

HISTORIC SNOWMOBILES

Mitchell Bean, Director
Phone: (517) 373-8080
<http://www.house.mi.gov/hfa>

House Bill 6261

Sponsor: Rep. Joel Sheltrown

Committee: Tourism, Outdoor Recreation and Natural Resources

Complete to 6-28-10

A SUMMARY OF HOUSE BILL 6261 AS INTRODUCED 6-15-10

The bill would allow a snowmobile that is more than 25 years old to be registered as a "historic snowmobile" for a one-time registration fee of \$50. A "historic snowmobile" registration would remain valid for as long as the snowmobile was owned by the registrant. A "historic snowmobile" would also be exempt from the trail permit requirement. The bill amends Part 821 (Snowmobiles) of the Natural Resources and Environmental Protection Act.

Part 821 already exempts some snowmobiles from registration and trail permit requirements: (1) those used only on lands owned or under the control of the snowmobile's owner, (2) those used only for certain safety education or training programs, and (3) those used only for certain special events. Under the special event exemption found in Section 82104 (MCL 324.82104), the special event must be of a limited duration conducted according to a prearranged schedule under a permit from the appropriate governmental unit. (Snowmobiles used for ice fishing are exempt from trail permit requirements, but not from registration requirements.) Unless an exemption applies, failure to register a snowmobile may result in a fine of not more than \$50 under Section 82103 (MCL 324.82103); failure to obtain and properly affix a trail permit when required may result a fine of not more than \$100 under Section 82118 (MCL 324.82118).

House Bill 6261 would retain all current exemptions from registration and trail permit requirements, including the special event exemption, but also allow a snowmobile that is more than 25 years old to be registered as a "historic snowmobile" and used for a broader range of activities than is currently allowed under the special event exemption, including any "club activities," and "mechanical testing." In particular, the bill would amend Part 821 to do the following things:

- Define "historic snowmobile" as "a snowmobile that is over 25 years old and that is owned solely as a collector's item and for participation in *club activities, exhibitions, tours, parades, and similar uses, including mechanical testing.*"
- Allow a person who owns a historic snowmobile and certifies that it will only be used as one to register it for a one-time registration fee of \$50 that would remain valid until ownership of the snowmobile is transferred.
- Allow the Secretary of State to issue a historic snowmobile registration decal to someone who registers a "historic snowmobile," bearing the inscription "Historic Snowmobile - Michigan" and a registration number.

- Specify that each \$50 historic snowmobile registration fee would be allocated as follows: up to \$3 to the Secretary of State, \$5 to the Department of Natural Resources and Environment (DNRE) for the law enforcement purposes set forth in Section 82107, and \$42 to the Recreational Snowmobile Trail Improvement Subaccount.
- Exempt historic snowmobiles from trail permit sticker requirements. (A trail permit sticker currently costs \$35 for a one-year period that runs from October 1 to September 30; beginning October 1, 2011, the fee will be \$45; on October 1, 2016—and every five years thereafter—the fee will be adjusted for inflation.)

FISCAL IMPACT:

House Bill 6162 would have an indeterminate, but likely neutral, fiscal impact on the Secretary of State. Any fiscal impact would depend on the number of historic snowmobile registrations received by the Secretary of State. The Secretary of State would incur initial costs associated with the creation of new decals for historic snowmobile registrations and with promulgating rules, along with continuing administrative costs associated with the program. However, under the provisions of the bill, not more than \$3 of the one-time \$50 historic snowmobile registration fee would go to the Secretary of State for administrative costs, which would offset much of their initial expenditures. It cannot be determined with any accuracy how many historic snowmobile registrations there will be in any given year.

Under current law, the DNRE receives \$19 of each \$30 snowmobile registration to fund programs which include financial assistance to county sheriff departments and local law enforcement agencies for snowmobile programs. In FY 2009, the DNRE received \$1.8 million revenue from snowmobile registration fees. These snowmobile registrations must be renewed and the fee paid every 3 years.

House Bill 6261 would amend NREPA to allow snowmobiles that are older than 25 years old to be registered as historic snowmobiles that would no longer require the \$30 registration fee. Instead, these snowmobiles would only require a one-time registration fee of \$50 - of which the DNRE would receive \$5 for law enforcement programs.

Currently, \$8 of the revenue from each snowmobile registration is deposited into the Permanent Snowmobile Trail Easement Subaccount and is used to purchase lands and secure easements for permanent snowmobile trails that are open to the public. Under the bill, none of the revenues from the \$50 registration fee for historic snowmobiles would be deposited into this account.

