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House Bill 5027 (Substitute H-2 as passed by the House)  
Sponsor: Representative John Pastor  
House Committee: Greta Lakes and Tourism  
Senate Committee: Natural Resources and Environmental Affairs

Date Completed: 11-4-03

### **CONTENT**

The bill would amend Part 821 (Snowmobiles) of the Natural Resources and Environmental Protection Act to revise the manner in which snowmobile registration funds are allocated. Specifically, the bill would do the following:

- Require the State Treasurer to transfer any amount in excess of \$1.6 million in the Snowmobile Registration Fee Fund to the Recreational Snowmobile Trail Improvement Fund (the "Trail Improvement Fund").
- Provide that, if less than \$3 were appropriated from each snowmobile registration fee to the Department of State, the Treasurer would have to transfer the difference between \$3 and the amount appropriated to the Trail Improvement Fund.
- Specify how money would have to be allocated from the Trail Improvement Fund for financial assistance to local units of government and nonprofit snowmobile clubs or organizations.
- Require the Department of Natural Resources (DNR), in determining the amount of financial assistance for each county sheriff or local law enforcement agency, to give priority to law enforcement activities.
- Remove the requirement that a specific amount of each registration fee be spent on State financial assistance to counties for snowmobile safety education and for trail enforcement grants to counties or other local groups for enforcement of Part 821.
- Require the DNR, when preparing its annual budget for snowmobile

registration fee funds, to seek input from the Snowmobile Advisory Committee and give priority to enforcement efforts under local snowmobile programs.

- Increase the percentage of a sheriff department's or local law enforcement agency's expenditures for which the DNR may provide financial assistance.
- Delete a requirement that a specific percentage of trail improvement funds be allocated to local units and snowmobile clubs and organizations.
- Permit the DNR to issue grants or enter into contracts for maintenance equipment; trail development or repair; and acquiring land, leases, easements, or other agreements to allow public use of private land.
- Require the DNR to provide a biennial report to the Natural Resources Commission of its expenditures from the Trail Improvement Fund, beginning March 31, 2004.

#### Registration Fee Allocation

Part 821 requires snowmobile owners to register their vehicle with the Secretary of State every three years and pay a \$22 registration fee. From each registration fee, \$17 must be deposited in the Snowmobile Registration Fee Fund. From this revenue, the Legislature must annually appropriate a maximum of \$3 per registration to the Department of State for registration administration, and at least \$14 to the DNR for snowmobile enforcement activities and safety education and training programs. The remaining \$5 is deposited into the Recreational Snowmobile Trail Improvement

Fund, for the purposes of planning, constructing, maintaining, and acquiring snowmobile trails and areas. The bill would not change these provisions.

Under the bill, if the balance of the Registration Fee Fund exceeded \$1.6 million at any time, the Treasurer would have to transfer the excess to the Trail Improvement Fund.

Currently, any money not required for registration administration must be credited each year to the Recreational Snowmobile Trail Improvement Fund. The bill would retain this requirement for the amount appropriated to the Department of State for registration administration. In addition, if less than \$3 from each registration fee were appropriated to the Department of State, the State Treasurer would have to transfer the difference between \$3 and the amount appropriated to the Trail Improvement Fund.

Currently, of the \$14 allocated to the DNR, \$2 must be used for State financial assistance to counties, and \$7 for trail enforcement grants to counties or other local groups for enforcement activities. The bill would require, instead, that the \$14 allocation be used for financial assistance to county sheriff departments and local law enforcement agencies for local snowmobile programs. Any appropriated but unspent money would have to be credited each year to the Snowmobile Registration Fee Fund.

#### DNR Budget Request

Currently, the DNR's annual budget request must include an amount for enforcement of Part 821, for snowmobile safety education and training programs, and for a State financial assistance program. The bill, instead, would require that the budget request include an amount for DNR enforcement, for DNR administration of Part 821 programs, and for local snowmobile programs.

In preparing its annual budget for snowmobile registration fee funds, the DNR would have to seek input from the Snowmobile Advisory Committee (created under Section 82102a of the Act) and, to the degree feasible, give priority to use of the funds for enforcement efforts under local snowmobile programs.

#### Financial Assistance to Counties

Snowmobile Safety Education & Training Programs. Currently, every county in the State is entitled to receive financial assistance from the State and is encouraged to develop a snowmobile safety education and training program. The bill would delete these provisions.

