

RESOLUTION NO. 12-2008-01

**RESOLUTION OF THE CITIZENS COMMITTEE FOR MICHIGAN STATE PARKS
(CCMSP) 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: December 17, 2008

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 Michigan State Park and Recreation Area System in 2007-08 was funded by:

- 18% 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")
- 23% Motor Vehicle Permit (MVP) fees (deposited in constitutionally protected Park Improvement Fund or "PIF")
- 12% Miscellaneous fees (i.e., concessions, investment earnings, interest, shelter rentals, etc.)
- 0% State General (tax) Fund
- 100% Total Michigan State Park and Recreation Area System Revenue

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 parks' infrastructure replacement needs, but was diverted to help fund state park operations and maintenance since 2004 due to the elimination of General (tax) Fund 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/renovation needs of the Michigan State Park and Recreation Area 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 permits may deter many Michiganians 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 has resulted in a loss of \$1 million annually to the Michigan State Park and Recreation Area System in fund interest and revenue; and

State Forest Campground and Pathway System

WHEREAS, Michigan’s State Forest Campground and Pathway System complements the Michigan State Park and Recreation Area System by providing a more rustic outdoor recreational experience on a 3.9 million acre state forest landscape; and

WHEREAS, the 145 Michigan state forest campgrounds and 880 mile pathway system in 2007-08 was funded by:

- 55.5% State forest camping fees (deposited in constitutionally protected Forest Recreation Fund or “FRF”)
- 14.8% Recreation Improvement Fund (constitutionally protected for trail enhancements and improvements from state gasoline sales tax)
- 29.7% State General (tax) Fund
- 100.0% Total Michigan State Forest Campground and Pathway System Revenue

WHEREAS, the funding from tax and fee revenues, as well as success in securing competitive grants, can vary year to year and cannot support necessary infrastructure improvement plans (including renovation of aging facilities) for the State Forest Campground and Pathway System; and

WHEREAS, there is no mechanism for users of state forest pathways (i.e. hikers, mountain bikers, equestrians, cross-country skiers, etc.) to directly financially support the pathway system, or for day visitors to directly support the state forest campground system which provides facilities for day use, including swimming, fishing, boating, hiking 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 a 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. In particular, funding for major renovation of existing, aging facilities is especially lacking.

Approach

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 Michigan State Park and Recreation Area System; and

THEREFORE, BE IT FURTHER RESOLVED, that Michigan benefit from the experience of Montana who, since 2003, has successfully used the approach of eliminating a state park motor vehicle permit for residents and charging a fee at the time of license plate renewal, with an opportunity to opt out, for those who do not support state parks and will not use state parks, noting that more than 70% of Montana passenger vehicle registrants do choose to provide money for state parks on their vehicle registration and that this approach has increased funds available for infrastructure improvements and operations and has shifted efforts away from a “cashier” function for many park employees to additional maintenance, law enforcement, interpretation and resource stewardship; 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.
- The fee would be a \$10 charge per annual vehicle license plate/registration, and \$5 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 an opt-out provision for those who certified that they did not want to support and would not use Michigan’s outdoor recreation system and would not be visiting any of the above-mentioned facilities.
- The fee be adjusted annually for inflation based on the Detroit Consumer Price Index (CPI), with 2009 being the base year.
- The revenues realized from this approach be divided as follows, once the estimated \$10.7 million lost from resident sales of state park motor vehicle permits (numbers based on a three year average of actual sales), and the estimated \$1.03 million from sales of Michigan boating access site permits, is replaced and the Secretary of State is allocated an estimated 1% of all revenues for administering this program:
 - 50% state park infrastructure
 - 30% state park operations
 - 10% local unit, matching development grants
 - 7% State Forest Campground and Pathway System’s operations and infrastructure
 - 3% DNR cultural and historic park resources infrastructure and operations
 - 100%
- The non-resident state park motor vehicle permit (\$29 annually; \$8 daily) requirement be retained.

- The attached proposal be submitted to the Michigan State Waterways Commission (MSWC), the Natural Resources Commission (NRC), and the DNR Director for review and approval.
- Once approved by the aforementioned, this proposal be adopted by appropriate legislative and executive action, and implemented prior to October 1, 2009 to provide a more stable, secure, equitable and viable long-term funding source for state parks and recreation areas (including those focused on historic and cultural resources), state forest campgrounds and pathways, and local outdoor recreational development needs.

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

Motioned by:	Betsy Clark	Yeas:	10
Motion seconded by:	Chuck Nelson	Nays:	0
		Absent:	6

This Resolution and the attached proposal were adopted by the Citizens Committee for Michigan State Parks on December 18, 2008.

ANNUAL LICENSE PLATE FEE PROPOSAL

How It Would Work

All Michigan 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, unless they opted out of such and certified that they would not support or use Michigan's public outdoor recreation system.

According to a Fiscal Year 2007 Michigan Secretary of State registration history report, the actual number of passenger vehicles (non-commercial), including motorcycles, is approximately 7.35 million (based on a three year average of actual registration of passenger vehicles and motorcycles).

