

RESOLUTION NO. 11-2007-01

**RESOLUTION OF
THE CITIZENS COMMITTEE FOR MICHIGAN STATE PARKS TO ELIMINATE
THE MICHIGAN STATE PARK MOTOR VEHICLE PERMIT (MVP) AND BOATING
ACCESS SITE PERMIT (BAS) AND IMPROVE FUNDING FOR MICHIGAN STATE
PARKS AND OTHER MICHIGAN OUTDOOR RECREATION VENUES**

ADOPTED: November 28, 2007

WHEREAS, the Citizens Committee for Michigan State Parks was created and established under Public Act 392 of 2004 to, among other things, advise and make recommendations to the Governor, the Natural Resources Commission, and the Legislature on state parks policy, and to advise on financial planning and pursue adequate budget support for state parks; and

WHEREAS, Michigan's quality of life and economy are integrally tied to outdoor recreation, especially Michigan's public outdoor recreation venues in state parks and recreation areas, boating facilities, forests and local parks; and

State Park and Recreation Area System

WHEREAS, the funding for Michigan State Parks is badly broken, and has been badly broken for years, and financial and operational band-aid approaches are no longer working; and

WHEREAS, the Michigan State Park and Recreation Area System is funded by; and

- 25% Michigan Natural Resource Trust Fund (MNRTF)
(primary funding source is oil and gas revenues; parks' share was established in 1994 by Proposal "P"; deposited in constitutionally protected Park Endowment Fund or "PEF")
- 47% Camping fees (deposited in constitutionally protected Park Improvement Fund or "PIF")
- 25% Motor Vehicle Permit (MVP) fees (deposited in constitutionally protected Park Improvement Fund or "PIF")
- 3% Miscellaneous fees (i.e., concessions, interest, shelter rentals, etc.)
- 0% State General (tax) Fund
- 100% Total Michigan State Park and Recreation Area System Revenue

WHEREAS, current budget projections indicate that the Park Improvement Fund is projected to be in a deficit in Fiscal Year 2009, which could lead to cuts, including the closure of up to 37 state parks or recreation areas and 8 interpretive centers; and

WHEREAS, Michigan's state parks and recreation areas are the state's natural and cultural resource "crown jewels," with an infrastructure replacement value of over \$1 billion dollars and an identified, unmet need of **\$38 million** in annual renovation, replacement and repair; and

WHEREAS, the State Park Endowment Fund was designed to partially meet the state park's infrastructure replacement needs, but was diverted to help fund state park operations and maintenance since 2004 due to the elimination of General Fund (tax) support for Michigan state parks and recreation areas; and

WHEREAS, user fees and the State Park Endowment Fund alone cannot fully support the operational or development needs of the Michigan State Park and Recreation System; and

WHEREAS, cultural and historic resources in state parks are especially vulnerable as they are seldom primary revenue producing facilities and are often in need of significant infrastructure restoration and interpretation; and

WHEREAS, the current annual or daily motor vehicle permit may deter many Michigianians from their first Michigan state park visit and has a significant expense to administer; and

WHEREAS, the current state park and boating access site annual and daily motor vehicle permits are sold separately, which causes confusion with users, implying that the state is “double-dipping” by selling both permits; and

WHEREAS, in Fiscal Year 2008, Legislation was introduced to eliminate the \$20 million Michigan Civilian Conservation Corps (MCCC) Endowment Fund which may result in a loss of \$1 million annually to the Michigan state park and recreation system in fund interest and revenue; and

State Forest Campground and Pathway System

WHEREAS, Michigan’s state forest campground and pathway system complements the state parks and recreation area system by providing a more rustic, outdoor recreational experience on a 3.9 million acre state forest landscape; and

WHEREAS, current budget projections indicate the closure of all state forest pathways and 50 state forest campgrounds in November, 2007; and

WHEREAS, the Michigan State Forest Campground and Pathway System is funded by; and

- 69.1% State forest camping fees (deposited in constitutionally protected Forest Recreation Fund or “FRF”)
- 20.9% Recreation Improvement Fund (constitutionally protected for trail enhancements and improvements)
- 10.0% State General (tax) Fund
- 100.0% Total Michigan State Forest Campground and Pathway System Revenue

WHEREAS, there is no mechanism for users of state forest pathways (i.e., hikers, mountain bikers, equestrians, etc.) to financially support the pathway system, or for day visitors to support the state forest campground system which provides facilities for day use, including swimming, fishing, boating and picnicking; and

Local Park Systems

WHEREAS, local outdoor recreation resources, which are provided by over 1,000 local units of government in the State of Michigan, complement state-owned resources and suffer from lack of development funding, as the Michigan Natural Resources Trust Fund (MNRTF) is focused primarily on land acquisition, and the federal Land and Water Conservation Fund’s (LWCF) allocation to the State of Michigan has declined in recent years.

