



**House
Legislative
Analysis
Section**

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BOAT FEE REFUNDS

**House Bill 4113 as enrolled
Second Analysis (8-10-93)**

**Sponsor: Rep. Jessie Dalman
House Committee: Tourism &
Recreation
Senate Committee: Transportation &
Tourism**

THE APPARENT PROBLEM:

Under the Marine Safety Act, watercraft must be registered and numbered and display a decal that is valid for three years. Registration fees are based on the size and type of watercraft to be registered, apply to both motorized and nonmotorized watercraft, and range from \$4.50 to \$448. The act contains provisions for the transfer of a registration fee upon the transfer of ownership of a watercraft, and the proration of the registration fee; however, the act contains no provisions for refunding registration fees in cases in which an owner dies, or in which ownership is transferred to another person before a registration decal is used. It has been suggested that since the Michigan Vehicle Code provides for refunds of vehicle registrations in cases of death or transfer of ownership (MCL 257.801b), the Marine Safety Act should include similar provisions for watercraft registrations.

THE CONTENT OF THE BILL:

The bill would amend the Marine Safety Act to require the secretary of state to refund a watercraft registration fee to the owner of the watercraft, if the following conditions were met during the registration period: 1) the owner transferred or assigned title to or interest in the registered watercraft before he or she placed the registration decal on the watercraft (as required under the act); and 2) the owner surrendered the unused decal to the secretary of state within 30 days after the date of transfer or assignment. Further, upon receipt of a registration decal, or evidence satisfactory to the secretary of state that a decal had been destroyed or voided, the secretary of state would have to refund the registration fee, prorated on a monthly basis, to the surviving spouse of a deceased watercraft owner.

Under the bill, if the secretary of state computed a fee that resulted in a figure other than a whole

dollar amount, the secretary of state would have to round the figure to the nearest whole dollar.

A watercraft manufactured before 1940 and owned solely as a collector's item is defined as a historical watercraft; the registration fee for a historical watercraft is one-third of the fee that applies to regular registrations. Instead of referring to a watercraft manufactured before 1940, the bill provides that a watercraft that was 30 years old or older and maintained solely as collector's item would be considered a historical watercraft.

MCL 281.1033

BACKGROUND INFORMATION:

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

<u>Type of boat:</u>	<u>Fee:</u>
Nonmotorized rental canoes or kayaks	\$ 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
38-35' motorboats	\$168.00
35-42' motorboats	\$244.00
41-50' motorboats	\$280.00
Motorboats over 50'	\$448.00

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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. Both departments say they do not expect that the bill would generate a substantial number of requests for boat fee refunds and, thus, believe its fiscal impact would be minimal. (2-18-93)

ARGUMENTS:

For:

People who register their watercraft and pay the proper registration fees should be able to recover those fees if a registration decal remains unused, or if a registration would no longer be used because of the death of the owner. Currently, a watercraft owner who has registered his or her boat cannot recover the registration fee if the watercraft is sold or given away, or if the registration decal simply goes unused. Further, if the surviving spouse of a deceased boat owner no longer wants the boat and sells it or gives it away, he or she cannot reclaim the unused portion of the registration fee. The vehicle code provides for refunds of vehicle registrations in cases of ownership changes and owner deaths; the bill would place similar provisions in the Marine Safety Act for the refund of watercraft registrations.

Against:

While the act contains no provision for the refund of registration fees, the owner of a watercraft easily can recover the registration cost by including the registration fee in the selling price, or making transfer of ownership contingent upon compensation for the registration fee.

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.