

**SUBSTITUTE FOR
HOUSE BILL NO. 5534**

A bill to require the supreme court to analyze certain trial court costs and revenue sources; to develop and recommend a certain trial court fee schedule; to develop and recommend a certain trial court debt collection system; and to develop and recommend certain legislative proposals to change trial court funding.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 1. This act may be cited as the "trial court funding act
2 of 2024".

3 Sec. 2. As used in this act:

4 (a) "Court revenue" means all funds collected by trial courts
5 except those paid in restitution to an identified victim of crime.

6 (b) "Department" means the department of treasury.

7 (c) "Funding unit" means either of the following:

1 (i) A local unit of government that funds a trial court.

2 (ii) If a trial court is funded by more than 1 local unit of
3 government, those local units of government, collectively.

4 (d) "Local unit of government" means a political subdivision
5 of this state, including, but not limited to, a county, city,
6 village, or township of this state.

7 (e) "Maintenance of effort" means the average of the funding
8 unit's general fund expenditures for trial court operations over
9 the 3-year period immediately preceding the creation of the trial
10 court fund described in section 6(a). Court-generated revenue that
11 supports court operational expenditures during the same 3-year
12 period must be accounted for separately. General fund expenditures
13 must be calculated as total court expenditures less any and all
14 court-generated revenue and does not include state and federal
15 funds.

16 (f) "Operational cost" means the total costs needed to operate
17 an individual trial court over the course of a fiscal year based on
18 the workload and case volume of each court.

19 Sec. 3. (1) Not later than May 1, 2026, the state court
20 administrative office, under the direction and supervision of the
21 supreme court, shall analyze and determine all of the following:

22 (a) The revenue potential lost by each trial court from the
23 elimination of the cost under section 1k(1)(b)(iii) of chapter IX of
24 the code of criminal procedure, 1927 PA 175, MCL 769.1k.

25 (b) Based on a weighted caseload study, the operational cost
26 of each trial court.

27 (c) The funds needed, in addition to maintenance of effort, at
28 each trial court to reach the court's operational cost.

29 (2) The state court administrative office, under the direction

1 and supervision of the supreme court, shall work with local units
2 of government to determine the maintenance of effort. The
3 allocation of costs used to determine the maintenance of effort
4 must comply with the following:

5 (a) Be based on expenditures for operating a court, including,
6 but not limited to, the following:

7 (i) Judicial benefits.

8 (ii) Regardless of the budget line item associated with the
9 following costs, court operations staff, court clerks, whether
10 employed by a court or the county clerk, facility staff, and
11 security staff salaries and benefits.

12 (iii) Court facility operation and maintenance.

13 (iv) Preexisting debt on a court facility related to the
14 construction or maintenance of the facility.

15 (v) Indirect costs, including, but not limited to, court
16 supplies, mail, property and liability insurance, and cyber
17 security coverage.

18 (vi) Court technology, including, but not limited to, case and
19 document management systems, electronic filing systems, court
20 recording systems, video conferencing systems, computer hardware,
21 including personal computers, monitors, printers, and scanners, and
22 the cost of internet access and data storage.

23 (b) Not include any expenditure that is not directly related
24 to operating a trial court, including, but not limited to, the
25 following:

26 (i) Prosecution or defense.

27 (ii) Local unit of government services not related to the
28 operation of a trial court.

29 (3) The state court administrative office, under the direction

1 and supervision of the supreme court, shall complete the analysis
2 under subsection (1) with input from state and local officials and
3 associations, including, but not limited to, all of the following:

4 (a) The department.

5 (b) The department of technology, management, and budget.

6 (c) The department of health and human services.

7 (d) The Michigan Municipal League.

8 (e) The Michigan Townships Association.

9 (f) The Michigan Association of Counties.

10 (g) The Michigan Association of County Clerks.

11 (h) Law enforcement agencies, including, but not limited to,
12 the Michigan Association of Chiefs of Police and the Michigan
13 Sheriffs' Association.

14 Sec. 4. (1) The state court administrative office, under the
15 direction and supervision of the supreme court, shall develop a
16 proposed schedule for each trial court of the appropriate portion
17 of the court's operational costs that may be attributed to an
18 individual's case under current law. The assessment of operational
19 costs to an individual's case must be as close as practical to the
20 actual cost of an average case of the individual's criminal case
21 type and must not include additional costs based on the length of
22 time required for the case or related to the exercise of a
23 constitutional right.

