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SB677 AS ENROLLED

Sponsor: Sen. Philip E. Hoffman

Committee: HOUSE APPROPRIATIONS

Analyst(s): Jen, Kyle
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Completed: 1/2/02

State Fiscal Impact

Cost: None
Revenues: Increase

Local Fiscal Impact

Cost: None
Revenues: Increase

Senate Bill 677 would amend the Michigan Vehicle Code to do the following:

- 1) Increase the secondary road patrol and training assessment from \$5 to \$10. This would place in statute and make permanent an increase made in Executive Order (EO) 2001-9 for FY 2001-02.
- 2) Provide that the GF/GP appropriation for secondary road patrol grants be reduced proportionally to any additional revenue collected and remitted as a result of the increased assessment.
- 3) Create a new \$5 assessment to be deposited in a newly-created Jail Reimbursement Program Fund. Money in the fund would be used by the Department of Corrections for the jail reimbursement program established under the Code of Criminal Procedure (MCL 769.35).
- 4) Provide for fiscal year-end balances in the Highway Safety, Secondary Road Patrol and Training, and Jail Reimbursement Program Funds to be carried forward to the next fiscal year.

In sum, the bill would increase from \$15 to \$25 the total amount of assessments applied to most traffic citations issued in the state.

The revenue estimates in this analysis are based on the following three assumptions:

First, the analysis assumes the bill's provisions become effective consistent with EO 2001-9, which was approved by both appropriations committees on November 6, 2001. It is anticipated that courts will be able to update their information systems to reflect both assessment changes simultaneously.

Second, baseline collections for the funds are projected to grow by 2.5 percent annually, based on the five-year historical average for Secondary Road Patrol and Training Fund collections.

Third, the estimates reflect a three-year phase-in period, consistent with the implementation of the three existing \$5 traffic citation assessments.

Under these assumptions, the bill is projected to generate \$8.8 million in increased revenue in FY 2001-02. This figure would increase to \$12.9 million in FY 2002-03 and \$14.0 million in FY 2003-04. This increased revenue would be allocated equally between the Secondary Road Patrol and Training Fund and the Jail Reimbursement Program Fund.

Funds in the Secondary Road Patrol and Training Fund are statutorily earmarked for two purposes: 1) secondary road patrol grants to counties and 2) training grants to local law enforcement agencies. The distribution of funds between these two programs is governed by the ratio between the appropriations for the two programs in the annual State Police budget bill. Historically, the secondary road patrol program has received about 90 percent of the funds available, with the training to locals program receiving the remaining 10 percent. The distribution of funds from the \$5 assessment increase contained in Senate Bill 677 would also be subject to the appropriations made by the Legislature for the two programs.

For purposes of comparison, the enacted FY 2001-02 GF/GP appropriation for secondary road patrol grants was \$5,980,000. The GF/GP appropriation was reduced by \$4,500,000 through EO 2001-9. Given this reduction, the practical impact of the provision in the bill providing for this appropriation to be reduced is unclear.

The enacted FY 2001-02 GF/GP appropriation for the jail reimbursement program was \$5,307,900. (The \$18,500,000 Gross appropriation is supported by an assumed \$13,192,100 in prisoner telephone revenues.) The jail reimbursement GF/GP appropriation also was reduced by \$4,500,000 through EO 2001-9.