

Senate Fiscal Agency
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SFA**BILL ANALYSIS**

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House Bill 4090 (Substitute S-1 as reported)
House Bill 4551 (Substitute S-1 as reported)
House Bill 4552 (Substitute S-1 as reported)
House Bill 4553 (Substitute S-1 as reported)
House Bill 4798 (Substitute S-2 as reported)
Sponsor: Representative Michael Switalski (House Bill 4090)
Representative Gary A. Newell (House Bill 4551)
Representative Ken Daniels (House Bill 4552)
Representative Andrew Richner (House Bills 4553 & 4798)
House Committee: Civil Law and the Judiciary
Senate Committee: Judiciary

Date Completed: 7-8-02

RATIONALE

The Revised Judicature Act (RJA) provides that jurors must receive at least \$15 per day (or \$7.50 per half day) for each actual day of attendance at the court. Court funding units (counties, cities, and townships) pay for juror compensation, with counties paying for circuit court, probate court, and first-class district courts, and cities and townships paying for second- and third-class district courts. The RJA requires that county boards of commissioners determine the rate for juror compensation and allows them to establish that rate at a level above, but not below, \$15 per day or \$7.50 per half day. Few counties, however, have chosen to compensate jurors above the minimum rates specified in the RJA. Those statutory minimum rates for juror compensation have not changed since 1967, and some people believe that they should be raised and that certain fees should be increased, with the revenue from those higher fees dedicated to the increased juror compensation.

CONTENT

House Bills 4090 (S-1), 4551 (S-1), 4553 (S-1), and 4798 (S-2) would amend the Revised Judicature Act to do all of the following:

- Increase juror compensation fees.
- Create the "Juror Compensation Reimbursement Fund" in the State Treasury.

- Provide for the distribution of money in the proposed Fund to district, probate, and circuit court funding units.
- Increase court fees for a trial by jury, and provide for the amount of the increase to be deposited in the proposed Fund.

House Bill 4552 (S-1) would amend the Michigan Vehicle Code to increase various driver license clearance fees that are required for the issuance of a license to a person whose license has been suspended for failure to appear or comply in response to certain violations. The bill would allocate a portion of the fees to the proposed Fund.

The bills are tie-barred. House Bills 4090 (S-1) and 4553 (S-1) would take effect on October 1, 2003. House Bills 4551 (S-1), 4552 (S-1), and 4798 (S-2) would take effect on January 1, 2003.

House Bill 4090 (S-1)

The RJA requires that a juror be compensated at a rate determined by the county board of commissioners that is at least \$15 per day and \$7.50 per half day of actual attendance at the court. Under House Bill 4090 (S-1), that minimum rate of compensation would apply until October 1, 2003. Beginning on that date, the juror compensation rate determined by a



county board of commissioners would have to be at least \$25 per day and \$12.50 per half day for the first day or half day of actual attendance at the court. The juror compensation rate would have to be at least \$40 per day and \$20 per half day, for each subsequent day or half day of actual attendance.

House Bill 4551 (S-1)

The bill would create the Juror Compensation Reimbursement Fund. Money in the Fund would have to be used as provided in House Bill 4553.

The State Treasurer would have to credit to the Fund deposits of proceeds from the collection of driver license clearance fees, as provided in House Bill 4552, and deposits of proceeds from the collection of jury demand fees, as provided in House Bill 4798.

The Treasurer could invest money in the Fund in any manner authorized by law for the investment of State money. An investment, however, could not interfere with any apportionment, allocation, or payment of money required under House Bill 4553. The State Treasurer would have to credit to the Fund all income earned as a result of an investment of money in the Fund. The unencumbered balance in the Fund at the end of a fiscal year would have to remain in the Fund and could not revert to the General Fund.

House Bill 4552 (S-1)

The Michigan Vehicle Code requires that the Secretary of State suspend a person's driver's license for failing to answer certain citations or notices to appear in court for driving violations. In each case, the suspension remains in effect until both of the following occur:

- The Secretary of State is notified by each court in which the person failed to answer a citation or notice to appear or failed to pay a fine or cost that the person has answered the citation or notice, paid the fine, or resolved all outstanding matters regarding each notice or citation.
- The person has paid to the court a \$25 driver license clearance fee. (In some instances, the court is allowed or required to waive the fee.)