Under the bill, the DNR would have to provide for an annual program of financial assistance to county sheriff departments and local law enforcement agencies for local snowmobile programs, which would have to include enforcement of Part 821 and also could include, at the discretion of the Department, a snowmobile safety education and training program. A county sheriff department, rather than a board of commissioners, would have to submit to the DNR by November 1 (rather than November 30) of each year an estimate of authorized expenditures for the following calendar year. The DNR could approve all or part of a request for financial assistance.

Financial Assistance Priority. Currently, the DNR must annually survey the State financial assistance program to assist in determining the amount of financial assistance that will be allocated to a county for its snowmobile program. The Department must evaluate each request for financial assistance and may give priority to counties where a greater need for financial assistance exists. The DNR must then review the county's statement of authorized expenditures and, if satisfied, must provide financial assistance in an amount not to exceed 75% of the county's estimated authorized expenditures for the past calendar year. If the county's authorized expenditures actually incurred for that year exceeded its estimated expenditures, the DNR may provide financial assistance in excess of 75% of the county's estimated expenditures, but not in excess of 75% of its actually-incurred, authorized expenditures. The bill would delete these provisions.

Instead, when determining the amount of financial assistance provided to each county sheriff or local law enforcement agency, the DNR would have to give priority to locations where the Department determined that a greater need for a local snowmobile program existed. Upon DNR approval, a county sheriff department or local law enforcement agency

could use in-kind contributions in calculating its authorized expenditures, not to exceed 15% of the total authorized expenditures. (The bill would define "in-kind contributions" as DNR-approved services and goods that were provided by a grant recipient toward completion of a Department-approved local snowmobile program.) The DNR could not provide financial assistance to a county sheriff department or local law enforcement agency in excess of 85% (instead of 75%) of the authorized expenditure documented by the county or local agency and approved by the Department.

Reporting & Auditing. Part 821 requires that, within 90 days after the close of each calendar year, a county board of commissioner submit to the DNR a statement of authorized expenditures actually incurred. The Department of Treasury must periodically audit the county records pertaining to this program to assure the proper disposition of the money. The bill would delete these requirements. Instead, county sheriff departments and local law enforcement agencies that received financial assistance would have to maintain records of activities, expenditures, and in-kind contributions, and would have to submit documentation and reports to the DNR by deadlines, in the form, and containing information as the Department required.

#### Trail Improvement Fund Allocation

Planning & Financial Assistance. Currently, of the money appropriated to the DNR from the Trail Improvement Fund for the purpose of planning, constructing, maintaining, and acquiring trails and areas for snowmobile use, or access to those trails and areas, and basic snowmobile facilities, an amount between 40% and 80% must be allocated upon application to local units of government and nonprofit, incorporated snowmobile clubs and organizations considered eligible by the Department. The bill would delete the percentage amount required to be allocated for this purpose, and would permit money from the Fund also to be used for the DNR's administration of these provisions.

Maintenance Costs. Part 821 requires that allocations for snowmobile trail maintenance costs be according to a formula promulgated by the State Recreational Trail Coordinator,

who must provide an amount up to 100% of the actual cost of maintaining the trail per year. (As described below, the bill would retain this requirement.) An allocation for the cost of leasing of land and acquiring easements, permits, or other agreements, and for trail liability insurance may equal 100% of incurred expense. Money available for development must be distributed on a 100% grant basis; 75% at the time of approval, but not later than April 1 of the year of development, and 25% upon completion of the development. The bill would delete these provisions.

Signs. Currently, signs may not be paid for with money from the Trail Improvement Fund unless the snowmobile trails meet minimum construction standards and are funded for snowmobile season maintenance. A snowmobile organization or association may apply to the DNR for signs or funds by a date determined by the Department. Upon application by a local unit of government or nonprofit snowmobile club and organizations, the DNR may allocate up to 100% of the cost of initial signs of snowmobile routes that connect authorized trails, or that offer entrance to or exit from trails leading to the local unit of government. The bill would delete these provisions.

#### Proposed Allocation & Financial Assistance Process

The bill would require the DNR to do both of the following when preparing its annual budget for recreational snowmobile trail improvement funds, and when determining the allocation of money from the Trail Improvement Fund: seek input from the Snowmobile Advisory Committee; and, to the degree feasible, give priority to financial assistance to local units of government and nonprofit, incorporated snowmobile clubs or organizations.

A portion of the funds appropriated to the DNR each year would have to be used to provide financial assistance to local units of government and to nonprofit snowmobile clubs or organizations in the form of grants or contract payments for annual snowmobile trail maintenance costs, including signage and liability insurance. The Department also could issue grants or enter into contracts for one or more of the following additional activities:

maintenance equipment; repair or new development of snowmobile trails or related facilities, including the costs of designing and engineering for grant-funded improvements; and acquisition of land or rights in land for snowmobile trails or related facilities, costs of leases, permits, easements, or other agreements that would allow for use of private land for public access to snowmobile trails and related facilities, or development of new trails and facilities.

