

Legislative Analysis



ANNUAL LEGAL NOTICE FEE INCREASE: EXTEND SUNSET

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House Bill 4575 (reported from committee as H-2)
Sponsor: Rep. Beau Matthew LaFave
Committee: Judiciary
Complete to 5-29-17

Analysis available at
<http://www.legislature.mi.gov>

(Public Act 82 of 2017)

SUMMARY:

House Bill 4575 would amend Section 2534 of the Revised Judicature Act (MCL 600.2534) to authorize certain inflationary increases in the fees newspapers may charge parties in a judicial proceeding to publish a legal notice or an order, citation, summons, advertisement, or other matter that is required by law to be published in a newspaper.

Under Public Act 506 of 2006, for five years beginning on March 1, 2008, such publication fees were adjusted annually for inflation. This bill would (1) for publications after the bill's effective date, adjust the fees to reflect the percentage increase in the U.S. consumer price index from March 1, 2008, through June 1, 2017; and then (2) annually each year from March 1, 2018 to June 1, 2025, adjust the rates based on the percentage increase in the CPI for the preceding calendar year. These rates would be adjusted by the Department of Treasury, and rounded to the nearest multiple of five cents.

The base rates for publication would not be revised in the statute. The fees listed in statute (effective prior to March 2008) are: no more than \$20.50 per folio for the first insertion and \$8.45 per folio for each subsequent insertion. A minimum cost of \$59 is allowed for a notice that must be published two times or more, and a minimum cost of \$44 is allowed for a notice that must be published once.

Further, the bill would refer to a "publication" rather than an "insertion" and make several other changes of an editorial nature.

FISCAL IMPACT:

House Bill 4575 could result in minimal increased costs to the state. Costs are indeterminate and would depend on the number of cases that would be affected and on applicable publishing rates. Increased costs would occur in cases in which the state is a party involved in judicial proceedings, and is responsible for the cost of publishing legal notices.

BACKGROUND INFORMATION:

By law, certain legal notices such as mortgage foreclosures and probate notices as well as other matters arising out of court proceedings must be published in newspapers. The history of newspapers charging to publish such notices dates back to the late 1850s. For over 50 years, the maximum and minimum amounts a newspaper could charge for

publishing the legal notices has been set in statute. The rate has only been increased a few times, most recently in 2006 by Public Act 506 which increased the base rates by a few dollars and allowed for annual inflationary increases for five years. Meanwhile, the consumer price index adjusted rate has increased, as have printing costs for newspapers. The bill would require automatic rate adjustments until March 1, 2025. Reportedly, this would not impact municipalities that are required to publish certain public notices. The legal notices in question are generally paid for by parties to lawsuits.

POSITIONS:

A representative of the Michigan Press Association testified in support. (5-9-17)

The Detroit Legal News indicated support for the bill. (5-16-17)

The Teamsters indicated support for the bill. (5-16-17)

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■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.