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Senate Bill 1045 (as enacted)  
Sponsor: Senator Rick Jones  
Senate Committee: Judiciary  
House Committee: Judiciary

**PUBLIC ACT 519 of 2016**

Date Completed: 1-19-17

**RATIONALE**

Public Acts 230 through 235 of 2015 added Chapter 19A to the Revised Judicature Act, and otherwise amended the Act, to provide for the development and implementation of a statewide electronic filing (e-filing) system and fee for Michigan courts. Although the new fee is supposed to be the only fee collected for e-filing, Chapter 19A allows a court or court funding unit that had been collecting a fee for electronic filing on September 30, 2015, to continue to collect \$2.50 for filing or service or \$5 for filing and service. Under the 2015 legislation, that authorization was granted until December 31, 2016. This essentially "grandfathered" in the few courts that already were accepting filings electronically and collecting fees for them. Evidently, the statewide electronic filing system is not yet ready, so it has been suggested that the authorization for those courts to continue collecting electronic filing fees be extended for one year.

**CONTENT**

**The bill amended Chapter 19A (Electronic Access to Courts) of the Revised Judicature Act to extend until December 31, 2017, the authorization for some courts to collect certain fees in addition to the electronic filing system fee established under Chapter 19A.**

Chapter 19A requires a court clerk to collect an electronic filing system fee in addition to a fee for commencing a civil action authorized or required by law. Depending on the court and, in some cases, the type of action, the e-filing fee ranges from \$5 to \$25. Except for an automated payment service fee, and except as provided below, the e-filing fee authorized under Chapter 19A is the only fee that may be charged to or collected in a civil action specifically for electronic filing.

Under the bill, a court or court funding unit, pursuant to a Supreme Court order, was collecting a fee for electronic filing other than the e-filing fee on September 30, 2015, the court or court funding unit may continue to collect \$2.50 for filing or service or \$5 for filing and service, in addition to the e-filing fee, until December 31, 2017. Previously, that authorization applied until December 31, 2016.

The bill took effect on January 9, 2017.

MCL 600.1987

**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**

The 2015 legislation provides for the establishment of a statewide e-filing system to modernize Michigan court operations and provide efficiency and cost benefits for the use of the court system. Litigants will be able to file civil actions from home or business computers at any time of the day or night with the touch of a button, rather than having to physically visit the court during its hours

of operation. Court clerks may see a substantial drop in paperwork and not need the same amount of storage space. Electronic filing may lead to further developments in the area of electronic access allowing multiple parties to have simultaneous access to documents, without the inconvenience of having to make or view hard copies.

Some courts had already implemented their own e-filing systems before the enactment of the 2015 legislation, so their authority to continue to collect e-filing fees was extended to December 31, 2016. The statewide e-filing system is not yet ready to be implemented, but the initiative is well under way. According to a November 30, 2016, report on the Michigan Courts' website, "Michigan E-Filing & EDMS Report", in August 2016 the Supreme Court released a request for proposals seeking a vendor to supply the statewide system, and had received three proposals by the deadline of October 25, 2016. An evaluation team then was formed to review the proposals. Once the review and scoring are complete, qualifying vendors will be selected to provide demonstrations of their proposed solutions, which is expected to take place in mid-January. The finalist then will be chosen and a contract negotiated by the end of February, with initial implementation activities anticipated to begin in early March, according to the report.

Meanwhile, the bill allows courts that already had been collecting e-filing fees to continue to do so until the end of 2017.

Legislative Analyst: Patrick Affholter

### **FISCAL IMPACT**

The bill will have no fiscal impact on the State and a positive fiscal impact on the courts that currently collect an electronic filing fee. Courts in Grand Traverse, Macomb, Oakland, Ottawa, and Wayne Counties collect the fee to pay the vendors that set up and support e-filing systems in those counties. The courts split the fee with the vendors, with the courts keeping between 30% and 50% depending on the agreement. Based on the numbers reported in 2016, the fees are approximately \$1.1 million per year.

Fiscal Analyst: Ryan Bergan

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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.