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**HOUSE OF REPRESENTATIVES**



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November 1999

TO: Members of the House of Representatives

The process of distributing traffic citation revenue in Michigan is complex. Libraries, local units of government, court funding units, retirement systems, state departments, and a variety of programs providing grants to law enforcement agencies are all recipients of revenue generated by traffic citations. Each recipient of the revenue has an interest in the distribution process.

This publication explains the distribution process, detailing the path of traffic citation revenue from the ticket to the end recipients. This comprehensive description will provide a context for consideration of legislation related to traffic citations.

The House Fiscal Agency appreciates the assistance of Nancy Daugirda, Deputy Director, Department of State Police; Rebecca Mack, State Court Administrative Office; Robin R. Risko, Fiscal Analyst, House Fiscal Agency; and Bruce Timmons, Majority Counsel Office; who reviewed the draft report and provided suggestions.

Kyle I. Jen and Timothy M. Aben, Fiscal Analysts, authored this report; Jeanne Dee, Administrative Assistant, prepared the report for publication.

Please call if you have questions regarding this publication.

Mitchell E. Bean  
Interim Director



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# INTRODUCTION

Traffic enforcement is an essential function of state and local government. The Michigan Department of State Police and local law enforcement agencies work to provide a safe driving environment on the state's roads. These enforcement efforts also generate a considerable amount of revenue. In 1998, 1.9 million new traffic-related civil infraction filings were reported statewide to the State Court Administrative Office.<sup>1</sup> While no statewide data are available as to the exact amount of revenue generated by these citations, a conservative estimate would be \$90-\$120 million.

The Michigan Vehicle Code (Public Act 300 of 1949) governs the operation of vehicles in the state, including regulation of traffic. Violations of the vehicle code are classified as either civil infractions, misdemeanors, or felonies. This publication deals only with civil infractions.

The vehicle code establishes certain minimums and maximums and allows district courts to establish a schedule of fines and court costs to be collected for the civil infractions designated by the code. Based on the Michigan Vehicle Code, there are three types of revenue associated with a traffic citation: court costs, fines, and assessments.

**Table 1** (page 3) presents a sample of the various recommended ranges for fines and court costs (applicable only to first-time offenders, responsibility admitted, non-accident violations) as prepared by the State Court Administrator's Office; these ranges serve *only* as guidelines. Individual district courts are expected to establish their own schedules of fines and court costs, and local units of government can adopt their own traffic ordinances.

**COURT COSTS:**

*May include all expenses, direct and indirect, to which the plaintiff has been put in connection with the civil infraction, up to the entry of judgment.*

**FINES:**

*Monetary penalties for violations of state statute or local ordinance.*

**ASSESSMENTS:**

*Additional charges earmarked for specific purposes as provided for in state statute.*

Source for Court Costs:  
Section 907 of  
Michigan Vehicle Code

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<sup>1</sup> State Court Administrative Office, *The Michigan State Courts: Annual Report 1998*.

Motorists issued speeding tickets by Michigan state troopers may think that the revenue from the tickets will be used for operations of the Department of State Police. While a portion of traffic citation revenue is earmarked for state troopers, the vast majority of it is statutorily dedicated to a wide range of other recipients and purposes. Recipients of traffic citation revenue include county law and local libraries, court funding units, local units of government, counties, local law enforcement agencies, the Departments of Corrections and State Police, Michigan Supreme Court agencies, civil indigent defense centers, colleges and universities, and two retirement systems.

**Figure 1** (page 4) provides an overview of the process by which the three types of revenue associated with a violation of the Michigan Vehicle Code are distributed, and **Figure 2** (page 5) provides an overview of the revenue distribution process for a violation of a local traffic ordinance. Detailed explanations of the overview information presented in **Figures 1 and 2**, accompanied by relevant portions of the figures, are provided in the following sections.

This publication will detail and discuss the use of traffic citation revenue in Michigan. The first section will examine the revenue distribution process for a violation of state statute, and the second section will note the differences in distribution when a local ordinance is violated. Particular attention will be paid to three state-level funds (Michigan Justice Training Fund, Highway Safety Fund, and Secondary Road Patrol and Training Fund) which are supported by assessment revenue. This publication will also review issues associated with earmarking of traffic citation revenue and the potential impact of legislation that is currently pending in the Michigan Legislature.

