

RECREATION PASSPORT FEES AND DONATIONS

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<http://www.house.mi.gov/hfa>

House Bill 5408 as introduced
Sponsor: Rep. John D. Cherry

Analysis available at
<http://www.legislature.mi.gov>

House Bill 5409 as introduced
Sponsor: Rep. Gary Howell

House Bill 5410 as introduced
Sponsor: Rep. John R. Roth

Committee: Transportation
Complete to 1-24-22

SUMMARY:

House Bills 5408, 5409, and 5410 would amend the Michigan Vehicle Code and the Natural Resources and Environmental Protection Act (NREPA) to change how the option to purchase a recreation passport is offered to an applicant for a vehicle registration, to allow an additional donation to be made with the purchase of a recreation passport, to modify the allocation of revenue from those purchases and donations, and to allow an additional \$350,000 to be appropriated from that revenue for one-time expenses incurred to implement the bills.

A recreation passport allows vehicle entry to state parks and recreation area, state boat launches, state forest campgrounds, and state trail parking lots. Recreation passports are not needed for entry on foot or bike or for certain exempted vehicles (e.g., those with disabled veteran plates). Michigan residents can typically purchase a recreation passport for \$12 when getting or renewing their license plate registrations through the secretary of state (SOS).¹ Michigan residents also may purchase recreation passports outside the vehicle registration process. A resident recreation passport is valid for one year or for the registration period.² Nonresidents can purchase annual (\$36) or daily (\$10) passports.

House Bill 5408 would amend the Michigan Vehicle Code to change how the option to purchase a recreation passport is offered to an applicant for a vehicle registration and to allow an additional donation to be made with the purchase of a recreation passport.

The bill would change the vehicle registration application form by including the amount of a recreation passport fee with the amount of the vehicle registration fee rather than listing it separately. A person purchasing a recreation passport would owe that full amount. A person declining to purchase a recreation passport would owe that amount minus the passport fee. The bill also would provide for a third option under which a person who is purchasing a recreation passport may donate another \$15 to support Michigan state parks and recreation areas as well as state boating access sites operated by the Department of Natural Resources (DNR). A person

¹ The fee was set at \$10 in 2010, and that amount is annually adjusted for inflation and rounded to the nearest dollar. For more information, including detailed information about recreation passport costs for different types of vehicles and circumstances, see: https://www.michigan.gov/dnr/0,4570,7-350-79134_79210---,00.html

² Note that 2021 PAs 96 and 112, which take effect October 1, 2022, will allow for two-year vehicle registrations and two-year recreation passports.

choosing this option would owe the full amount plus \$15. The differences between **current law** and the **bill** are shown below.

Under **current law**, an application for a motor vehicle registration must contain the following information, using the following format and language:

\$ [Amount] Annual vehicle registration or renewal.

\$ 10.00³ Annual authorization to use this vehicle for unlimited entry into all Michigan state parks and recreation areas and DNR-operated state boating access sites. (Check one of the boxes below.)

_____ I elect to pay this \$10.00 fee.

_____ I elect not to pay this \$10.00 fee. This vehicle will not be used to enter the facilities described above.

\$ _____ Total amount due.

The **bill** instead would provide that an application for a motor vehicle registration must contain the following information, using the following format and language or similar language agreed to by the SOS and the director of the Department of Natural Resources:

\$ [Amount] Annual vehicle registration or renewal and annual \$10.00 recreation passport fee to use this vehicle for unlimited entry into all Michigan state parks and recreation areas and DNR-operated state boating access sites. (Check one of the boxes below.)

_____ I do not wish to visit or support Michigan state parks and recreation areas and DNR-operated state boating access sites and choose to deduct the \$10.00 recreation passport fee from my total amount due and payment..

_____ I wish to visit or support Michigan state parks and recreation areas and DNR-operated state boating access sites and elect to pay the \$10.00 recreation passport fee included in my total amount due and payment.

_____ I wish to visit or support Michigan state parks and recreation areas and DNR-operated state boating access sites and elect to pay the \$10.00 recreation passport fee included in my total amount due and I wish to donate an additional \$15.00 to support Michigan state parks and recreation areas and DNR-operated state boating access sites and increase my total amount due and payment.

\$ _____ Total amount due.

³ Or \$5 for a motorcycle registration or renewal (also noted in the bill).

The bill would provide that any donations made under the third option above must be collected and deposited by the Department of State as a recreation passport fee.

Finally, the code now provides that if an applicant applies by mail and pays an amount equal to the recreation passport fee (in addition to the registration fee), he or she is considered to have chosen to purchase a recreation passport regardless of how the application was filled out.

The bill would retain the above provision and additionally provide that if an applicant applies by mail and pays an amount equal to the registration fee only (i.e., not including the recreation passport fee), he or she is considered to have chosen not to purchase a recreation passport regardless of how the application was filled out.

MCL 257.805

House Bill 5409 would amend section 2045 of NREPA to modify the allocation of revenue from recreation passport purchases and donations and allow an additional \$350,000 to be appropriated for one-time expenses to implement HB 5408.

