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BILL



ANALYSIS

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House Bill 6024 (as reported without amendment)
Sponsor: Representative Michael Nye
House Committee: Judiciary and Civil Rights
Senate Committee: Judiciary

CONTENT

The bill would amend the Judges Retirement Act to provide for the deposit of excess court fee contributions to the Michigan Judges Retirement System into the Court Equity Fund, created by Public Act 374 of 1996 (House Bill 5158), rather than into the Court Fee Fund. The bill would repeal the section of the Judges Retirement Act that created the Court Fee Fund (MCL 38.2217). The bill would take effect on October 1, 1996.

The bill also would delete a provision that the deposit of the excess fees applies unless the Michigan Department of Management and Budget receives notification from the United States Internal Revenue Service that the requirement will cause the Judges Retirement System to be disqualified for tax purposes under the Internal Revenue Code.

The Judges Retirement Act requires that the Michigan Judges Retirement System transmit to the State Treasurer all court fees received by the executive secretary for deposit in the retirement system's reserve for employer contributions. If the retirement system determines that the amount deposited, in addition to other publicly financed contributions, equals the amount needed to sustain the required level of publicly financed contributions, the executive secretary must transmit to the Treasurer the remainder of the court fees received during the fiscal year for deposit into the Court Fee Fund. Money in the Court Fee Fund must be disbursed for State-financed trial courts. Under the bill, the fees would have to be deposited, instead, into the Court Equity Fund, which is distributed according to a statutory formula to provide funding for all State trial courts.

MCL 38.2304

Legislative Analyst: P. Affholter

FISCAL IMPACT

According to the State Court Administrative Office, there were an estimated additional 25,000 cases filed during the 1995-96 fiscal year due to the impending effective date of tort reform amendments. As a result, revenues from the retirement system are estimated to be higher this year at approximately \$3.4 million.

For FY 1996-97 the allocation of these funds to the Court Equity Fund would mean an estimated \$2 million to \$3 million for the Fund.

Date Completed: 9-25-96

Fiscal Analyst: Melissa Ortiz

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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.