DNR and for the Marine Safety Grants which are

received by Michigan counties for partial funding of law enforcement costs. In 2013, the DNR awarded Marine Safety Grants totaling \$1.6 million to 82 Michigan counties.

By eliminating the need for the owners of watercraft motored by certain electric motors to purchase registrations, the bill's provisions would reduce the amount of revenue from watercraft registrations received by these two funds by an unknown amount. The amount of revenue reduction would be dependent upon how many watercraft would be powered by these electric motors and qualify for the exemption. At this time, information concerning the number of registered watercraft that use electric motors is not available.

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