Currently, recreation passport fee revenue is distributed annually as specified in section 2045 of NREPA. After a distribution to the SOS of up to \$1.0 million to defray administrative expenses under the Michigan Vehicle Code, the next \$10.7 million is deposited in the State Park Improvement Account of the Michigan Conservation and Recreation Legacy Fund (“Legacy Fund”). The next \$1.03 million after that is deposited in the Waterways Account of the Legacy Fund.⁴ The remaining revenue is allocated in the following percentages for the following purposes:

- 50% to the State Park Improvement Account for capital improvements at state parks and recreation areas.
- 30% to the State Park Improvement Account for operations and maintenance at state parks and recreation areas.
- 2.75% to the State Park Improvement Account for capital improvements and operations and maintenance of state park cultural and historical resources.
- 0.25% to the State Park Improvement Account to promote the use of state parks and other state recreational sites and to promote public use of the internet in making camping reservations and recreation passport fee payments.
- 10% to the Local Public Recreation Facilities Fund for development of public recreation facilities for local units of government.
- 7% to the Forest Recreation Account of the Legacy Fund for capital improvements and operations and maintenance of state forest campgrounds and the state forest system of pathways and non-motorized trails.

The bill would add revenue from donations made under HB 5408 to recreation passport revenue and provide that they constitute in the aggregate the revenue allocated under section 2045.

⁴ NREPA requires the dollar amounts of deposits to the State Park Improvement Account and the Waterways Account to be adjusted for inflation each fiscal year.

The bill also would provide that, of the amount distributed to the SOS to defray administrative expenses, an additional amount of \$350,000 may be appropriated for fiscal year 2022-23 for one-time expenses incurred by the SOS to implement House Bill 5408.

The bill would make two further changes to the allocations described above. First, it would combine the first two State Park Improvement Account allocations, for capital improvements (50%) and for operations and maintenance (30%), into a new single allocation of 80% for capital improvements, operations, and maintenance. Second, it would provide that the 0.25% allocation to the State Park Improvement Account could be used to conduct recreation passport sales incentive programs for employees and organizations that process motor vehicle registrations. (As described above, this allocation is now dedicated to promoting the use of state parks and other state recreational sites and promoting public use of the internet in making camping reservations and recreation passport fee payments.)

The bill would take effect 90 days after the date it is enacted.

MCL 324.2045

House Bill 5410 would amend section 2001 of NREPA to revise the definition of *recreation passport fee* for purposes of section 2045 (which HB 5409 would amend).⁵

The term *recreation passport fee* currently means a “state park and state-operated public boating access site recreation passport fee” paid under section 805 of the Michigan Vehicle Code.

Under the bill, it would mean a “recreation passport fee” paid under section 805 of the Michigan Vehicle Code (which HB 5408 would amend).

Section 805 of the Michigan Vehicle Code defines “recreation passport fee” to mean the “state park and state-operated public boating access site recreation passport fee” that it establishes in its first subsection as the “state park and state-operated public boating access site passport fee.”

The bill would take effect 90 days after its enactment.

MCL 324.2001

House Bills 5408, 5409, and 5410 are all tie-barred to one another, which means that none of them could take effect unless all of them were enacted.

FISCAL IMPACT:

House Bill 5408 is unlikely to directly affect revenue for the Department of Natural Resources. Sales have been trending upward, from 1.9 million passports sold in FY 2010-11 to 2.7 million passports sold in FY 2017-18. The majority of these sales (85%) have been processed by the Department of State, with the remainder being processed by DNR. Recreation passport revenue has risen proportionally, from \$19.1 million in FY 2010-11 to \$30.3 million in FY 2017-18.

⁵ The definition applies to Part 20 (Michigan Conservation and Recreation Legacy Fund) of NREPA, but section 2045 is the only place in that part where the term is used.

Statute specifies that the first \$12.7 million in revenue is distributed to the Department of State and that additional revenue is distributed to DNR by formula. Consequently, any increase in revenue beyond \$12.7 million represents an increase in revenue for DNR. The department primarily uses recreation passport revenue to support state parks capital outlay, operations, and maintenance as well as forest recreation programs. Local units of government are also likely to realize an increase in revenue, as DNR uses passport sales to support the department's local public recreation grants program. The extent of the potential revenue increase resulting from the bill is unclear at present, as the passport opt-out rate is yet to be established. The bill is unlikely to increase costs for DNR or local units of government.

House Bill 5409 is unlikely to directly affect revenue for DNR. However, the bill would provide for an additional \$350,000 in recreation passport revenue to be appropriated to the Department of State in FY 2022-23 that may otherwise be appropriated to DNR. This provision is likely to reduce DNR revenue if enforced. The one-time appropriation would support costs to the Department of State of implementing the bills' provisions. Costs would include modifying paper and online registration forms and any technological changes to the secretary of state's Customer and Automotive Records System computer system. The secretary of state currently receives \$1.0 million in recreation passport revenue to support the ongoing administrative costs of recreation passport sales.

The bill would also provide DNR with the latitude to pool revenue for state parks capital outlay, operations, and maintenance which is not permitted under current law. It is important to note that HB 5409 would not affect total revenue generated by recreation passport sales. The bill is unlikely to have an impact on state or local government costs.

House Bill 5410 is unlikely to affect costs or revenues for DNR.

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■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations and does not constitute an official statement of legislative intent.