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## HOUSE FISCAL AGENCY

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SB677 SUBSTITUTE

Sponsor: Sen. Philip E. Hoffman

H-1

Committee: HOUSE APPROPRIATIONS

Analyst(s): Jen, Kyle  
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Completed: 12/5/01

### State Fiscal Impact

Cost: None  
Revenues: Increase

### Local Fiscal Impact

Cost: None  
Revenues: Increase

Senate Bill 677 (H-1) 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) Express legislative intent that money from the Secondary Road Patrol and Training Fund be distributed as follows:
  - a) First \$6.8 million distributed on a 90/10 (secondary road patrol grants/training grants to local law enforcement agencies) basis
  - b) Next \$4.75 million for secondary road patrol grants only
  - c) Next \$527,800 for training grants only
  - d) Any remaining funds distributed on a 90/10 basis (funds from the existing \$5 secondary road patrol and training assessment are currently distributed on roughly a 90/10 basis, as determined in the annual State Police budget bill)
- 3) 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.
- 4) 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).
- 5) 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.

Assuming the language in the bill expressing legislative intent regarding the distribution of funds from the Secondary Road Patrol and Training Fund were implemented through the appropriations process, the secondary road patrol program would receive 100% of the projected \$4.4 million in increased revenue to the fund in FY 2001-02. For FY 2002-03 and beyond, the revenue increase would, in effect, be distributed on a 90/10 basis--given that the projected revenue increases exceed the sum of the \$4.75 million and \$527,800 thresholds.

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.