The Code requires that the court transfer 60% (\$15) of each driver license clearance fee to the Secretary of State, on a monthly basis. The funds received by the Secretary of State must be deposited in the State General Fund and used to defray the Secretary of State's expenses in processing the driver's license suspensions and reinstatements.

The bill would increase the driver license clearance fee to \$45. For each fee received, the court still would have to transmit \$15 each month to the Secretary of State for deposit in the State General Fund to defray driver's license suspension and reinstatement expenses. In addition, on a monthly basis, the court would have to transmit \$15 to the Juror Compensation Reimbursement Fund proposed by House Bill 4551 and \$15 to one of the following, as applicable:

- If the matter were before the circuit court, to the county treasurer for deposit in the county's general fund.
- If the matter were before the district court, to the treasurer of that court's district court funding unit (i.e., the county, city, township, or incorporated village where the court was located, depending on the court), for deposit in the funding unit's general fund.
- If the matter were before a municipal court, to the treasurer of the city in which the municipal court was located, for deposit in the city's general fund.

House Bill 4553 (S-1)

The bill would provide for the distribution of money in the proposed Juror Compensation Reimbursement Fund. Each court funding unit (county, city, township, or incorporated village, depending on the court) would have to submit a semiannual report to the State Court Administrator, for each court for which it was a funding unit. The report would have to show the total amount of the expense incurred during the fiscal year by that funding unit due to the increased minimum compensation rate for jurors (as proposed by House Bill 4090). If any of the juror compensation payments made by that court funding unit exceeded the statutory minimum, the report would have to include the total amount paid to jurors in excess of that minimum rate.

Each year, at the direction of the Supreme Court and upon confirmation by the State

Treasurer of the total amount available in the Fund, the State Court Administrator would have to distribute to each court funding unit a reimbursement from the Fund for the expense amount reported for the increase in juror compensation fees for the preceding six months, excluding any juror compensation in excess of the statutory minimum fee. Reimbursements from the Fund, however, would be subject to both of the following:

- The State Court Administrator semiannually would have to be reimbursed from the Fund for reasonable costs associated with administration of the distribution process. This reimbursement could not exceed \$100,000 in fiscal year 2003-04 or \$40,000 in subsequent fiscal years.
- If the amount available in the Fund in any fiscal year were more than the amount needed to pay the entire reimbursement required for all court funding units, the unencumbered balance would have to be carried forward to the next fiscal year and could not revert to the General Fund.

Payments from the Fund would have to be made every six months. Reimbursement for each six-month period beginning with the quarter ending March 31, 2004, would have to be made from the Fund within two months after the end of the six-month period.

The bill provides that, in addition to the amounts paid to court funding units for the reimbursement of the increased juror compensation rate for the six-month periods ending March 31, 2004, and September 30, 2004, the State Court Administrator would have to pay to each court funding unit an additional sum equal to 14% of the payments due. The bill specifies that those two extra payments would be "intended to offset expenses incurred by court funding units for costs in adapting to the changes in the statutory minimum rate for juror compensation" proposed by House Bill 4090.

House Bill 4798 (S-2)

The RJA provides that if a trial by jury is demanded in the circuit court, the party making the demand must pay a fee of \$60. The bill would increase that fee to \$85. If a trial by jury is demanded in the district court, the party making the demand must pay a \$40 fee. The bill would increase that fee to \$50. For each fee collected, the circuit court clerk

would have to transmit \$25, and the district court clerk would have to transmit \$10, to the State Treasurer for deposit in the proposed Juror Compensation Reimbursement Fund.

The RJA provides that failure to pay the fee for demanding a jury trial within the time provided in the court rules constitutes a waiver of the right to a jury trial. Under the bill, failure to pay the fee at the time the demand was made would constitute a waiver of the right to a jury trial.