In addition, the bill would exempt a snowmobile that is registered as a historic snowmobile from requiring a trail permit sticker. Under current law, all snowmobiles must have a trail permit sticker to operate in the state. The annual permit costs \$35. The only exceptions to this trail permit requirement are snowmobiles being used for ice fishing and those that are operated exclusively on lands owned by the snowmobile owner, are used entirely in a safety education program, or are operated during a limited special

event. In FY 2009, the DNRE received \$4.7 million revenue from the sale of snowmobile trail permits.

Under current law, \$33.50 of the revenue from each annual trail permit sticker is deposited into the Recreational Snowmobile Trail Improvement Subaccount. The bill would eliminate the need for trail permits for historic snowmobiles and this permit revenue from these snowmobiles would no longer be collected. However, the bill requires that \$42 of the new \$50 one-time historic snowmobile registration fee be deposited into the Recreational Snowmobile Trail Improvement Subaccount.

House Bill 6261 would have an indeterminate fiscal impact on the DNRE, but may reduce revenues to the department by lowering the potential number of \$30 snowmobile registrations paid to the state and eliminating the need for historic snowmobiles to have trail permits. The amount of impact would depend upon how many snowmobiles that are currently paying the \$30 registration fee and the annual \$35 trail permit would be designated as historic snowmobiles that are no longer required to pay these fees and pay only the one-time \$50 registration fee.

DETAILED SUMMARY:

Definition. "Historic snowmobile" would mean "a snowmobile that is over 25 years old and that is owned solely as a collector's item and for participation in club activities, exhibitions, tours, parades, and similar uses, including mechanical testing."

Decal. The Secretary of State could issue a historic snowmobile registration decal to the owner of a historic snowmobile. A historic snowmobile decal would bear the inscription "Historic Snowmobile - Michigan" and a registration number. This decal would have to be affixed above or below the headlight or, if the snowmobile was not originally equipped with a headlight, on the forward half of the cowl above the footwell of the snowmobile.

Application; fee. To apply for a historic snowmobile registration decal, the snowmobile's owner would pay a fee of \$50 and certify that the snowmobile was owned and operated solely as a historic snowmobile.

Duration; transferability. The registration would remain valid for the period the snowmobile was owned by the owner and would not be transferable.

Revocation. The Secretary of State could revoke a historic snowmobile registration decal for good cause shown after a hearing if the applicant failed to comply with Section 82105c or used the snowmobile for purposes other than for participation in club activities, exhibitions, tours, parades, and similar uses, including mechanical testing.

Exemption. A snowmobile registered as a historic snowmobile would be exempt from registration under Section 82015. (The fee for registering a snowmobile under Section 82105 is \$30 for three-year registration.)

Rules. The Secretary of State could promulgate rules regarding historic snowmobiles.

Allocation of registration fee revenue. For snowmobiles required to be registered, the current registration fee under Section 82105 is \$30 for a three-year period.

Section 82106 specifies how current snowmobile registration fee revenue is to be distributed: \$17 goes to the Snowmobile Registration Fee Subaccount and, as of July 1, 2009, \$8 is to go to the Permanent Snowmobile Trail Easement Subaccount. (We anticipate that where Section 82106 currently reads "seventeen dollars," the bill will be amended to change "seventeen" to "twenty-two," as a technical correction.)

Of the \$17 (to be changed to \$22) that goes to the Snowmobile Registration Fee Subaccount, the Legislature is directed to appropriate up to \$3 to the Secretary of State for the administration of snowmobile registration provisions and, for snowmobiles registered on or July 1, 2009, to appropriate \$19 to the DNRE for the purposes set forth in Section 82107, including financial assistance to county sheriff departments. If the Snowmobile Registration Fee Subaccount balance ever exceeds \$1.6 million, the State Treasurer is to transfer any amount over \$1.6 million to the Recreational Trail Improvement Subaccount. At the close of each state fiscal year, any money appropriated to the Secretary of State or the DNRE that has not been spent for the purposes described above is to be credited to the Recreational Snowmobile Trail Improvement Account. If the Legislature appropriates less than \$3 per snowmobile registration fee to the Secretary of State, the State Treasurer is to transfer the difference between \$3 and the amount appropriated to the Recreational Snowmobile Trail Improvement Subaccount.

Under the bill, \$50 of each historic snowmobile registration fee (in other words, the entire historic snowmobile registration fee) would be directed to the Snowmobile Registration Fee Subaccount. Of that \$50, the bill would direct the Legislature to make an annual appropriation of not more \$3 from each historic snowmobile registration to the Secretary of State. (As with the up-to-\$3 appropriation to the Secretary of State for ordinary snowmobile registrations, (1) any money appropriated to the Secretary of State for snowmobile registration that was not spent at the end of the fiscal year would have to be credited to the Recreational Snowmobile Trail Improvement Subaccount, and (2) if the Legislature appropriated less than \$3 per registration fee to the Secretary of State, the difference between \$3 and the amount appropriated to the Secretary of State would have to go to the Recreational Snowmobile Trail Improvement Subaccount.)