Financial assistance could not be made unless the costs were for a trail that was available for public snowmobile use and was approved by the Department.

Financial assistance for snowmobile trail maintenance costs, excluding signage and liability insurance, would have to be according to a formula promulgated by the State Recreational Trail Coordinator, which would have to provide up to 100% of the actual, eligible expense incurred and documented by the grant recipient or contractor approved by the DNR.

Assistance for the cost of land acquisition, leasing, permits, or other agreements, and assistance for signage could equal 100% of the actual, eligible documented expenses approved by the DNR. In lieu of financial assistance for signage, the DNR could choose to use trail improvement funds to purchase signs and provide them to grant recipients or contractors. As current law requires, financial assistance for signs could not be provided unless the snowmobile trails met minimum State snowmobile trail construction standards and were funded for snowmobile season maintenance.

Assistance for trail insurance could equal 100% of actual, eligible documented costs approved by the DNR. Assistance for repair or the development of new trails or trail facilities would have to equal 100% of the actual, eligible costs incurred and documented by the grant recipient or contractor and approved by the Department.

The DNR also could assist in a portion of the costs of acquiring grooming equipment. The Department would have to determine the available grant or contract percentage for eligible grooming equipment costs on an annual basis and publish the percentage before the application deadline.

Application for Assistance. To be considered for financial assistance, a local unit of government or nonprofit incorporated snowmobile club or organization would have to submit an application on a form provided by the DNR and by a deadline established by it. An application would have to include a proposed budget and the amount of financial assistance requested for each of the activities for which assistance was requested.

Grant Agreement; Contract. To receive financial assistance, a local unit of government or nonprofit incorporated snowmobile club or organization would have to enter into a grant agreement or contract with the DNR that specified the obligations of the grant recipient or contractor. The agreement or contract would have to include provisions as determined by the DNR, including requirements that the recipient or contractor maintain records and submit documentation and reports to the Department to verify expenditure of money received. The grant agreement or contract also would have to require a recipient or contractor to adhere to trail specifications prescribed by the DNR.

Upon execution of a grant agreement or contract, the DNR could, at its discretion, provide an advanced payment for a portion of the projected cost for one or more of the approved activities. The Department would have to make final payment upon completion of the project, as it determined and after approval of cost documentation submitted by the grant recipient or contractor.

A grant agreement or contract would have to include a specified term for which the agreement or contract was valid. Grant or contract funds would have to be encumbered upon execution of the grant agreement or contract and remain available for the specified term. Grant or contract funds not spent by a grant recipient or contractor within the specified term could, at the Department's discretion, be reallocated to the recipient or contractor as part of a new grant agreement or contract.

MCL 324.82101 et al.

Legislative Analyst: Claire Layman

### **FISCAL IMPACT**

The bill would not increase or decrease revenue to the Department of Natural

Resources or the Department of State, but would reallocate existing revenue. Currently, \$9 of each snowmobile registration fee is divided between \$7 for snowmobile financial assistance programs for counties and \$2 for trail enforcement grants to counties and other local groups. The bill would allow the DNR to decide how much of the funding to provide for each of the two purposes.

The bill also would result in additional revenue to the Recreational Snowmobile Trail Improvement Fund with funding diverted from the Snowmobile Registration Fee Fund. It would limit the balance of the Registration Fee Fund to \$1,600,000 annually with any excess transferred to the Trail Improvement Fund. In FY 2001-02, the ending balance of the Registration Fee Fund was \$3,247,400. This provision would have resulted in a transfer of \$1,647,400 to the Trail Improvement Fund. An estimated transfer of \$602,100 would have occurred for FY 2002-03. In addition, any unspent appropriations to the Department of State from snowmobile registration fee revenue would lapse to the Trail Improvement Fund. Currently, all of this revenue lapses to the Registration Fee Fund.

The bill would set expenditure priorities for appropriations from both the Registration Fee Fund and the Trail Improvement Fund, with assistance to local snowmobile programs as the first priority for both Funds. The bill would make additional grant funding available for county sheriffs, local units of government, and local snowmobile organizations for both law enforcement and trail maintenance activities. Finally, the DNR would be required to seek input from the Snowmobile Advisory Committee on appropriations from both the Registration Fee Fund and the Trail Improvement Fund.

Fiscal Analyst: Jessica Runnels

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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.