



**House
Legislative
Analysis
Section**

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BOAT FEE REFUNDS

House Bill 4113 with committee
amendments
First Analysis (2-23-93)

Sponsor: Rep. Jessie Dalman
Committee: Tourism & Recreation

THE APPARENT PROBLEM:

The Marine Safety Act requires boats to be registered and numbered and to display a color-coded decal which is valid for three years. Apparently there have been instances in which boat owners sold their boats before attaching the required decal, and yet were unable to get a refund for the unused registration. Legislation has been introduced to deal with this and other problems.

THE CONTENT OF THE BILL:

The Marine Safety Act (MCL 281.1033) provides for the registration of both motorized and non-motorized vessels used for recreational, commercial or rental purposes, and imposes various fees on vessel owners based on the size and type of vessel owned. The bill would amend the act to require the secretary of state to refund to the owner of a vessel registered under the act all of the registration fee paid for that vessel if, during the period for which the fee had been paid, the owner 1) transferred or assigned title or interest in the registered vessel before attaching to it the decal required to be put on it, as required by the act, and 2) surrendered the unused decal to the secretary of state within 30 days after the date of transfer or assignment. In addition, the secretary of state would have to refund to the surviving spouse of a deceased vessel owner the registration fee paid pursuant to the act, prorated on a monthly basis, after receiving from the owner the decal issued to him or her, or after it had been given sufficient evidence that the decal had been destroyed or voided.

The bill also would change the definition of "historic vessel" from a vessel manufactured before 1940 to a vessel that was 30 years old or older.

BACKGROUND INFORMATION:

Currently, the Marine Safety Act authorizes the following fees for boat registrations:

Nonmotorized rental canoes or kayak	\$ 4.50
Nonpowered boats over 16' long	\$ 8.25
Temporary permits for dealers delivering boats out-of-state	\$10.00
Motorized canoes/boats less than 12'	\$14.00
Licensed commercial fishing boats	\$15.00
12-16' motorboats	\$16.75
All pontoon boats	\$22.50
16-21' motorboats	\$41.75
Charter and livery boats; federal boats; boats carrying freight (and passengers)	\$45.00
21-28' motorboats	\$115.00
28-35' motorboats	\$168.00
35-42' motorboats	\$244.00
41-50' motorboats	\$280.00
Motorboats over 50 feet long	\$448.00

FISCAL IMPLICATIONS:

Though most of the revenue raised from boat registration fees goes into the Waterways Fund (administered by the Department of Natural Resources), a portion of fee revenues goes to the Department of State to help cover its administrative costs in issuing boat registration decals. The bill's fiscal impact to both departments, according to spokesmen from both, would depend on the number of boat registration fee refunds that were requested under the bill. (It should be noted that the Department of State's costs under the bill would include both the loss of revenue from a portion of any refunded fees as well as its administrative costs in transacting refund requests.) Both departments say they do not expect that the bill would generate a substantial number of requests for boat refunds and, thus, believe its fiscal impact would be minimal. (2-18-93)

ARGUMENTS:

For:
People who, for whatever reason, cannot use their

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boat registration decals should be able to recover the money they paid for the registration. For example, a boat owner who had a valid registration for his or her boat and who sold the boat can lose the money paid for the boat registration. Also, people who, for whatever reason, do not use their boat decals within 30 days of buying the decal currently cannot get their money back either. Finally, even if the surviving spouse of a boat owner who died no longer wants the boat and sells or gives it away, he or she might simply lose the money spent on the registration. Motor vehicle registration refunds currently are authorized under circumstances similar to those proposed in the bill, and this same convenience should extend to boat owners.

Response:

Most people who sell or give away their boats include the current registration in the transfer, either by including the cost of the registration in the sale or by offering the registration as part of the gift. So boat owners currently can easily compensate for the cost of their registration fee without having to get a refund from the Department of State.

Against:

Although the money lost to the state by this bill may be minimal, it would set a precedent for registration refunds that could open the door to other kinds of refunds and, in the long run, cost the state substantial sums of money.

Against:

Unlike motor vehicle ownership documents, watercraft registrations become the proper ownership documents for untitled watercraft vessels. Under the bill, those owners who surrender a registration to the Department of State for a fee refund before transferring ownership of the vessel are also forfeiting the only properly assigned ownership document with which to make the transfer.

POSITIONS:

The Michigan Boating Industries Association supports the bill. (2-19-93)

The Department of Natural Resources is not opposed to the bill. (2-18-93)

The Department of State has no position on the bill. (2-18-93)