

JUDGES' RETIREMENT

House Bills 4325-4327

Sponsor: Rep. Michael Griffin

Committee: Judiciary

Complete to 9-16-91

A SUMMARY OF HOUSE BILLS 4325-4327 AS INTRODUCED 2-19-91

House Bills 4325 through 4327 would raise court fees and revise the funding of the retirement systems for judges to pay for several benefit improvements. In addition, House Bill 4327 would create the Due Process Costs Fund, to receive a portion of fee increases, with proceeds to be distributed among the courts to pay the costs of jurors, transcripts, indigent defenses, and judges sitting on temporary assignment. House Bill 4327 also would create the Legal Aid Societies Fund, to receive a portion of fees and be distributed among nonprofit corporations providing civil legal services to indigents.

The bills would take effect January 1, 1992. None could take effect unless all were enacted.

House Bill 4327 would amend the Revised Judicature Act (MCL 600.2528 et al.) to increase court fees and create the Due Process Costs Fund and the Legal Aid Societies Fund. The motion fee that applies in counties with a population of 100,000 or more would be increased from \$10 to \$20, and a \$20 motion fee would be instituted in counties of less than 100,000. Of each motion fee, \$10 would go into the Judges' Retirement System (JRS); in the smaller counties, the remaining \$10 would be allocated to the new legal aid society fund (see below), while in larger counties the remaining \$10 would go to the county treasurer. The motion fee money would supplement other fee revenue allocated for the JRS. Under the bill, all of the money designated for the JRS would go into the annuity reserve fund, rather than only that amount (in addition to other publicly financed contributions) necessary to meet actuarial requirements. Language allocating any balance to state-financed trial courts would be deleted (this money is known as the "trial court deduct").

Circuit court filing fees would be increased by \$20, with the increase being allocated to the new Due Process Costs Fund. The fund also would receive a portion of district court fees, which would be increased as described below. The state court administrator would distribute the total amount available in the fund each fiscal year among the courts of the state. Each judicial circuit, recorder's court, judicial district, and county probate court would be reimbursed proportionately for costs of jury fees and reimbursements, transcript fees, indigent defenses, and salaries and expenses paid to judges sitting on temporary assignment.

Various district court fees would be increased. Civil filing fees would be increased as follows: in a matter of over \$3,000, the fee would be increased from \$32 to \$47; for matters of \$600 to \$3,000, the fee would be increased from \$22 to \$32; and, for matters of less than \$600, the fee would increase from \$12 to \$17. At present, \$2 of each fee goes into

the Community Dispute Resolution Fund, 45 percent of the remainder goes to the annuity reserve fund of the JRS and the balance goes to the district control unit. Under the bill, the annuity reserve fund would receive 30 percent, the district control unit 36 percent, and the Due Process Costs Fund the balance. (The contribution to the Dispute Resolution Fund would be unaffected.) Fees assessed as costs for civil infraction determinations also would be increased; those fees would rise from \$5 to \$7 each. At present, the legislative retirement system receives 6 percent of these fees, the JRS receives 9 percent, and the general fund receives the balance. Under the bill, the contributions to legislative retirement and judges' retirement would be reduced to 4 percent and 7 percent, respectively, with 29 percent being allocated to the Legal Aid Societies Fund; the general fund would continue to receive the balance.

The Legal Aid Societies Fund would be supported by motion fee increases and by an increase in probate filing fees. Money in the fund would be distributed to nonprofit corporations providing free civil legal services to indigents. Eligibility and procedures would be prescribed by the bill; to receive funding, a legal aid society would have to receive or have received funding under the federal legal services corporation act (in Wayne County, the Legal Aid and Defenders Association would be included among eligible legal aid societies). Ten percent of the fund would go to societies providing services on a statewide basis, including support and training for local legal aid societies and general services on a statewide basis for populations with special legal needs. The remaining 90 percent would be apportioned among counties served by legal aid societies; apportionment would be based on the proportion of indigents in the population. The fund and distributions from it would be administered by the state treasurer.

House Bill 4325 would amend the Judges' Retirement Act (MCL 38.831 et al.) in the following ways:

-- Effective October 1, 1992, members who retired between January 1, 1972 and December 31, 1986 would receive annuity supplements of 8 to 36 percent; members who retired before 1972 would receive a supplement of 38 percent. The supplement would be paid by January 1, 1993. The annuity with supplement would be the basis on which future adjustments would be calculated. The supplement would not apply to those who were members of the retirement system before September 8, 1961.

--Annuities payable to retirees and their beneficiaries would be increased by three percent per year, beginning October 1, 1992 or the first October 1 that was three years after the effective date of retirement, whichever was later. The amount of increase would be three percent of the annuity that would be payable as of the date of the increase without the application of this provision. The annual increase would be limited to \$600. This annual increase would not be available to retirees who were members before September 8, 1961. The limit on annuity as a percentage of final salary would not apply to the annuity as increased by this provision.

--Beginning January 1, 1992, the retirement system would pay 75 percent of the insurance premium for health care coverage that was the same as the coverage provided under the State Employees Retirement Act. Supreme court justices, judges of the court of

appeals, and certain state officials would continue to have their premiums fully paid. If coverage under the bill was chosen, any coverage provided by another publicly-supported retirement system would have to be canceled. A member who retired before January 1, 1992 would have until July 1, 1992 to elect to have coverage under the bill.

House Bill 4326 would amend the Probate Judges Retirement Act (MCL 38.931 et al.) in the following ways:

-- Effective October 1, 1992, members who retired between January 1, 1967 and December 31, 1986 would receive annuity supplements of 8 to 46 percent, with the largest supplement to those who retired earliest. Members who retired before 1967 would receive a supplement of 48 percent. The supplement would be paid by January 1, 1993. The annuity with supplement would be the basis on which future adjustments would be calculated.

-- Annuities payable to retirees and their beneficiaries would be increased by three percent per year beginning with October 1, 1992 or the first October 1 that was at least three years after the effective date of retirement. The increase would be calculated by taking three percent of the amount of annuity payable as of the date of the increase without application of this provision. The annual increase could not exceed \$600. The limit on an annuity as a percentage of final salary would not apply to the annuity as increased by this provision.

--Beginning January 1, 1992, the retirement system would pay 75 percent of the premiums for health care coverage the same as that provided under the State Employees' Retirement Act. The coverage would apply to retirees, spouses, dependents, and beneficiaries. A member who chose this coverage would have to cancel any other coverage provided by another publicly supported retirement system. Someone who retired before January 1, 1992 would have until July 1, 1992 to enroll in coverage under the bill.

--Various probate court filing fees would be increased from \$15 to \$30. At present, all filing fees go into the probate judges retirement system. Under the bill, 50 percent of the fees collected would go into the legal aid societies fund.