Table 1

**Samples of Civil Infraction Violations (1998)**  
**Recommended Range of Fines and Court Costs Schedule for First-Time Offenders**  
**Responsibility Admitted, Non-Accident Violations**

<u>Civil Infraction</u>	<u>Fine</u>	<u>Court Costs</u>	<u>Assessments</u>			<u>Total</u>
			<u>Highway Safety Fund</u>	<u>Secondary Road Patrol and Training Fund</u>	<u>Michigan Justice Training Fund</u>	
Disregarded Posted Speed Limits: 1-10 MPH Over Limit . . . . .	\$4-\$22	\$29-\$44	\$5	\$5	\$5	\$48-\$81
Disregarded Posted Speed Limits: 11-15 MPH Over Limit . . . . .	\$23-\$45	\$29-\$44	\$5	\$5	\$5	\$67-\$104
Disregarded Posted Speed Limits: 16 MPH + Over Limit . . . . .	\$46+	\$29-\$44	\$5	\$5	\$5	\$90+
Disregarded Stop Sign . . . .	\$26	\$29-\$44	\$5	\$5	\$5	\$70-\$85
Headlights (Defective, Improper, or None) . . . . .	\$11	\$29-\$44	\$5	\$5	\$5	\$55-\$70

*Source: State Court Administrative Office*

Figure 1

TICKET WRITTEN UNDER STATE STATUTE

Detail on Page 7

Detail on Page 12

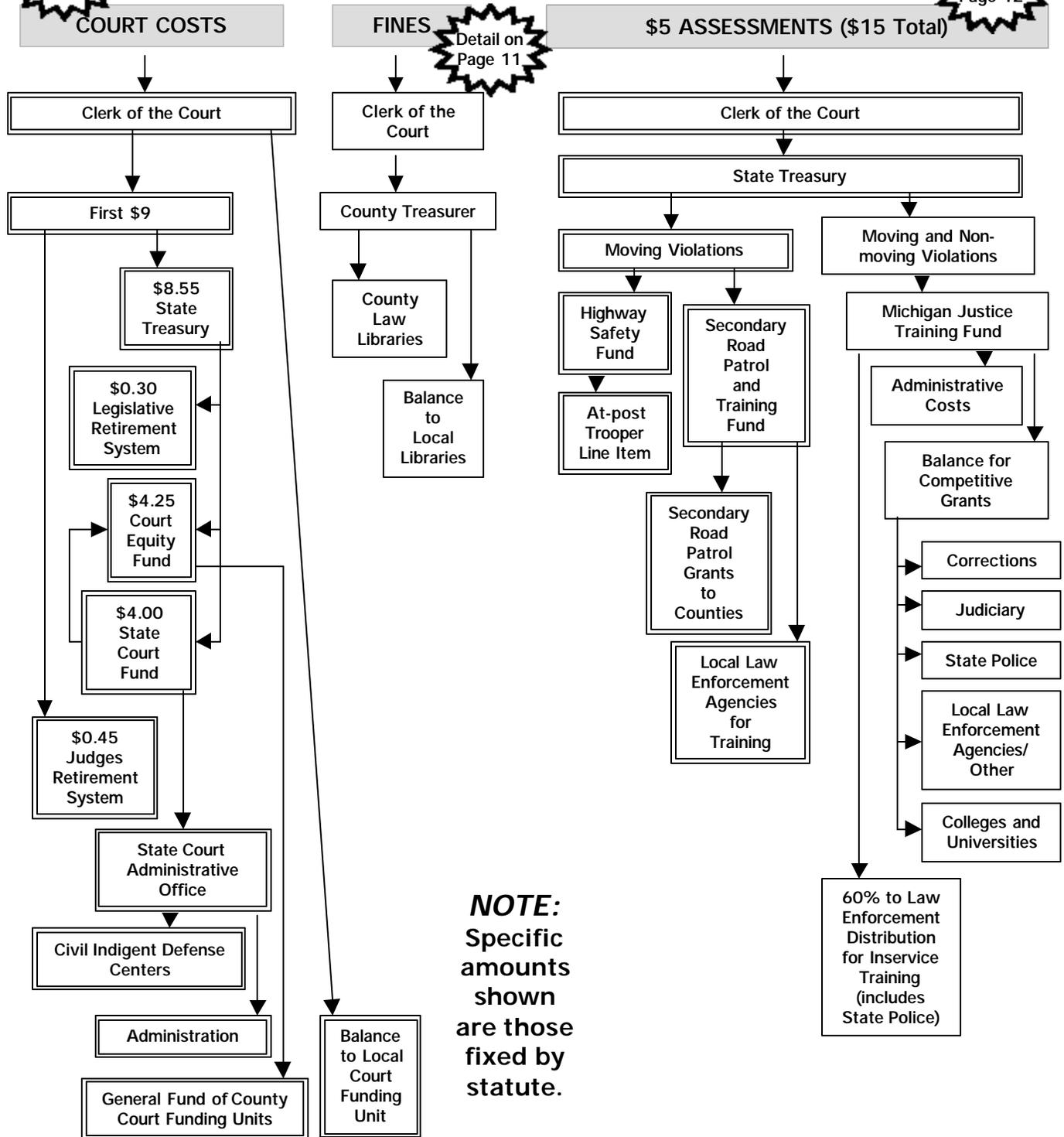
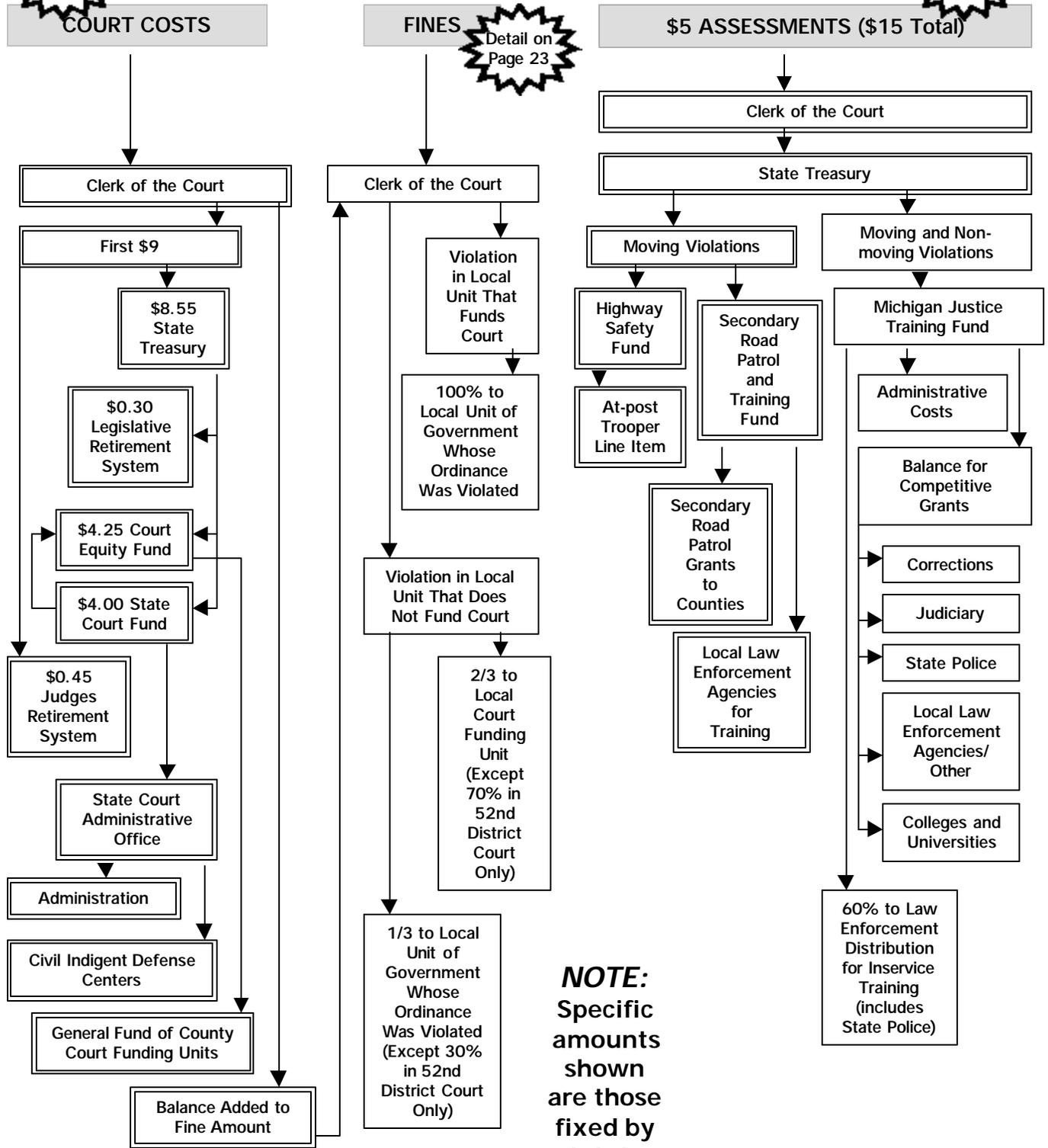


