



Senate Fiscal Agency
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BILL ANALYSIS

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House Bills 4500 and 4503 (as reported without amendment)
House Bill 4504 (Substitute S-1 as reported)
House Bill 4506 and 4507 (as reported without amendment)
Sponsor: Representative Jim Runestad (H.B. 4500)
Representative Triston Cole (H.B. 4503)
Representative Klint Kesto (H.B. 4504)
Representative Jason M. Sheppard (H.B. 4506)
Representative Brandt Iden (H.B. 4507)

House Committee: Judiciary
Senate Committee: Judiciary

CONTENT

House Bill 4504 (S-1) would enact the "Uniform Forfeiture Reporting Act" to require each reporting agency (a local unit of government, State department, or State agency that seized or forfeited property) to submit an annual report to the Department of State Police regarding the reporting agency's forfeiture activities under the Identity Theft Protection Act, Chapter 47 of the Revised Judicature Act (which provides for the seizure and forfeiture of the proceeds of a crime), Article 7 (Controlled Substances) of the Public Health Code, and Chapter 38 (Public Nuisances) of the Revised Judicature Act. The bill also would do the following:

- Require the report to be submitted on a form as prescribed by the Department of State Police.
- Require the report to contain specific information, including the number of forfeiture proceedings instituted in the circuit court, the number of forfeitures effectuated without a court proceeding, an inventory of property received, the net total proceeds of property forfeited, how the proceeds were used, and the number of forfeiture proceedings subject to a consent judgment, settlement, or other similar agreement involving the property owner and the reporting agency.
- Require the Department of State Police to compile the reported information and file an annual report of its findings with the Secretary of the Senate and the Clerk of the House of Representatives, and post a copy on the Department's website, beginning in 2017.
- Require the records of a reporting agency regarding property forfeiture to be audited in accordance with the Uniform Budgeting and Accounting Act or Public Act 71 of 1919 (which prescribes annual audit requirements for counties).

The bill would repeal Section 7524a of the Public Health Code, which requires local units of government to submit an annual report of forfeiture activities related to controlled substance offenses, and provides that the records of a local unit regarding forfeiture are subject to audit. (The reports are submitted to the Department of State Police.)

House Bills 4500, 4503, 4506, and 4507 would amend various statutes to do the following:

- Require reporting agencies to report seizure and forfeiture activities to the Department of State Police, as required by the proposed Uniform Forfeiture Reporting Act, beginning February 1, 2016.

-- Provide that reporting agencies would be subject to audit, as required by the proposed Act, beginning February 1, 2016.

House Bill 4500 would amend the Identity Theft Protection Act. House Bill 4503 would amend Chapter 47 of the Revised Judicature Act. House Bill 4506 would amend Article 7 of the Public Health Code. House Bill 4507 would amend Chapter 38 of the Revised Judicature Act.

House Bills 4504 (S-1) and 4506 would take effect on February 1, 2016. House Bills 4500, 4503, and 4507 would take effect 90 days after they were enacted.

House Bill 4500 is tie-barred to House Bill 4504. House Bills 4503, 4504 (S-1), 4506, and 4507 are tie-barred to each other.

Proposed MCL 445.79d (H.B. 4500)
Proposed MCL 600.4710 (H.B. 4503)
Proposed MCL 333.7524b (H.B. 4506)
Proposed MCL 600.3841 (H.B. 4507)

Legislative Analyst: Suzanne Lowe

FISCAL IMPACT

The bills would increase costs to the Michigan Department of State Police (MSP) and local governmental agencies, including courts, police departments, sheriffs' departments, and prosecuting attorneys' offices, to comply with the expanded reporting requirements under the bills. While House Bill 4504 (S-1) provides that a reporting agency could use forfeiture proceeds to pay for any reasonable costs associated with compiling, analyzing, and reporting data, this expenditure would reduce the amount of forfeiture funds available for other law enforcement purposes within an agency.

Regarding the MSP, the Department currently prepares an annual Asset Forfeiture Report that compiles the reports submitted by local agencies under the Public Health Code, and includes information about the MSP's drug forfeitures. Under the bills, however, the report would be expanded to include forfeitures instituted for other violations of law. According to the MSP, the compilation of this statewide report with the additional forfeiture data required under the bills would require, at a minimum, the support of an additional 0.5 FTE, or approximately \$50,000. The bills also would require that reporting agencies be audited regarding the seizure and forfeiture of property.

According to recent data from the controlled substance asset forfeiture report required under the Public Health Code, approximately 40% of 691 agencies submitted information indicating that they received forfeiture proceeds in 2013 (the most recent year for which data are available). Based on the information reported, the total amount of forfeiture proceeds law enforcement agencies received under the Public Health Code in 2013 was \$13,658,931. Including federally shared asset forfeitures (which totaled approximately \$8.8 million) and State and local shared asset forfeitures, minus administrative costs and the pay-out of shared assets, the net proceeds in 2013 totaled \$20,229,080.

Date Completed: 8-20-15

Fiscal Analyst: Bruce Baker

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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.