



**House  
Legislative  
Analysis  
Section**

Olds Plaza Building, 10th Floor  
Lansing, Michigan 48909  
Phone: 517/373-6466

**TRANSFER EXCESS COURT FILING  
FEES TO COURT EQUITY FUND**

**House Bill 6024 as introduced  
First Analysis (9-19-96)**

**Sponsor: Rep. Michael Nye  
Committee: Judiciary and Civil Rights**

***THE APPARENT PROBLEM:***

Public Act 374 of 1996 (enrolled House Bill 5158), among other things, abolished Detroit Recorder's Court, eliminated special state funding to the three Wayne County trial courts (the Third Circuit Court, the 36th District Court, and Detroit Recorder's Court) by abolishing the State Judicial Council (which was the state employer of the employees of these three Wayne County courts), and changed the state funding of state trial courts. The Judges Retirement Act of 1992 created a court fee fund to receive the "excess" court filing fees created by Public Act 189 of 1993 (which amended the Revised Judicature Act, among other things, also to create a state court fund to provide state funding for trial court operations statewide), for disbursing money to the three Wayne County "state financed trial courts." In light of the changes made in court funding by Public Act 374, these "excess" court filing fees need to be redirected.

***THE CONTENT OF THE BILL:***

The bill would repeal the section of the Judges Retirement Act that currently directs excess court filing fees to the state court fund and instead would require that the excess filing fees that formerly went to the state court fund be sent to the state court equity fund created by Public Act 374 of 1996. The bill would take effect on October 1, 1996, the date on which the State Judicial Council is to be abolished under Public Act 374 of 1996.

MCL 38.2304

***BACKGROUND INFORMATION:***

The judges retirement fund receives a portion of state general fund money, contributions from individual judges, and revenue from court filing fees. More specifically, the retirement fund gets \$21 of each probate filing fee (raised from \$15 to \$60 by Public Act 189 of 1993 in October 1994, with a \$10 annual increase until October 1997), \$18.75 of each circuit court filing fee (raised from \$42 to \$62 by Public Act 189, with an annual increase to a maximum of \$100 in fiscal year 1997-98), and the following amounts from district court

filing fees: \$13.50 out of every \$52 filing fee, \$9 out of every \$32 filing fee, and \$4.50 out of every \$17 filing fee. In addition, of all fines and costs assessed by a district court magistrate or judge or by a traffic bureau, there is a \$9 minimum, of which 45 cents also goes to the judges retirement fund.

Under the Judges Retirement Act of 1992 (MCL 38.2304), the retirement system must transmit all court fees received by the executive secretary (of the retirement system, i.e. the director of the Bureau of Retirement Systems in the Department of Management and Budget) and all late fees and interest payments received under this section of the act to the state treasurer for deposit in the reserve for employer contributions. (If the county treasurer, clerk of the circuit court, or clerk of the district court fails to transmit to the executive secretary all court fees by the 20th day of the month following the month in which the fees were collected under the RJA, the retirement system assesses a late fee for each late transmittal and an interest payment for each day the transmittal is late. The act allows the retirement board to periodically establish a late fee and interest rate for all court fees not submitted to the executive secretary as required, with a late fee of \$50 or more and an interest rate of 12 percent or more per year.) However, when the retirement system determines that the amount of court fees deposited into the reserve for employer contributions under this section equals the amount needed in addition to other publicly financed contributions to sustain the required level of publicly financed contributions, based on the most recent actuarial valuation available at the beginning of the applicable fiscal year, the executive secretary is required to transmit to the state treasurer the remainder of the court fees received during the fiscal year for deposit in the state court fee fund. (This transfer of court fees to the state court fee fund is to continue unless the Department of Management and Budget is notified by the U.S. Internal Revenue Service that deposit of these court fees in the state court fee fund would cause the retirement system to be disqualified for federal tax purposes.)

House Bill 6024 (9-19-96)

***FISCAL IMPLICATIONS:***

According to the House Fiscal Agency, 1995-96 year-end projected revenues for the state court fund under the current provisions of the Judges Retirement Act amount to \$3.5 million. (9-18-96)

***ARGUMENTS:***

***For:***

Reportedly, in fiscal year 1995-96, the excess filing fee revenues to the court equity fund have been used for Third Circuit Court expenses. If this money is not statutorily redirected, the amount of money going to the newly created state court equity fund could be less than anticipated, and therefore expected payment to counties under this fund might have to be reduced.

***POSITIONS:***

There are no positions on the bill.

Analyst: S. Ekstrom

---

■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.