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 60% over an annual, resident state park motor vehicle permit.
- Reduce the cost to enter a state boating access fee site by approximately 60% 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 infrastructure, 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 second in overnight 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 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 \$50,000 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, and increase the opportunity to provide additional services in maintenance, law enforcement, interpretation and resource stewardship.
- Improve customer service by eliminating waiting lines due to motor vehicle permit purchases for Michigan residents.
- Help 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: \$10.00 per each registered passenger vehicle
 \$5.00 per each registered motorcycle

Estimated Revenue:

\$10.00 per registered passenger vehicle (appx. 7.1 million with 75% acceptance = 5.325 million vehicles)	\$53,250,000
\$5.00 per registered motorcycle (appx. 248,000 with 75% acceptance = 186,000)	930,000
Cost of administering proposal – Secretary of State cost (1% of total fees collected; est. \$10.00 @ 7.1 mil and \$5.00 @ 248,000)	(722,400)
Loss of current state park resident MVP permits sold at \$24/\$6 per vehicle	(10,700,000)
Loss of current BAS permits sold at \$24/\$6 per vehicle	<u>(1,030,000)</u>
New Revenue Sub-total	\$41,727,600

Appropriations:

Funds appropriation will first address the loss of MVP and BAS revenue of \$11.73 million (adjusted annually for inflation) and the estimated administered cost of \$722,400. 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)	\$ 722,400
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Replacement Revenue

State park operation and maintenance	\$ 10,700,000
Boating access site operation and maintenance	<u>1,030,000</u>
Replacement revenue	\$ 11,730,000

New Revenue (representing 75% participation)

State park infrastructure	50%	\$ 20,863,800
State park operation and maintenance	30%	12,518,280
Local unit development matching grants	10%	4,172,760
State forest campground/pathway operations and infrastructure	7%	2,920,932
DNR’s cultural and historical resources	3%	<u>1,251,828</u>

New Revenue	\$41,727,600
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Total License Proposal (Scenario 1):	\$54,180,000
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Scenario 2: 70% Participation

Annual Fee: \$10.00 per each registered passenger vehicle
 \$5.00 per each registered motorcycle

Estimated Revenue:

\$10.00 per registered passenger vehicle (appx. 7.1 million with 70% acceptance = 4.97 million vehicles)	\$49,700,000
\$5.00 per registered motorcycle (appx. 248,000 with 70% acceptance = 173,600)	868,000
Cost of administering proposal – Secretary of State cost (1% of total fees collected; est. \$10.00 @ 7.1 mil and \$5.00 @ 248,000)	(722,400)
Loss of current state park resident MVP permits sold at \$24/\$6 per vehicle	(10,700,000)
Loss of current BAS permits sold at \$24/\$6 per vehicle	<u>(1,030,000)</u>
New Revenue Sub-total	\$38,115,600

Appropriations:

Funds appropriation will first address the loss of MVP and BAS revenue of \$11.73 million (adjusted annually for inflation) and the estimated administered cost of \$722,400. 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)	\$722,400
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Replacement Revenue

State park operation and maintenance	\$10,700,000
Boating access site operation and maintenance	<u>1,030,000</u>
Replacement revenue	\$11,730,000

New Revenue (representing 70% participation)

State park infrastructure	50%	\$19,057,800
State park operation and maintenance	30%	11,434,680
Local unit development matching grants	10%	3,811,560
State forest campground/pathway operations and infrastructure	7%	2,668,092
DNR’s cultural and historical resources	3%	<u>1,143,468</u>
New Revenue		\$38,115,600

Total License Proposal (Scenario 2)	\$50,568,000
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Scenario 3: 65% Participation

Annual Fee: \$10.00 per each registered passenger vehicle
 \$5.00 per each registered motorcycle

Estimated Revenue:

\$10.00 per registered passenger vehicle (appx. 7.1 million with 65% acceptance = 4.615 million vehicles)	\$46,150,000
\$5.00 per registered motorcycle (appx. 248,000 with 65% acceptance = 161,200)	806,000
Cost of administering proposal – Secretary of State cost (1% of total fees collected; est. \$10.00 @ 7.1 mil and \$5.00 @ 248,000)	(722,400)
Loss of current state park resident MVP permits sold at \$24/\$6 per vehicle	(10,700,000)
Loss of current BAS permits sold at \$24/\$6 per vehicle	<u>(1,030,000)</u>
New Revenue Sub-total	\$34,503,600

Appropriations:

Funds appropriation will first address the loss of MVP and BAS revenue of \$11.73 million (adjusted annually for inflation) and the estimated administered cost of \$722,400. 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)	\$722,400
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Replacement Revenue

State park operation and maintenance	\$ 10,700,000
Boating access site operation and maintenance	<u>1,030,000</u>
Replacement revenue	\$11,730,000

New Revenue (representing 65% participation)

State park infrastructure	50%	\$17,251,800
State park operation and maintenance	30%	10,351,080
Local unit development matching grants	10%	3,450,360
State forest campground/pathway operations and infrastructure	7%	2,415,252
DNR’s cultural and historical resources	3%	<u>1,035,108</u>
New Revenue		\$34,503,600

Total License Proposal (Scenario 3): \$46,956,000

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 reviewed, acted upon and unanimously approved the Resolution and proposal at their December 17, **2008** meeting.
2. Review by the DNR Director and the NRC during January, **2009**.
3. Review and action by the MSWC in February, **2009**.