Figure 2

TICKET WRITTEN UNDER LOCAL ORDINANCE

Detail on Page 23

Detail on Page 23



**NOTE:**  
Specific amounts shown are those fixed by statute.



# VIOLATIONS UNDER STATE STATUTE

Under the Michigan Vehicle Code, there are three types of revenue associated with a traffic citation: court costs, fines, and assessments. This section details the process of allocating each of these types of revenue when a citation is issued under the Michigan Vehicle Code. The relevant portion of **Figure 1** accompanies the text explaining the distribution of each type of revenue. More time is spent in discussing the state programs funded through assessments since these programs are specifically tied to traffic citation revenue.

## ***Court Costs***

The Revised Judicature Act (Public Act 236 of 1961) provides for disposition of the first \$9 of court costs imposed for a civil infraction, as shown in **Figure 1.a.** (following page). Of this amount, \$8.55 is forwarded by the clerk of the court to the Michigan Department of Treasury; the state treasurer then deposits \$4.00 to the State Court Fund, \$4.25 to the Court Equity Fund, and 30 cents to the Legislative Retirement System. The additional 45 cents of earmarked court costs are forwarded by the clerk of court to the executive secretary of the Michigan Judges Retirement System.<sup>2</sup> Remaining court costs are allocated to the respective district court funding unit.