MCL 600.1344 (H.B. 4090)

600.151d (H.B. 4551)

257.321a (H.B. 4552)

Proposed MCL 600.151e (H.B. 4553)

MCL 600.2529 & 600.8371 (H.B. 4798)

ARGUMENTS

(Please note: The arguments contained in this analysis originate from sources outside the Senate Fiscal Agency. The Senate Fiscal Agency neither supports nor opposes legislation.)

Supporting Argument

Serving on a jury is a civic obligation, required of a person called for jury duty unless he or she is dismissed by the court. For some people, however, jury duty also can be a financial burden. Although some employers will pay an employee's salary for the time he or she spends in court on jury duty, most employers apparently do not and those earning low levels of income are more likely than others not to have paid time off for jury service. In addition, the cost of transportation to and from the courthouse, parking, meals, and care for children or other dependents while a person serves on a jury may prove to be a hardship for that person.

According to a report based on a 1999 survey ("Public Perceptions of Jury Service", prepared for the Michigan Supreme Court and the State Court Administrative Office by Public Sector Consultants, Inc.), only 28% of the survey's respondents who had less than a high school education reported that they would receive their salary for time spent on jury duty. That percentage increased with workers' educational levels, but, even at the highest level of education (postgraduate college study or degree), only 56% of respondents indicated that they would receive their salary. In addition, the survey found that the responsibility of providing care for dependents was a potential barrier to serving jury duty:

47% of respondents between the ages of 25 and 44 had children or elderly relatives at home who would require care if the respondent had to attend court.

It is important, then, that citizen-jurors be adequately compensated for their service. Given the expenses that may be incurred due to jury service, the current minimum rate of compensation is simply too low. The minimum rate of \$15 per day or \$7.50 per half day was established in 1967, and, after 35 years, is clearly not enough to remunerate jurors for their time and service. Indeed, in some jurisdictions the current fee may barely cover the cost of parking and is insufficient to meet required costs such as child care. By raising the minimum juror fee that counties must establish, House Bill 4090 (S-1) would offer more reasonable compensation to those who fulfill their civic responsibility by serving on a jury.

Response: While an increase in the juror compensation rate is overdue and necessary, the bill would not raise the rate enough. If the \$15-a-day payment established in 1967 had increased by the rate of inflation over the past 35 years, the fee for jury service would now be \$79.50 per day. In addition, the 1999 Public Sector Consultants survey asked respondents what amount would be fair pay for a day of jury service. The average response was \$69.95 and the median was \$50, both of which exceed the juror compensation rate proposed by House Bill 4090 (S-1). Also, according to testimony before the Senate Judiciary Committee by the Genesee County jury coordinator, jurors in that county lose an average of \$111 per day in lost pay (with only one-third of jurors receiving paid leave from employment for jury duty) and those with children average \$30 per day in child care costs.

The bill also could address some of the other concerns raised by the Public Sector Consultants' survey respondents. While the level of pay was an issue for those surveyed, the respondents also recommended such services as free day care for children, free transportation or parking, more timely payment of jurors, and being allowed to choose when to serve.

Supporting Argument

Over the years, efforts have been made to increase the number of potential jurors. For instance, Public Act 104 of 1986 changed the

juror selection rolls from county voter registration lists to driver's license lists. In recent years, however, some courts reportedly have been excusing people from jury duty because of the financial hardship they would endure from missing work or incurring expenses such as child care costs. By increasing the juror reimbursement rates, House Bill 4090 (S-1) could result in fewer financial hardship claims from potential jurors, thereby expanding the juror pool. This, in turn, would benefit the criminal and civil justice system by ensuring that juries were more representative of the community from which they were drawn.

Supporting Argument

The bills propose an innovative way to pay for the increased juror compensation fees. House Bills 4552 (S-1) and 4798 (S-2) would provide the revenue needed to pay the higher fees to jurors. By increasing the driver license clearance fee for reinstatement of a suspended license when a person failed to answer a traffic citation or notice to appear in court, and raising the fee for filing with a court a demand for a jury trial, those bills would place the burden of paying for increased juror compensation fees upon those who use the court system. The revenue from the clearance fee and jury demand fee increases would be dedicated to the Juror Compensation Reimbursement Fund proposed by House Bill 4551 (S-1), which would be used under House Bill 4553 (S-1) to distribute money to court funding units to cover the increased juror compensation fee proposed by House Bill 4090 (S-1). This funding system should hold the local court funding units harmless for any increased costs associated with paying their jurors more money.