Approach

WHEREAS, the Citizens Committee for Michigan State Parks has spent significant efforts in reviewing state parks funding options from other states in order to find a better and more sustained funding mechanism.

THEREFORE, BE IT RESOLVED, that it is the goal of the Citizens Committee for Michigan State Parks (CCMSP) to establish a sustainable source of operations and development funding to complement the existing Michigan state park camping fees, non-resident motor vehicle permits and concessions revenue, and state forest camping fees; and

THEREFORE, BE IT FURTHER RESOLVED, that it is the goal of the CCMSP to encourage the range of other state and local public outdoor recreational opportunities in Michigan that complement the state park and recreation area system; and

THEREFORE, BE IT FINALLY RESOLVED, that the CCMSP recommends that:

- The existing Michigan state park resident motor vehicle permit (\$24 annually; \$6 daily) be eliminated.
- The existing Michigan boating access site permit (\$24 annually; \$6 daily) be eliminated.
- An annual “State Park, Boating Access Site and Forest Recreation Passport” fee be assessed to access all 98 state parks and recreation areas, including 5 state park trails, 1,007 boating access sites managed by the DNR, and the state forest campground and pathway system. Camping fees will still apply at all Michigan state park and state forest campgrounds.
- The fee would be a \$9 charge per annual vehicle license plate/registration, and \$4.50 per motorcycle plate/registration on all Michigan Secretary of State registered passenger vehicles and motorcycles. This fee would be in addition to current vehicle registration costs. There would be a refund provision following the license plate/registration purchase for those who certified they did not want to support Michigan’s outdoor recreation system and would not be visiting any of the above-mentioned facilities.
- That the fee be adjusted annually for inflation based on the Detroit Consumer Price Index (CPI), with 2008 being the base year.
- That the revenues realized from this approach be divided as follows (once the \$11 million lost from resident sales of state park motor vehicle permits, and \$1 million from sales of Michigan boating access site permits, is replaced and the Secretary of State is allocated 1% of all revenues for administering this program):
 - 50% state park operations
 - 30% state park capital improvements
 - 10% local unit, matching development grants
 - 7% state forest campground and pathway system operations and capital improvements
 - 3% DNR cultural and historic park resources capital improvements and operations
 - 100%
- Retain the non-resident state park motor vehicle permit (\$29 annually; \$8 daily) requirement.
- This recommendation be conveyed to the Governor, the Natural Resources Commission, and the Legislature for appropriate action in order to be implemented prior to October 1, 2008.

Submitted by: The Citizens Committee for Michigan State Parks Finance Subcommittee

Motioned by: Chuck Nelson
Motion seconded by: Betsy Clark

Yeas: 12
Nays: 0
Absent: 4

This Resolution and the attached proposal were adopted by the Citizens Committee for Michigan State Parks on November 28, 2007.

ANNUAL LICENSE PLATE FEE PROPOSAL

How It Would Work

All Secretary of State licensed, passenger-type vehicles, non-commercial vehicles, and motorcycles, including recreational vehicles (RVs), sport utility vehicles (SUVs), and pickup trucks, would pay an annual per vehicle registration fee to provide access to all Michigan state parks and recreation areas, boating access facilities, and state forest campgrounds and pathways. Camping fees will still apply at all Michigan state park and state forest campgrounds.

According to a Fiscal Year 2006 Michigan Secretary of State report, the estimated number of passenger vehicles (non-commercial), including motorcycles, is approximately 7.2 million.

