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House Bill 5661 (Substitute S-1 as reported)
House Bill 5667 (Substitute S-1 as reported)
Sponsor: Representative Gary McDowell (H.B. 5661)
Representative Tonya Schuitmaker (H.B. 5667)
House Committee: Judiciary
Senate Committee: Appropriations

CONTENT

House Bill 5661 (S-1) would amend Public Act (P.A.) 196 of 1989, which provides for the Crime Victim's Rights Fund, to increase assessments imposed on offenders. House Bill 5667 (S-1) would amend P.A. 223 of 1976, which provides for crime victim services, to increase victim compensation amounts and expand reimbursable services.

Revenue for the 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, awards to cover funeral expenses and grief counseling, awards to cover lost wages, and psychological counseling.

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 (although Senate Bill 1003 (S-3) would delay the sunset until October 1, 2012).

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) exceed \$16.0 million in the current fiscal year.

Expenditures from the Fund, excluding the additional priorities set in MCL 780.904, grew by \$2.5 million to \$12.3 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 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 2011-12. Making changes does 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.

House Bill 5661 (S-1) 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 bill also would expand the offenses covered to include all misdemeanors.

House Bill 5667 (S-1) would increase the victim compensation maximums. The victim award maximum would increase from \$15,000 to \$25,000; the funeral expense maximum would increase from \$2,000 to \$5,000; the weekly lost wage maximum would increase from \$200

to \$350; and the psychological counseling maximum would increase from 26 hours with an hourly rate of \$95, to 35 hours with an hourly rate of \$125. Furthermore, grief counseling costs would be separated from the funeral maximum and reimbursed at a maximum of \$500, and grief counseling coverage would be expanded to include grandparents and grandchildren. Finally, crime scene cleanup costs would be covered, at a maximum reimbursement of \$500.

The bills are tie-barred to each other and to Senate Bill 1003, which is tie-barred to the House bills.

Senate Bill 1003 (S-3), which passed the Senate on November 10, 2010, would delay the sunset on the use of excess revenue to October 1, 2012. The bill also would create a new expenditure priority of up to \$3.5 million per year to support a statewide trauma system.

MCL 780.905 (H.B. 5661)
18.631 (H.B. 5667)

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, is 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.

The bills include two policies with a fiscal impact. The assessment increases provided for in House Bill 5661 (S-1), ranging from 25% to 117%, along with an expansion of the misdemeanor assessment, would enhance revenue by several million dollars, though a precise estimate is difficult to determine. It is highly likely that the increases in the bill, 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.

House Bill 5667 (S-1) would increase maximum payments to victims by 67% to 150% and institute two new payments. Because these are increases in the maximum payments, there would not necessarily be an obligation to increase payments to victims by the same amount. If the payments were increased by that amount, it appears that the structural deficit between revenue and expenditures not only would continue, but could very well increase. If the increases in the maximum payments were applied much more narrowly, then the structural deficit would likely narrow considerably and perhaps even disappear.

Because the revenue from the assessment increases in House Bill 5661 (S-1) cannot precisely be estimated and because the increases in expenditures in House Bill 5667 (S-1) actually refer to maximum expenditures, the fiscal impact of the package is indeterminate. It should be noted, however, that there is an ongoing structural deficit in the account and unless the increased payments to victims were minimal, it is possible that the ongoing expenditures would continue to exceed ongoing revenue. It is clear that if the fees were increased, the payouts were increased to the maximum, and the Statewide trauma system were fully funded, the structural deficit in the program would increase significantly.

Senate Bill 1003 (S-3) would permit the use of up to \$3.5 million per year to support a statewide trauma system, which could increase the structural deficit in the Fund.

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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.