



Senate Fiscal Agency
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BILL ANALYSIS



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House Bill 5732 (Substitute S-1)
House Bills 5772 and 5773 (as passed by the House)
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

Date Completed: 6-8-22

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.

BACKGROUND

The Secondary Road Patrol and Training Fund has functioned since 1978 (under Public Act (PA) 146 of 1978) by providing State financial grants to counties to support the patrolling of secondary roads, primarily through funding the employment of personnel and the purchase

of equipment related to those activities. Funds that are appropriated for the program are distributed to counties in the same percentage that the county received, or was eligible to receive, of the total amount allocated to all counties under Section 12 of PA 51 of 1951 (Michigan Compiled Laws 247.662), less the amounts distributed for snow removal and engineers from July 1, 1976, through June 30, 1977. One percent of the appropriation for the grant program must go to the Office of Highway Safety Planning for administration, and 5.65% of the fund's revenue must be allocated to the Michigan Commission on Law Enforcement Standards for law enforcement training grants.

Funding for the grant program has had a mix of revenue as its source over the years. For its first 12 years, it was funded only by General Fund dollars. After that, a restricted source was added under PA 163 of 1991; the Act mandated that \$5 be assessed on most moving violations and be deposited in a Secondary Road Patrol and Training Fund. In 1992, this surcharge was increased to \$10. While the General Fund portion of appropriations for the program was eliminated in 2003, subsequent general supplements have been added back in recent years to address a reduction, from \$13.0 million in 2006 to \$6.3 million in 2021, in restricted revenue from assessments.

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.

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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.