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SFA**BILL ANALYSIS**

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House Bill 4090 (Substitute H-3 as passed by the House)
House Bill 4551 (Substitute H-3 as passed by the House)
House Bill 4552 (Substitute H-1 as passed by the House)
House Bill 4553 (Substitute H-2 as passed by the House)
House Bill 4798 (as passed by the House)
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: 5-22-02

CONTENT

House Bills 4090 (H-3), 4551 (H-3), 4553 (H-2), and 4798 would amend the Revised Judicature Act (RJA) 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 (H-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 (H-3) and 4553 (H-2) would take effect on October 1, 2002. House Bills 4551 (H-3), 4552 (H-1), and 4798 include an effective date of January 1, 2002.

House Bill 4090 (H-3)

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 the bill, that minimum rate of compensation would apply until October 1, 2002. Beginning on that date, the juror compensation rate determined by a county board of commissioners would have to be at least \$15 for the first day of actual attendance at the court and \$40 per day for each subsequent day of actual attendance. For the first half day of actual attendance, the juror compensation rate would have to be at least \$7.50. For each subsequent half day of actual attendance, the rate would have to be at least \$20 per half day.

House Bill 4551 (H-3)

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 (H-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 \$50. 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 \$20 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 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 (H-2)

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 2002-03 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, 2003, 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, 2003, and September 30, 2003, the State Court Administrator would have to pay to each court funding unit an additional sum equal to 30% 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

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 Juror Compensation Reimbursement Fund proposed by House Bill 4551.

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)
Proposed MCL 600.151d (H.B. 4551)
MCL 257.321a (H.B. 4552)
Proposed MCL 600.151e (H.B. 4553)
MCL 600.2529 & 600.8371 (H.B. 4798)

Legislative Analyst: Patrick Affholter

FISCAL IMPACT

House Bill 4090 (H-3)

The bill would increase juror reimbursement rates for the second and subsequent days of service from \$7.50 to \$20 for half days, and from \$15 to \$40 for full days effective October 1, 2002. The estimated annual cost of this increase would range from \$3.2 million to \$4.0 million. 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. (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 recent survey of 14 courts (calendar year 2000) regarding the number of juror days to refine the cost estimate.

House Bill 4551 (H-3)

The bill would create the Juror Compensation Reimbursement Fund and provides that the increases in juror demand fees (House Bill 4798) and driver license clearance fees (House Bill 4552) would have to be credited to the Fund. The fee increases in those bills would annually generate between \$7.4 million to \$8.6 million to the Juror Compensation Reimbursement Fund. All income earned as a result of investment of money in the Fund would remain in the Fund, and any unencumbered balance remaining at the end of the fiscal year could not revert to the State General Fund but would remain in the Juror Compensation Reimbursement Fund.

House Bill 4552 (H-1)

The bill would increase the driver license clearance fee from \$25 to \$50. The current \$25 clearance fee is allocated as follows: \$6 goes to the Department of State, \$9 to the Transportation Economic Development Fund, and \$10 remains with the local court funding unit. The fee is paid by an individual whose driver license is suspended when he or she fails to answer a citation or notice to appear in court, or fails to comply with a court order (including payment of fines, costs, fees, and assessments). In order remove the suspension, the individual must answer the citation, pay all sums due, and pay a \$25 driver license clearance fee.

The bill would increase the clearance fee to \$50 and allocate \$5 of the increase to the local court funding unit and \$20 to the new Juror Compensation Reimbursement Fund. Based on the last six years of collection data, the clearance fee increase would annually generate between \$8,750,000 and \$10,300,000. 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
\$7,000,000 to \$8,240,000

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

House Bill 4553 (H-2)

The bill would provide for the annual distribution of the Juror Compensation Reimbursement Fund. 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, 2002. The annual cost of this reimbursement is estimated at between \$3.2 million and \$4.0 million (as explained under HB 4090). The bill also provides that the State Court Administrative Office would receive up to \$100,000 in FY 2002-03, and up to \$40,000 in subsequent fiscal years for administrative costs. For FY 2002-03 only, local court funding units would receive an additional sum equal to 30% of their reimbursement amount to offset expenses incurred in adapting to changes in the statutory minimum for juror compensation. The cost of this additional payment in FY 2002-03 is estimated between \$960,000 and \$1,200,000.

House Bill 4798

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 revenues generated from the increases in jury demand fees would be deposited in the Juror Compensation Reimbursement Fund. The estimated annual revenue that would be generated from jury demand fee increases is approximately \$400,000. The enacting section of the bill provides that the fee increases would take effect on January 1, 2002.

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.