

SFA

BILL ANALYSIS

Senate Fiscal Agency

• Lansing, Michigan 48909

• (517) 373-5383

DEC 11 1988

House Bill 5237 (as reported without amendment)**Sponsor: Representative Perry Bullard****House Committee: Judiciary****Senate Committee: Judiciary****Date Completed: 11-9-88****RATIONALE**

The Board of Law Examiners is responsible for investigating and examining applicants for admission to the State Bar of Michigan. In carrying out this responsibility, the Board administers the bar examination, which is held twice annually. In addition, the Board may admit to the bar a person licensed to practice law in another State who applies for admission without examination and proves to the Board's satisfaction that he or she meets certain requirements. The costs of the Board's activities are offset by the fees charged to applicants. Those fees, which customarily have been set at a level to cover costs, are determined by statute and have not been raised since 1980. Reportedly, current fees fail to meet costs, and some people believe that the fees should be increased.

CONTENT

The bill would amend the Revised Judicature Act to increase the maximum allowable fees charged to applicants for admission to the State Bar. The fee for examination would increase from \$100 to \$175; the fee for reexamination would increase from \$50 to \$100; the fee for admission without examination would increase from \$125 to \$400; and the fee for late filing of an application would increase from \$50 to \$100. In addition, the bill would institute a \$100 fee for the transfer of an application.

MCL 600.931

FISCAL IMPACT

According to the Board of Law Examiners, this bill would generate an additional \$117,500 over revenue received in 1986, the last year for which figures are available. Total revenue generated under this bill would be \$290,000. Estimated expenditures by the Board for FY 1988-89 total \$324,800.

ARGUMENTS**Supporting Argument**

The bill would increase fees for State Bar applicants to a level commensurate with the costs incurred by the Board of Law Examiners in overseeing admissions. The proposed new fees are comparable to those charged in other states, and are somewhat less than fees charged in Michigan for licensure in other professions such as engineering or medicine.

Supporting Argument

Currently, a person who arranges to take a bar examination but does not do so is not required to pay a fee to reschedule the examination, even though such an

application transfer entails some costs for the Board. The bill would require a fee for a transfer that was equal to the amount charged for late filing of an application. This not only would recoup the Board's administrative costs, but also would discourage applicants from failing to follow through on a commitment to take the examination on a particular date.

Opposing Argument

The fees charged by the Board of Law Examiners were raised fairly recently, and it may be premature to do so again, especially to the levels proposed by the bill. Most of the fees apply to prospective attorneys, not established practitioners, and someone who has just completed law school may not be able to afford the steeper fees. Further, the proposed fees would bring in revenue in excess of costs.

Response: Fees are increased periodically, as needed. Shortly after an increase, revenues generally exceed needs, while falling short of needs toward the end of the period during which they are in effect. In 1986, for example, the Board experienced a shortfall of \$90,000.

Legislative Analyst: P. Affholter

Fiscal Analyst: F. Sanchez

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.