

Legislative Analysis



ESTABLISH PERMANENT REGISTRATION AND ONE-TIME FEE FOR CANOES AND KAYAKS USED COMMERCIALY

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House Bill 5961 as reported from committee

Sponsor: Rep. John N. Damoose

Committee: Natural Resources and Outdoor Recreation

Complete to 6-1-22

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

SUMMARY:

House Bill 5961 would amend the Natural Resources and Environmental Protection Act (NREPA) to establish a permanent registration for nonmotorized canoes or kayaks less than 18 feet in length that are used for rental or other commercial purposes. Those vessels would be subject to a one-time fee of \$10. The bill also would extend (from *up to 16 feet* to *less than 18 feet*) the length of vessels propelled with oars or paddles that are not subject to registration requirements as long as they are not used for rental or other commercial purposes.

Part 801 (Marine Safety) of NREPA generally requires a vessel to have a certificate of number (registration) and validation decals from the secretary of state to be operated legally on Michigan public waters. There are fees for vessel registration that vary according to factors such as vessel type and size. However, a vessel is not required to be registered, and its owner is not required to pay a fee, if the vessel meets one or more listed qualifications.

Among vessels exempted are those that are *16 feet or less* in length, are propelled by hand with oars and paddles, and are not used for rental or other commercial purposes. The bill would increase the length of these exempted vessels to *less than 18 feet*. (Note that nonmotorized canoes and kayaks of any length are also exempt from registration requirements as long as they are not used for rental or other commercial purposes.)

In addition, the bill would change the fee that must be paid for registration, and the duration of the registration, for nonmotorized canoes and kayaks that are less than 18 feet in length and are used for rental or other commercial purposes. Currently, such nonmotorized canoes or kayaks (of any length) require a \$5 fee, and the registration is generally valid for a three-year period.

Under the bill, the \$5 fee and three-year validity would still apply to nonmotorized canoes and kayaks that are *18 feet or over in length*. Nonmotorized canoes or kayaks that are *less than 18 feet in length* would require a \$10 fee, and the certificate of number (registration) for such a canoe or kayak would be immediately valid and would not expire. (Note that these registration requirements would apply only to canoes or kayaks that are used for rental or other commercial purposes.)

Additionally, the secretary of state is required to refund to a surviving spouse the registration fee paid under Part 801. This provision would not apply to nonmotorized canoes or kayaks that are less than 18 feet in length and are eligible for permanent registration.

MCL 324.80123 et seq.

FISCAL IMPACT:

It is unclear whether House Bill 5961 would increase or decrease revenues for the Department of Natural Resources. The nature of a potential revenue change is dependent on the number of registered vessels subject to the changes included in the bill. Revenue generated from the sale of watercraft registrations is credited to the Michigan State Waterways Fund (51%) and the Marine Safety Fund (49%). The Michigan State Waterways Fund also receives revenue from a portion of Recreation Passport fees, 80% of DNR's share of gas tax, and harbor reservation fees. This fund received \$29.4 million in FY 2020-21 revenue and carried forward a balance of \$33.7 million into the current fiscal year. The department uses this fund primarily to support recreational boating and boating infrastructure projects. The Marine Safety Fund received \$5.8 million in FY 2020-21 revenue and carried forward a balance of \$1.7 million into the current fiscal year. The department uses this fund primarily to support DNR law enforcement and marine safety grants to counties. The bill is unlikely to significantly increase departmental costs because an established registration sales infrastructure is already in place.

The bill would have no fiscal impact on the Department of State. The secretary of state receives a fixed percentage of revenue from the Marine Safety Fund for watercraft-related transactions and would not be impacted by the bill's proposed fee change.

The bill is also unlikely to affect local government revenues or costs.

POSITIONS:

A representative of the Michigan Association of Paddlesports Providers testified in support of the bill. (5-5-22)

Legislative Analyst: Emily S. Smith
Fiscal Analyst: Austin Scott

■ 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.