

**STATE OF MICHIGAN
102ND LEGISLATURE
REGULAR SESSION OF 2024**

Introduced by Reps. Breen and Hope

ENROLLED HOUSE BILL No. 5534

AN ACT 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:

Sec. 1. This act may be cited as the “trial court funding act of 2024”.

Sec. 2. As used in this act:

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

(b) “Department” means the department of treasury.

(c) “Funding unit” means either of the following:

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

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

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

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

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

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

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

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

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

(2) The state court administrative office, under the direction and supervision of the supreme court, shall work with local units of government to determine the maintenance of effort. The allocation of costs used to determine the maintenance of effort must comply with the following:

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

(i) Judicial benefits.

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

(iii) Court facility operation and maintenance.

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

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

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

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

(i) Prosecution or defense.

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

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

(a) The department.

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

(c) The department of health and human services.

(d) The Michigan Municipal League.

(e) The Michigan Townships Association.

(f) The Michigan Association of Counties.

(g) The Michigan Association of County Clerks.

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

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

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

(3) The state court administrative office, under the direction and supervision of the supreme court, shall develop proposed standards for how a trial court shall determine the amount of reimbursable costs to the local unit of government for law enforcement and prosecution costs for any statute or ordinance that provides for the assessment of the costs to a convicted defendant or person that is responsible for a civil infraction.

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

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

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

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

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

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

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

(3) The department may collaborate, as appropriate, with the state court administrative office to develop and execute a pilot program for the department to collect all or most of a court's debt. The department may use the courts that the department currently collects court debt for or any other court, as the pilot courts in the pilot program. The goals of a pilot program under this subsection must include, but are not limited to, assisting in the determination of the cost to increase the department's capacity to manage all trial court debt collections and assisting in the development of a statewide approach to the relationships between local units of government and the department related to collection of court debt.

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

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

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

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

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

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

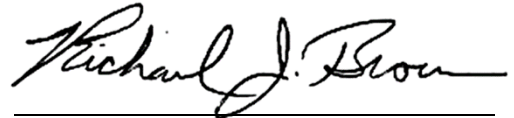
(b) A local unit of government with no debt for a court facility.

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

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

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

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



Clerk of the House of Representatives



Secretary of the Senate

Approved _____

Governor