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House Bill 5732 (Substitute S-1 as reported)
House Bills 5772 and 5773 (as reported without amendment)
Sponsor: Representative Tommy Brann (H.B. 5732)
Representative David W. Martin (H.B. 5772)
Representative Mike Mueller (H.B. 5773)
House Committee: Government Operations
Senate Committee: Appropriations

CONTENT

House Bill 5732 (S-1), House Bill 5772, and House Bill 5773 would amend the Michigan Liquor Control Code, the Revised Judicature Act, and the Michigan Vehicle Code, respectively, to change the funding source for the Secondary Road Patrol and Training Fund.

Currently, the Fund receives restricted revenue from a \$10 assessment on certain civil infractions under the Michigan Vehicle Code. The bills would remove that fund source and supplant it with \$15.0 million annually from the 4.0% excise tax on spirits (distilled liquors) under the Michigan Liquor Control Code.

House Bill 5732 (S-1) would amend the Liquor Control Code to require \$15.0 million from the revenue from the 4.0% tax on retail sales of spirits to be annually allocated to the Secondary Road Patrol and Training Fund; the balance of the tax revenue would have to be deposited in the General Fund. Currently, all this revenue is deposited into the General Fund. The bill also specifies that annually the amount of the allocation to the Secondary Road Patrol and Training Fund would have to be adjusted for inflation and rounded to the nearest \$100.

House Bill 5772 would amend the Revised Judicature Act to eliminate the distribution of Justice System Fund money to the Secondary Road Patrol and Training Fund.

House Bill 5773 would amend the Michigan Vehicle Code to reduce a justice system assessment placed upon certain civil infractions for the Justice System Fund by \$10 to reflect the cessation of distributions to the Secondary Road Patrol and Training Fund from the Justice System Fund proposed under House Bill 5772.

MCL 436.1201 (H.B. 5732)
MCL 600.181 (H.B. 5772)
MCL 257.907 (H.B. 5773)

House Bills 5772 and 5773 are tie-barred to each other and to House Bill 5732.

FISCAL IMPACT

The bills would reduce General Fund revenue by \$15.0 million per year and would increase revenue to the Secondary Road Patrol and Training Fund. Assuming the increased revenue in the Fund were appropriated, the bills also would increase revenue to local units by an amount that would depend on how much of the revenue was appropriated. Local unit revenue would be increased because the bills would increase the amount of funds available for State support

for county secondary road patrols and training grants. The bill also could lower the cost of penalties for moving violations.

House Bill 5732 (S-1) would earmark the first \$15.0 million of revenue received under the portion of the State's 4.0% liquor tax that is directed to the General Fund. (The State also levies a 4.0% liquor tax directed to the School Aid Fund and another 4.0% liquor tax deposited into the Convention Facility Development Fund. As a result, the total tax rate on liquor sales is 12%.) Annually, the earmark would be adjusted for inflation. The State Treasurer would be charged with developing the adjustment computation.

Under current law, the projected restricted revenue for the program for fiscal year 2021-22 is \$5,845,100, and with the General Fund support currently at \$4.0 million, a total of \$9.8 million is expected to be distributed. Under the bills, the amount available for distribution would be increased to \$15.0 million, would not be subject to the varying revenue from assessment collections, and would have an inflation adjustment made to its total annually.

House Bill 5773 also would lower the assessment placed on each eligible moving violation by \$10.

Date Completed: 6-9-22

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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.

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