Senate Fiscal Agency
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BILL ANALYSIS

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House Bill 4669 (as reported without amendment)
Sponsor: Representative Jon Bumstead
House Committee: Appropriations
Senate Committee: Appropriations

CONTENT

The bill would amend Part 811 of the Natural Resources and Environmental Protection Act to increase annual off-road vehicle (ORV) license fees from $16.25 to $26.25 for ORVs not used on State ORV trails or $36.25 for ORVs that are used on State ORV trails. The increased license fees would take effect for the license year beginning on April 1, 2014. The bill also would establish an April 1, 2019, sunset on ORV license fees; individuals who purchase licenses after that date would not have to pay a fee.

MCL 324.81116

FISCAL IMPACT

The bill would have a significant positive fiscal impact on the Department of Natural Resources as well as local units of government. New revenue from the increased fees would be credited to the Off-Road Vehicle Trail Improvement Fund. Using fiscal year (FY) 2011-12 license sales numbers as a projection for future years, the increased fees would generate between $2.0 million and $3.9 million in additional revenue, assuming ORV fees are perfectly price-inelastic and increased prices did not reduce demand for the licenses. This figure is highly variable because it is unknown how many ORV owners would opt for the $26.25 license that would not allow State ORV trail use versus the $36.25 license that would allow State ORV trail use. Additionally, the actual revenue would vary based on the actual price elasticity of licenses, which is likely non-zero.

New revenue from increased ORV license fees would be required by statute to be spent as follows:

- Not less than 50% would be distributed as grants for planning, improving, constructing, signing, or maintaining ORV trails.
- Not less than 31.25% would be spent on law enforcement; 24% of this amount would be distributed as grants to county sheriffs.
- Not less than 12.5% would be distributed as grants to public agencies or nonprofits for the repair of damage done by ORVs on public land.
- Not more than 3.125% would be spent by the DNR for administration.
- The remaining 3.125% would be distributed as grants for planning, improving, constructing, signing, or maintaining ORV trails, or for law enforcement.

The FY 2013-14 DNR budget includes an additional $2.7 million in ORV Trail Improvement Fund revenue that was assumed to come from some increase in ORV license fees. If the increased fees in the bill generated more revenue than the additional $2.7 million appropriated, that revenue would be carried forward as a fund balance into FY 2014-15.

Date Completed: 6-13-13 Fiscal Analyst: Josh Sefton