In addition, the bills that would increase the driver license clearance and jury demand fees and establish the Juror Compensation Reimbursement Fund would take effect on January 1, 2003, while the bills that would require greater compensation for jurors and govern distributions from the proposed Fund would not take effect until October 1, 2003. This nine-month delay would allow the Fund to be built up well before any disbursements would have to be made from it to compensate jurors at the higher rate.

Legislative Analyst: Patrick Affholter

FISCAL IMPACT

House Bill 4090 (S-1)

The bill would increase statutory minimum juror reimbursement rates effective October 1, 2003, as follows:

CURRENT		PROPOSED	
		1 st Day of Actual Attendance	2 nd and Subsequent Days
Per Day	15.00	25.00	40.00
Half Day	7.50	12.50	20.00

The estimated annual cost of the increase is \$5,687,700. This estimate is based on FY 1994-95 data submitted by local court funding units to the State Court Administrative Office for reimbursement of juror costs and a 2001 survey of 14 courts regarding second-day and beyond juror service. (The State reimbursed funding units for juror costs in FY 1994-95 and FY 1995-96 based on costs in FY 1993-94 and FY 1994-95.) The State Court Administrative Office used a 2001 survey (calendar year 2000) regarding the number of juror days to refine the cost estimate.

House Bill 4551 (S-1)

The fiscal impact of House Bill 4551 (S-1) would depend on the increase in juror compensation rates under House Bill 4090; the amount generated by the driver license clearance fee increase proposed by House Bill 4552; the distribution of money in the Juror Compensation Reimbursement Fund pursuant to House Bill 4553; and the amount generated by the proposed increase in jury trial fees under House Bill 4798.

House Bill 4552 (S-1)

The current \$25 clearance fee is allocated as follows: \$6 to the Department of State, \$9 to the Transportation Economic Development Fund, and \$10 to the local court funding unit. The bill would increase the clearance fee to \$45 and allocate \$5 of the increase to the local court funding unit and \$15 to the proposed Juror Compensation Reimbursement Fund. Based on the last six years of collection data, the clearance fee increase would generate between \$7,000,000 and \$8,240,000 annually. The allocation of the clearance fee increase between the Juror Compensation Reimbursement Fund and local court funding units would range as follows:

Juror Compensation Reimbursement Fund
\$5,250,000 to \$6,180,000

Local Court Funding Unit
\$1,750,000 to \$2,060,000

House Bill 4553 (S-1)

Based on reports to be filed by local court funding units, the State Court Administrative Office would semiannually reimburse local units of government for the expense incurred due to the increases in statutory minimum compensation rates for jurors that would take effect on October 1, 2003. The annual cost of this reimbursement is estimated at \$5,687,700 (as explained above, under House Bill 4090). House Bill 4553 (S-1) also provides that the State Court Administrative Office would receive up to \$100,000 in FY 2003-04, and up to \$40,000 in subsequent fiscal years for reasonable administrative costs. For FY 2003-04 only, local court funding units would receive an additional sum equal to 14% of their reimbursement amount to offset expenses incurred in adapting to changes in the new statutory minimums for juror compensation. The cost of this additional payment in FY 2003-04 is estimated at \$796,300.

House Bill 4798 (S-2)

The bill would increase the jury demand fee in civil cases from \$60 to \$85 in circuit court, and from \$40 to \$50 in district court. The additional revenue generated from the increases in jury demand fees would have to be deposited in the proposed Juror Compensation Reimbursement Fund. The estimated annual revenue that would be generated from jury demand fee increases is approximately \$500,000. The enacting section of the bill provides that the fee increases would take effect on January 1, 2003.

Fiscal Analyst: Bill Bowerman

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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.