

SFA

BILL ANALYSIS

Senate Fiscal Agency

Lansing, Michigan 48909

(517) 373-5383

House Bill 5554 (Substitute H-1 as reported with amendment)
Sponsor: Representative Keith Muxlow
House Committee: Marine Affairs and Port Development
Senate Committee: State Affairs, Tourism, and Transportation

FURTHER

MAY 16 1990

MAY 16 1990

Date Completed: 3-26-90

RATIONALE

Prior to 1988, nonmotorized canoes used for commercial or rental purposes were registered as "nonpowered vessels 12 feet and over" under the Marine Safety Act's general registration requirements; the registration fee was \$4.50. Nonmotorized, privately owned canoes, however, were exempt from the Act's registration requirements.

Public Act 56 of 1989 made a number of changes to the Marine Safety Act's provisions concerning watercraft registration fees and their distribution in order to address shortfalls in the Marine Safety Fund. Specifically, Public Act 56 deleted the registration exemption for nonmotorized privately owned canoes and instead established a new fee category, "nonmotorized canoes", with a \$4.50 registration fee. Further, Public Act 56 increased the fee for "nonpowered vessels, except canoes, at least 12 feet in length" from \$4.50 to \$8.25 effective January 1, 1990.

The Marine Safety Act again was amended in 1989 by Public Act 133 to exempt, once again, privately owned nonmotorized canoes, as well as kayaks, from the registration requirements after canoeing enthusiasts apparently raised a number of objections to the mandatory registration of privately owned canoes as provided by Public Act 56. Public Act 133 also provided for a refund of any registration fee and tax paid between March 14, 1988, and June 29, 1989, on any vessel exempted from registration requirements by Public Act 133.

Some claim that all of the refunds have been made, and this provision is no longer necessary.

Finally, Public Act 133 served to increase the registration fee from \$4.50 to \$8.25 for nonmotorized canoes and kayaks used for rental and commercial purposes by deleting the \$4.50 registration fee provision for all nonmotorized canoes and providing instead for a general category of nonpowered vessels to be registered for a \$8.25 fee. Some have argued that inclusion of nonmotorized rental and commercial canoes and kayaks in the nonpowered vessels category was inadvertent and feel that the registration fee for such watercraft should be restored to \$4.50.

CONTENT

The bill would amend the Marine Safety Act to:

- Establish a \$4.50 registration fee for nonmotorized canoes and kayaks.
- Allow the owner of a nonmotorized canoe or kayak registered between January 1, 1989, and the effective date of the bill to receive a refund of a portion of the registration fee equal to the difference between the amount the owner paid and the \$4.50 fee provided for in the bill.
- Delete language providing for a registration fee schedule for certain types of watercraft that was effective only from January 1, 1989, to January 1,

H.B. 5554 (3-26-90)

1990, and for a refund of any registration fee and tax paid on a vessel registered between March 14, 1988, and June 29, 1989, that was exempted from registration under Public Act 133 of 1989.

- Increase from 20 feet to 21 feet the minimum size of motorboats subject to the \$90 registration fee currently in effect and the \$115 registration fee for such boats that will take effect on January 1, 1991.

MCL 281.1033

SENATE COMMITTEE ACTION

The Senate Committee adopted amendments to the bill that:

- Deleted language providing for a refund of any registration fee and tax paid on a vessel registered between April 14, 1989, and June 29, 1989, that was exempted from registration under Public Act 133 of 1989.
- Increased from 20 feet to 21 feet the minimum size of motor boats subject to the \$90 registration fee currently in effect and the \$115 registration fee for such boats that will take effect on January 1, 1991.
- Deleted a provision that allowed an owner to receive a refund of any tax paid on a nonmotorized canoe or kayak registered between January 1, 1989, and the effective date of the bill for which the owner received a partial registration refund.

FISCAL IMPACT

The bill would have an indeterminate fiscal impact. The Department of Natural Resource's revenue projections did not rely on the increased fee for commercial canoe registration, so there would be no fiscal impact on anticipated revenue.

According to the Department of State, the administrative cost of issuing a refund is expected to exceed the refund returned to livery owners. The above conclusion was determined under the following preliminary assumptions:

- Approximately 3,000 owners would request refunds.
- Group refunds would be requested at a ratio of 5 to 1 (1 request = 5 refunds).

Under these assumptions, administrative costs would total \$11,000. Estimated total refunds range from \$6,750 for nonpowered vessels, except canoes, at least 12 feet in length, to \$11,250 for nonmotorized canoes and kayaks used for rental and commercial purposes.

ARGUMENTS

Supporting Argument

By restoring to \$4.50 the registration fee for commercial and rental nonmotorized canoes and kayaks, the bill would correct what was apparently an inadvertent error made in the fee level when the Marine Safety Act was amended in 1989. The bill also would delete provisions that are no longer necessary or in effect.

Opposing Argument

There are good reasons to increase the fees for livery canoes and kayaks. The \$4.50 fee rate has been in effect since 1975; however, the popularity of the State's water resources has dramatically increased the demands made upon the public recreational facilities frequently used by rental and commercial canoes, and upon the law enforcement resources of the State and its counties. Since the registration fee rates of most other recreational water vessels recently have been increased to address shortfalls within the Marine Safety Fund, it seems only logical that one of the major user groups of public recreational facilities also would have its rates increased in keeping with the user-pay philosophy to which other boaters are subject.

Legislative Analyst: L. Burghardt

Fiscal Analyst: G. Cutler

F. Sanchez

H8990\S5554A

This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.