



Senate Fiscal Agency  
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## BILL ANALYSIS



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Senate Bill 652 (Substitute S-1 as reported)  
Sponsor: Senator Rick Jones  
Committee: Judiciary

**CONTENT**

The bill would amend the Revised Judicature Act (RJA) to do the following:

- Delete provisions creating the Court of Claims in the 30<sup>th</sup> Judicial Circuit (Ingham County), and require all actions initiated in the Court of Claims to be filed in the Court of Appeals (COA).
- Provide that the Court of Claims would consist of four COA judges from at least two COA districts, assigned by the Supreme Court.
- Transfer all matters within the jurisdiction of the Court of Claims to the COA.
- Allow Court of Claims sessions to be held in the various COA districts, and allow a plaintiff to file a cause of action in the Court of Claims in any COA district.
- Require the COA clerk to serve as the Court of Claims clerk.
- Require the Court of Claims to sit in the COA district where the judge serving as Court of Claims judge otherwise sat.
- Require all fees in the Court of Claims to be at the rate established by statute or court rule for actions in the circuit court and to be paid to the Court of Claims clerk.
- Delete a provision requiring the State to reimburse Ingham County for the costs incurred in operating the Court of Claims.
- Grant the COA original jurisdiction over challenges to the transfer of the Court of Claims from the 30<sup>th</sup> Circuit to the COA.

The bill also would repeal Section 6419a of the RJA, which grants the Court of Claims concurrent jurisdiction of matters ancillary to a claim filed in the Court of Claims.

MCL 600.308 et al.

Legislative Analyst: Patrick Affholter

**FISCAL IMPACT**

Currently, the Court of Claims is a function of the Ingham County Circuit Court. However, Ingham County is reimbursed by the State for actual and reasonable costs incurred in carrying out the duties associated with the Court of Claims. Therefore, although the bill would shift responsibility for the duties of the Court of Claims from the Ingham County Circuit Court to the Court of Appeals, the costs would remain the responsibility of State government. The Ingham County Circuit Court is reimbursed based on the percentage of caseload that the Court of Claims represents relative to its overall caseload. The annual reimbursement of these costs is approximately \$500,000. Therefore, without the reimbursement from the State, the Ingham County Circuit Court would need to absorb a reduction of \$500,000 through either staff reductions or other efficiencies.

In the long run, starting with the 2015 Judicial Resource Recommendation and beyond, it is possible that the Ingham County Circuit Court could be reduced in the number of judgeships due to the lower caseload based on the removal of Court of Claims cases from its docket. The State pays for the salary, payroll taxes, and retirement benefits of all the judges in the State, so the reduction of a circuit court judge would save the State \$158,364. The local court system pays for fringe benefits such as health care and also provides associated staff, but the primary source of potential savings for local units is a result of how much overhead, if any, can be eliminated based on the reduction of a judgeship. The Court of Appeals judges cost the State \$184,159 for salary, payroll taxes, and retirement; this figure does not include fringe benefits such as health care or any associated staff costs. However, the Court of Appeals currently has excess capacity that could absorb the Court of Claims caseload without adding judgeships.

The Court of Appeals has a filing fee of \$375, while the circuit courts have filing fees of \$150. Other fees, such as motion fees, are also higher in the Court of Appeals than in circuit courts. The bill contains language dictating that the circuit court fees would continue to apply to cases filed in the Court of Claims.

There would be an indeterminate amount of transition costs associated with winding down operations at the Ingham County Circuit Court and starting up operations under the direction of the Court of Appeals.

Date Completed: 10-30-13

Fiscal Analyst: Dan O'Connor

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