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BILL



ANALYSIS

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Senate Bill 1003 (Substitute S-3 as passed by the Senate)
Sponsor: Senator Roger Kahn, M.D.
Committee: Appropriations

Date Completed: 11-29-10

CONTENT

The bill would amend Public Act (P.A.) 196 of 1989, which provides for the Crime Victim's Rights Fund, to allow excess revenue in the Fund to be used for specified purposes until October 1, 2012; and allow that revenue to be spent on a statewide trauma system.

Revenue for the Crime Victim's Rights Fund comes from assessments, treated as fee revenue, imposed on individuals convicted of felonies or certain misdemeanors. Assessments also are imposed on individuals with deferred sentences and those assigned to youthful trainee status.

The revenue is used, pursuant to P.A. 223 of 1976, for a variety of crime victim services. These include awards to victims (maximum of \$15,000), awards to cover funeral expenses and grief counseling (maximum of \$2,000), awards to cover lost wages (maximum of \$200 per week), and psychological counseling (maximum of 26 hourly sessions, maximum reimbursement of \$95 per hour).

Priority for funding is set in Section 4 of P.A. 196 of 1989 (MCL 780.904). Any excess revenue, after the awards described in P.A. 223 of 1976, is used to support the sex offender registry, the Amber Alert program, treatment services for victims of sexual assault, polygraph examinations, and expert witness testimony from forensic scientists. This provision expired on October 1, 2010.

Ongoing annual revenue from the assessments has been in the range of \$9.0 million to \$10.0 million over the past few years. Due to the carry-forward of past surpluses, total available funds (including ongoing revenue and the surplus) exceeded \$16.0 million in FY 2009-10.

Expenditures from the Fund, excluding the additional priorities set in MCL 780.904, exceeded \$12.0 million in FY 2009-10. (The additional priorities exceed \$2.3 million per year.)

While there is sufficient revenue, given the carry-forward revenue, to cover costs in FY 2009-10 and in FY 2010-11, it is clear that, without any changes, the expenditures will be large enough that the Fund's surplus will disappear by the beginning of FY 2012-13. Making changes would not necessarily mean an increase in assessments; awards could be reduced as the statute only specifies maximums, or the services covered could be scaled back.

Senate Bill 1003 (S-3) would delay until October 1, 2012, the sunset on funding for the sex offender registry, Amber Alert, sexual assault victim services, polygraph examinations, and forensic expert witness testimony, so those services could be funded in FY 2010-11 and FY 2011-12.

The bill also would permit the use of up to \$3.5 million in excess crime victim services revenue to establish and maintain a statewide trauma system.

The bill is tie-barred to House Bill 5661, which would increase the assessments for felonies from \$60 to \$130, for serious or specified misdemeanors from \$50 to \$75, and for juvenile offenses from \$20 to \$25. The House bill also would expand the offenses covered to include all misdemeanors.

MCL 780.904

FISCAL IMPACT

The Crime Victim's Rights Fund had a surplus of \$7.4 million at the beginning of FY 2009-10. Ongoing spending, exclusive of the cost of the programs subject to the sunset, was projected to be over \$12.0 million in FY 2009-10. Anticipated revenue, without any changes in the statute, is projected to be about \$9.2 million. As such, if one assumes no changes in policy, the surplus will be exhausted by the beginning of FY 2012-13. In effect, there is a structural deficit between the revenue and the expenditures, with an ongoing surplus available to allow for three more years of deficit spending in the program.

As noted above, by delaying the October 1, 2010, sunset, Senate Bill 1003 (S-3) would allow FY 2010-11 and FY 2011-12 funding for the sex offender registry, Amber Alert, polygraph examinations, forensic expert witness testimony, and sexual assault victim services. Funding these priorities cost \$2.3 million in FY 2009-10.

The bill also would allow a statewide trauma system to be established with up to \$3.5 million in ongoing expenditures. This increase in expenditures could exacerbate the balance between revenue to and expenditures from the Fund.

The tie-bar with House Bill 5661 would lead to additional revenue to cover some of these additional costs and help alleviate the structural deficit in the program. Because the revenue from the assessment increases in House Bill 5661 cannot precisely be estimated, the fiscal impact is indeterminate. It is highly likely that the increases in House Bill 5661, assuming no other policy changes, would be sufficient to eliminate the structural deficit in the program and allow for the surplus carry-forward revenue to begin growing again.

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