24 (2) A schedule developed under subsection (1) must include
25 uniform standards for the trial court to determine an individual's
26 indigency and ability to pay in compliance with law.

27 (3) The state court administrative office, under the direction
28 and supervision of the supreme court, shall develop proposed
29 standards for how a trial court shall determine the amount of

1 reimbursable costs to the local unit of government for law
2 enforcement and prosecution costs for any statute or ordinance that
3 provides for the assessment of the costs to a convicted defendant
4 or person that is responsible for a civil infraction.

5 Sec. 5. (1) The state court administrative office, under the
6 direction and supervision of the supreme court, shall work with the
7 department to develop and propose a statewide uniform collections
8 system for court debt.

9 (2) The proposed system under subsection (1) may build on the
10 existing system of court collections, and the proposal must
11 include, but is not limited to, all of the following:

12 (a) The age and type of debt to be centrally collected.

13 (b) The method of transmittal of funds to this state.

14 (c) The disposition of funds received by this state.

15 (d) The priority of payments for funds collected from an
16 individual who has a financial obligation to 1 or more governmental
17 agencies.

18 (e) The estimated additional annual cost to the department to
19 operate the proposed system and a proposed source and mechanism to
20 fund the cost.

21 (3) The department may collaborate, as appropriate, with the
22 state court administrative office to develop and execute a pilot
23 program for the department to collect all or most of a court's
24 debt. The department may use the courts that the department
25 currently collects court debt for or any other court, as the pilot
26 courts in the pilot program. The goals of a pilot program under
27 this subsection must include, but are not limited to, assisting in
28 the determination of the cost to increase the department's capacity
29 to manage all trial court debt collections and assisting in the

1 development of a statewide approach to the relationships between
2 local units of government and the department related to collection
3 of court debt.

4 Sec. 6. The state court administrative office, under the
5 direction and supervision of the supreme court, shall work with the
6 department to develop and propose a statewide system to distribute
7 court revenue to each funding unit by determining the difference
8 between the operational cost and maintenance of effort for each
9 court. The proposal under this section must include all of the
10 following:

11 (a) The creation of a trial court fund to receive and
12 distribute court revenue.

13 (b) An estimated range of state general fund expenditures that
14 may be required to address a shortfall in the trial court fund's
15 ability to fund the difference between the aggregate operational
16 costs and aggregate maintenance of effort for all trial courts.

17 (c) The estimated additional annual cost to the department to
18 operate the system and a proposed source and mechanism to fund the
19 cost.

20 Sec. 7. The state court administrative office, under the
21 direction and supervision of the supreme court, shall work with the
22 department to develop proposals for funding court facilities'
23 capital improvement costs. The proposals under this section must
24 consider all other recommended legislative proposals under this act
25 and address all of the following:

26 (a) A local unit of government's preexisting debt for a court
27 facility. As used in this subdivision, "preexisting debt" means
28 construction or maintenance debt that is outstanding for a court
29 facility constructed before the creation of the trial court fund.

1 (b) A local unit of government with no debt for a court
2 facility.

3 (c) A local unit of government that ceases to have debt for a
4 court facility.

5 (d) Future court facility capital improvement and maintenance
6 needs.

7 Sec. 8. The state court administrative office, under the
8 direction and supervision of the supreme court, shall develop
9 legislative proposals to effectuate sections 4, 5, 6, and 7 of this
10 act. The legislative proposals must include a recommendation on how
11 to provide trial courts with the funds to cover operational costs
12 calculated under section 3(1)(b) without revenue lost under section
13 3(1)(a) and a recommendation on how to fund department operations
14 consistent with sections 5(2)(e) and 6(c).

15 Sec. 9. Not later than May 1, 2026, the state court
16 administrative office, under the direction and supervision of the
17 supreme court, shall prepare a report on the costs analysis under
18 section 3 and the legislative changes proposed under section 8. The
19 report must include the median cost of judicial benefits provided
20 by all trial-court funding units. The report must be submitted to
21 the governor, the legislature, the house and senate standing
22 committees and appropriations subcommittees that are responsible
23 for legislation concerning the judicial branch, and the house and
24 senate fiscal agencies.

25 Enacting section 1. This act does not take effect unless House
26 Bill No. 5392 of the 102nd Legislature is enacted into law.