The proposal will:

- Establish the opportunity for sustainability of the valuable park and recreation resources for future generations.
- Encourage new users to visit state and local parks, recreation areas, boating access sites, and state forests.
- Provide for an equitable mechanism to help fund the state's significant park, recreation area and forest system beyond camping fees.
- Reduce the cost to enter a state park or recreation area by approximately 70% over an annual, resident state park motor vehicle permit.
- Reduce the cost to enter a state boating access fee site by approximately 70% over an annual, resident state boating access site motor vehicle permit.
- Provide funds to address critical infrastructure needs for Michigan's state parks and recreation areas, state forest campgrounds and pathways, and local parks.
- Restore use of the State Park Endowment Fund dollars to capital improvements and renovations, as intended by voter passage of Proposal "P."
- Restore the loss of funding for state park operations and state forest campgrounds and pathways, formerly provided by General Fund (tax) support.
 - Currently, Michigan ranks **last nationally** in General Fund (tax) support for state parks with no General Fund (tax) support, but ranks in the top 5 states in park attendance.
- Help restore Michigan's state forest campground and pathway system.
- Restore operations and maintenance funding to the 5 major state park trails.
- Enhance natural resource protection through the Michigan State Park stewardship program.
- Make state parks, recreation areas, and boating access sites more affordable for Michigan residents.
- Retain the non-resident fee structure.
- Provide partnership funding to local government parks and recreation agencies for needed infrastructure restoration and replacements not currently provided by the Michigan Natural Resources Trust Fund or the federal Land and Water Conservation Fund grant programs.
- Ensure that Michigan state parks, recreation areas and boating access sites remain significant tourist destinations.
- Save the Michigan state park and recreation system over \$100,000 per year in costs to print and distribute resident state park motor vehicle and boating access site permits/stickers.

- Reduce state park, recreation area, and boating access site summer season staffing at fee collection booths.
- Improve customer service by eliminating waiting lines due to permit purchases for Michigan residents.
- Protect and restore over 350 cultural and historical features in state parks and recreation areas.
- Reduce the uncertainty of revenue collections.

Funding Models

Scenario 1: 75% Participation

Annual Fee: \$9.00 per each registered passenger vehicle
 \$4.50 per each registered motorcycle

Estimated Revenue:

\$9.00 per registered passenger vehicle (appx. 7.0 million with 75% acceptance = 5.25 million vehicles)	\$47,250,000
\$4.50 per registered motorcycle (appx. 236,000 with 75% acceptance = 177,000)	796,500
Cost of administering proposal – Secretary of State cost (1% of total fees collected; est. \$9.00 @ 7.0 mil and \$4.50 @ 236,000)	(640,620)
Loss of current state park resident MVP permits sold at \$24/\$6 per vehicle	(11,000,000)
Loss of current BAS permits sold at \$24/\$6 per vehicle	<u>(1,100,000)</u>
New Revenue Sub-total	\$35,305,880

Appropriations:

Funds appropriation will first address the loss of MVP and BAS revenue of \$12.1 million (adjusted annually for inflation) and the estimated administered cost of \$640,620. The remaining revenue will be allocated on a percentage basis, not a dollar basis. This would effectively adjust to the number of vehicles that actually purchased the passport and fluctuations from year-to-year.

Administered Cost

Secretary of State fee (this is an estimated cost)	\$ 640,620
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Replacement Revenue

State park operation and maintenance	\$ 11,000,000
Boating access site operation and maintenance	<u>1,100,000</u>
Replacement revenue	\$ 12,100,000

New Revenue (representing 75% participation)

State park infrastructure	50%	\$ 17,652,940
State park operation and maintenance	30%	10,591,764
Local unit development matching grants	10%	3,530,588
State forest campground/pathway operations and capital outlay	7%	2,471,412
DNR’s cultural and historical resources	3%	<u>1,059,176</u>
New Revenue		\$35,305,880

Total License Proposal (Scenario 1): \$48,046,500

Scenario 2: 70% Participation

Annual Fee: \$9.00 per each registered passenger vehicle
\$4.50 per each registered motorcycle

Estimated Revenue:

\$9.00 per registered passenger vehicle (appx. 7.0 million with 70% acceptance = 4.9 million vehicles)	\$44,100,000
\$4.50 per registered motorcycle (appx. 236,000 with 70% acceptance = 165,200)	743,400
Cost of administering proposal – Secretary of State cost (1% of total fees collected; est. \$9.00 @ 7.0 mil and \$4.50 @ 236,000)	(640,620)
Loss of current state park resident MVP permits sold at \$24/\$6 per vehicle	(11,000,000)
Loss of current BAS permits sold at \$24/\$6 per vehicle	<u>(1,100,000)</u>
New Revenue Sub-total	\$32,102,780

Appropriations:

Funds appropriation will first address the loss of MVP and BAS revenue of \$12.1 million (adjusted annually for inflation) and the estimated administered cost of \$640,620. The remaining revenue will be allocated on a percentage basis, not a dollar basis. This would effectively adjust to the number of vehicles that actually purchased the passport and fluctuations from year-to-year.

Administered Cost

Secretary of State fee (this is an estimated cost)	\$640,620
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Replacement Revenue

State park operation and maintenance	\$11,000,000
Boating access site operation and maintenance	<u>1,100,000</u>
Replacement revenue	\$12,100,000

New Revenue (representing 70% participation)

State park infrastructure	50%	\$16,051,390
State park operation and maintenance	30%	9,630,834
Local unit development matching grants	10%	3,210,278
State forest campground/pathway operations and capital outlay	7%	2,247,195
DNR’s cultural and historical resources	3%	<u>963,083</u>
New Revenue		\$32,102,780

Total License Proposal (Scenario 2) \$44,843,400

Scenario 3: 65% Participation

Annual Fee: \$9.00 per each registered passenger vehicle
\$4.50 per each registered motorcycle

Estimated Revenue:

\$9.00 per registered passenger vehicle (appx. 7.0 million with 65% acceptance = 4.55 million vehicles)	\$40,950,000
\$4.50 per registered motorcycle (appx. 236,000 with 65% acceptance = 153,400)	690,300
Cost of administering proposal – Secretary of State cost (1% of total fees collected; est. \$9.00 @ 7.0 mil and \$4.50 @ 236,000)	(640,620)
Loss of current state park resident MVP permits sold at \$24/\$6 per vehicle	(11,000,000)
Loss of current BAS permits sold at \$24/\$6 per vehicle	<u>(1,100,000)</u>
New Revenue Sub-total	\$28,899,680

Appropriations:

Funds appropriation will first address the loss of MVP and BAS revenue of \$12.1 million (adjusted annually for inflation) and the estimated administered cost of \$640,620. The remaining revenue will be allocated on a percentage basis, not a dollar basis. This would effectively adjust to the number of vehicles that actually purchased the passport and fluctuations from year-to-year.

Administered Cost

Secretary of State fee (this is an estimated cost)	\$640,620
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Replacement Revenue

State park operation and maintenance	\$ 11,000,000
Boating access site operation and maintenance	<u>1,100,000</u>
Replacement revenue	\$12,100,000

New Revenue (representing 65% participation)

State park infrastructure	50%	\$14,449,840
State park operation and maintenance	30%	8,669,904
Local unit development matching grants	10%	2,889,968
State forest campground/pathway operations and capital outlay	7%	2,022,978
DNR's cultural and historical resources	3%	<u>866,990</u>
New Revenue		\$28,899,680

Total License Proposal (Scenario 3): \$41,640,300

Restricted Funds

Revenues collected would be proportionately deposited, appropriated, and administered from the State Park Improvement Fund, the Michigan State Waterways Fund, and the Forest Recreation Fund. All of these funds are accounts within the Michigan Conservation and Recreation Legacy Fund. The local development grant funds will be deposited, appropriated, and administered from the State Park Improvement Fund.

Annual Inflation Fee Adjustment

The proposal is to have an annual fee adjustment provision to ensure the relative dollar value remains constant. The proposal is to index the fee annually based on the rate of inflation as determined by the Detroit Consumer Price Index (CPI). The DNR Director will have the authority to amend the fees annually, with recommendations from the Natural Resources

Commission (NRC), the Citizens Committee for Michigan State Parks (CCMSP), and the Michigan State Waterways Commission (MSWC). Any fee amendment(s) will not exceed the annual CPI.

Resolution Review Process

1. The CCMSP will review and act upon the Resolution and proposal at their November 28, 2007 meeting.
2. Review and action by the MSWC in December, 2007.
3. Review by the DNR Director and the NRC during December, 2007.