In addition, the bill would direct the Legislature to appropriate \$5 from each historic snowmobile registration fee to the DNRE for Section 82107 purposes, including financial assistance to county sheriff departments and local law enforcement agencies for local snowmobile programs. Any funds appropriated to the DNRE but not spent at the close of a fiscal year would have to be credited each year to the Snowmobile Registration Fee Subaccount.

Forty-two dollars from each historic snowmobile registration fee would have to be deposited in the Recreational Snowmobile Trail Improvement Subaccount and be administered by the DNRE for the purposes of planning, constructing, maintaining, and acquiring trail and areas for the use of snowmobiles, or access to those trails and areas, and basic snowmobile facilities. [Note: Until July 1, 2009, \$5 from each regular snowmobile registration went to the Recreational Snowmobile Trail Improvement

Subaccount, but this was discontinued as of July 1, 2009, under Public Act 399 of 2008. However, much of the trail permit sticker revenue goes toward the Recreational Snowmobile Trail Improvement Subaccount, as discussed below.]

No portion of a historic snowmobile registration fee would go to the Permanent Snowmobile Trail Easement Subaccount. (\$8 from every snowmobile registration paid on or after July 1, 2009 goes to that subaccount.)

Trail permit stickers. The bill would exempt a snowmobile registered as a historic snowmobile from trail permit sticker requirements.

[Trail permits are good for a one-year period starting October 1 and ending on September 30. Until October 1, 2011, a trail permit costs \$35. Beginning October 1, 2011, a trail permit will cost \$45. Beginning on October 1, 2016 (and every five years thereafter), the State Treasurer must adjust the permit fee to reflect the cumulative percentage change in the consumer price index using a specified index. Trail permit sticker revenue is allocated as follows: \$0.50 is retained by the DNRE for administrative costs; \$1 is retained by the agent selling the permit, and the balance is to be deposited in the Recreational Snowmobile Trail Improvement Subaccount. Failure to obtain a snowmobile trail permit sticker or to affix it as required in the act constitutes a state civil infraction. A person committing this infraction may be ordered to pay a civil fine of not more than \$100).

BACKGROUND INFORMATION:

Current registration exemptions. Section 82104 (MCL 324.82104) provides that:

A certificate of registration or a registration decal is not required for a snowmobile that is exclusively operated in a special event of limited duration conducted according to a prearranged schedule under a permit from the governmental unit having jurisdiction.

The bill would not remove or amend the current special event exemption. Section 82103 (MCL 324.82103) provides, in pertinent part, that:

A certificate of registration or a registration decal is not required for a snowmobile operated exclusively on lands owned or under the control of the snowmobile owner or for a snowmobile used entirely in a safety education and training program conducted by a certified snowmobile safety instructor and authorized pursuant to section 82108.

The bill would not remove or amend the existing exemptions for snowmobiles used only on the owner's own lands or in safety education and training programs.

Current trail permit exemptions. Section 82118(1) (MCL 324.82118(1) provides, in pertinent part, that:

In addition to registration of a snowmobile pursuant to section 82105 or registration in another state or province, except as otherwise provided in this section, a person who desires to operate a snowmobile in this state shall purchase a Michigan snowmobile trail permit sticker. The Michigan snowmobile trail permit issued under this section shall be valid for a period of 1 year which begins on October 1 and ends on the following September 30. [Emphasis added.]

The only exception to the trail permit requirement expressly provided in Section 82118(1) is found in Section 82118(8): "A snowmobile used solely for transportation on the frozen surface of public waters for the purpose of ice fishing is exempt from the requirement of purchasing and displaying a snowmobile trail permit sticker under this section." (MCL 324.82118(8))

However, the DNRE apparently interprets Section 82118 as requiring a trail permit for a snowmobile only if the snowmobile is required to be registered. On its website, under the heading "Michigan Snowmobile Regulations," the DNRE explains:

Snowmobiles are exempt from registration *and having a trail permit* if they are:

- operated exclusively on lands owned or under the control of the owner.
- used entirely in a safety education program conducted by a certified snowmobile safety instructor.
- operated exclusively in a special event of limited duration which is conducted according to a prearranged schedule under a permit from the governmental unit having proper jurisdiction.

In addition, a snowmobile used solely for transportation on the frozen surface of public waters for ice fishing is exempt from the trail sticker requirement, but must still be registered."

(See: www.michigan.gov/dnr/0,1607,7-153-10365_14824-32293--,00.html)

Legislative Analyst: Shannan Kane
Fiscal Analyst: Ben Gielczyk
Viola Wild
Jan Wisniewski

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