

Legislative Analysis



ORV LICENSE FEE INCREASE

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

House Bill 4669

Sponsor: Rep. Jon Bumstead

Committee: Appropriations

Complete to 5-7-13

A SUMMARY OF HOUSE BILL 4669 AS INTRODUCED 5-2-13

The bill would amend Part 811 (Off-Road Recreation Vehicles) of the Natural Resources and Environmental Protection Act (NREPA) by amending section 81116 to increase the license fees for an ORV beginning April 1, 2014.

Currently, the annual fee for an ORV license is \$16.25. An ORV must be licensed with the DNR if it will be operated anywhere other than private property. The bill would increase the cost of an annual license and create two different ORV licenses from which individuals can choose—a general ORV license for \$26.25 or an ORV license for \$36.25 that also authorizes the ORV to ride on state ORV trails. Basically, an individual can choose to pay an additional ten dollars to be authorized to operate their ORV on the state ORV trail system.

The bill provides that beginning on April 1, 2019 there would no longer be a fee charged for an ORV license. Thus, under the provisions of the bill, the Department would not receive the revenues from these license fees after that date. If that date is not statutorily changed, the amount of revenue to the DNR that would no longer be collected from ORV fees would be approximately \$6.0 million annually.

FISCAL IMPACT:

The increase in fees under the bill's provisions is anticipated to generate approximately \$2.7 million annually in additional restricted funding. ORV license fees are constitutionally required to be deposited into ORV-related restricted funds. From each ORV license fee, \$1 is deposited into the ORV Safety Education Fund which was created by PA 17 of 1991 and is incorporated in Part 811 of NREPA. The Fund is used for ORV safety education courses for youths under the age of 16. In addition, \$0.25 from each license is retained as a commission by the seller of the license. The remainder of the license fee is deposited into the ORV Trail Improvement Fund which was created by PA 71 of 1990 and is now also incorporated within Part 811 of NREPA.

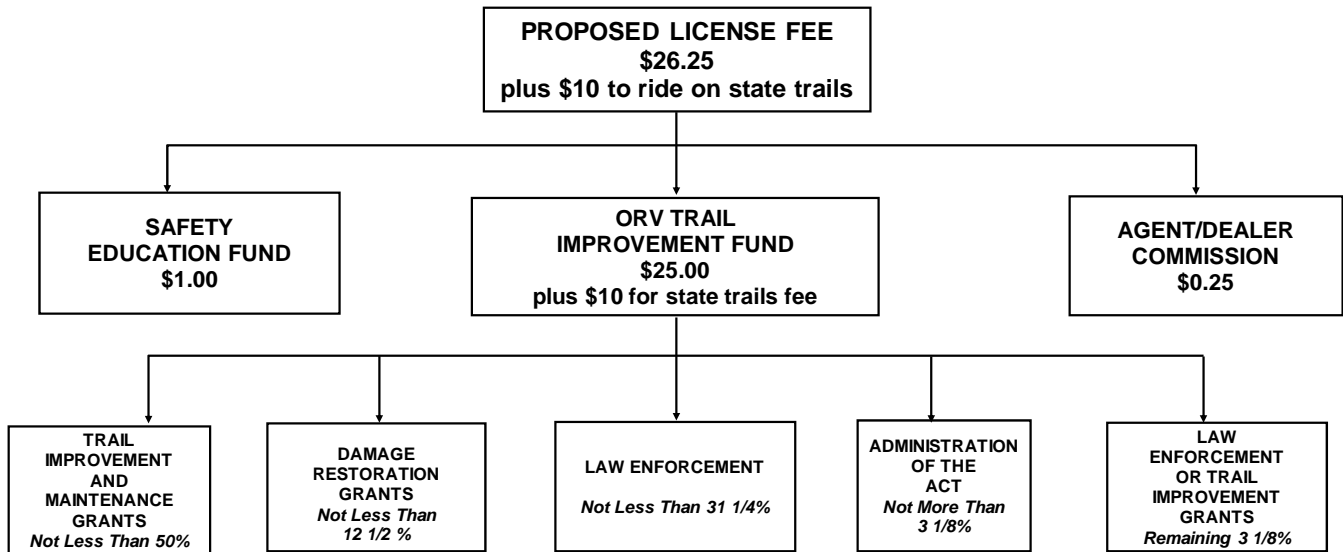
Expenditures from the ORV Trail Improvement Fund may be used for the improvement, maintenance, and construction of ORV trails, leasing of land, restoration efforts from ORV damage on public lands, and account administration. In FY 2012, the ORV Safety Education Fund received approximately \$197,000 in revenue from license sales and the ORV Trail Improvement Fund received approximately \$3.3 million.

The statutorily-required distribution of the revenue from the ORV Trail Improvement Fund is as follows:

- Not less than 50% - Trail improvement and maintenance grants
- Not less than 12.5% - Damage restoration grants
- Not less than 31.25% - Law enforcement
- Not more than 3.125% - Administration of the act
- Remaining 3.125% - Law enforcement or trail improvement grants

The chart below presents the distribution of the ORV license fee revenue under the new license fee proposal in House Bill 4669:

**DEPARTMENT OF NATURAL RESOURCES
DISTRIBUTION OF OFF-ROAD VEHICLE LICENSE FEES**



Note: Twenty-four percent of the amount designated for law enforcement must be distributed as grants to county sheriffs' departments.

BACKGROUND INFORMATION:

An ORV must be licensed with the DNR if it will be used anywhere other than private property. The DNR issues licenses for all ORVs on an annual basis. An ORV license is valid from April 1 through March 31 of the following year, regardless of the date of purchase.

The Michigan ORV trail/route system includes over 3,200 miles with over 70% of the system contained in state forests. Throughout the system, 30% of the trails are cycle trails, 50% are ATV trails, and 20% are route connections.

An ORV is defined in NREPA (MCL 324.81101(c)) as the following: "a motor-driven off-road recreation vehicle capable of cross-country travel without benefit of a road or trail, on or immediately over land, snow, ice, marsh, swampland, or other natural terrain. ORV or vehicle includes, but is not limited to, a multitrack or multiwheel drive vehicle, an ATV, a motorcycle or related 2-wheel, 3-wheel, 4-wheel, or 6-wheel vehicle, an amphibious machine, a ground effect air cushion vehicle, or other means of transportation deriving motive power from a source other than muscle or wind. ORV or vehicle does not include a registered snowmobile, a farm vehicle being used for farming, a vehicle used for military, fire, emergency, or law enforcement purposes, a vehicle owned and operated by a utility company or an oil or gas company when performing maintenance on its facilities or on property over which it has an easement, a construction or logging vehicle used in performance of its common function, or a registered aircraft."

Fiscal Analyst: Viola Bay Wild

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