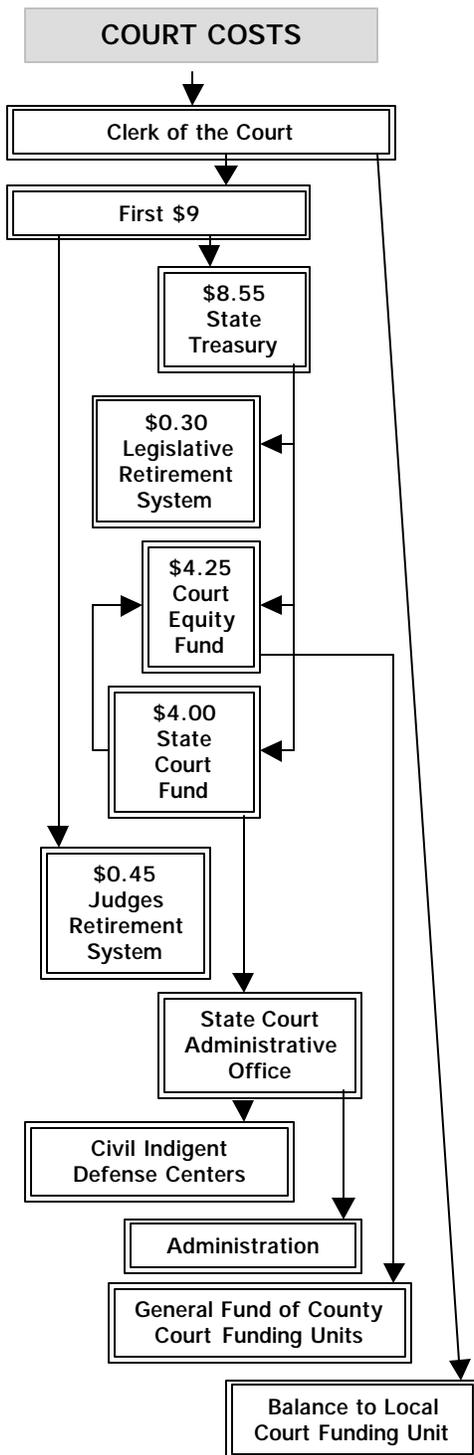
### **State Court Fund**

The State Court Fund was established by Public Act 189 of 1993. A number of court fees were adjusted or established as part of the overall legislation with a portion of many of the fees earmarked for the fund. One of these revenue sources is the \$4 earmarked from court costs associated with civil and criminal infractions. The State Court Fund was primarily designated for trial court funding and was distributed to trial court funding units based on a "net expenditure" formula. The State Court Fund existed as the primary court funding mechanism for only three years, until the Court Equity Fund was established in 1996.

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<sup>2</sup> Section 8381 of the Revised Judicature Act.

TICKET WRITTEN UNDER  
STATE STATUTE



» Figure 1.a.

At that time, the distribution formula became a caseload-based formula, as opposed to a net expenditure formula. This change distributes revenue to all county funding units, as opposed to just those funding units in deficit. The remaining revenue is distributed to local civil indigent defense centers and to the State Court Administrative Office for administration of the State Court Fund and Court Equity Fund.

**Court Equity Fund**

The Court Equity Fund was established by Public Act 374 of 1996. The fund consists of: \$4.25 earmarked from court costs for deposit to the fund, 80 percent (or more) of the State Court Fund, other sources of court-related revenue, and an amount of state general funds required by the Revised Judicature Act and appropriated through the Judiciary budget.

Statutory distribution of the Court Equity Fund involves two factors: 1) the caseload activity of the local trial courts (circuit and probate) and 2) the number of judgeships allocated to each county. The main factor, caseload activity, takes into account the number of new cases filed for the three most recent years in each county's probate and circuit courts. The second factor utilizes a proration based on each county's total number of judgeships.<sup>3</sup>

**Judges Retirement System**

The Michigan Judges Retirement System is operated by the Office of Retirement Systems of the Department of Management and Budget, as provided for by Public Act 234 of 1992. The system is administered by a five-member board,

<sup>3</sup> Ibid.

and investment services are provided by the state treasurer.

Members of the retirement system include all state trial and appellate court judges and justices. The governor, lieutenant governor, attorney general, secretary of state, legislative auditor general, and state court administrator are also members. The defined benefit plan was closed in 1997 and replaced with a defined contribution plan.

The Judicial Retirement System is funded through court filing fees and court costs revenue (criminal and civil violations), appropriated GF/GP employer contributions, member contributions, and investment income. At the end of fiscal year 1998, the system was funded at a level of 122 percent. Due to this overfunding, beginning in 1998 the court revenue was appropriated for other judicial purposes. As a part of court reform, the portion of revenue statutorily dedicated to the Court Equity Fund appropriation was \$2.2 million, and the remainder was budgeted to offset general fund appropriations for judicial salaries.

### **Legislative Retirement System**

The Michigan Legislative Retirement System is contained within the legislative branch, where it is administered by an 11-member board of current and former members of the Legislature, as provided for by Public Act 261 of 1957. Investment services are provided by private investment managers. The defined benefit plan was closed in 1997 and replaced with a defined contribution plan.

The Legislative Retirement System is funded through court filing fees and court costs revenue (criminal and civil violations), appropriated GF/GP employer contributions, member contributions, and investment income. At the end of fiscal year 1998, the system was funded at a level of 117 percent. The court revenue is used primarily to provide health care and other benefits to system members and their spouses, dependents, survivors, and beneficiaries.

### **Balance of Court Costs**

After the first \$9 is accounted for, the remaining balance of the court cost revenue is disbursed by the clerk of the court to the local unit of government which funds the district court having jurisdiction over the citation.<sup>4</sup> The amount of revenue received by a local unit of government depends on the district court "class" distinction.

#### **DISTRICT COURT OF THE FIRST CLASS:**

*A district court whose jurisdiction consists of one or more counties and whose funding unit is the county or counties as designated by law. First class district courts are in all counties except for Genesee, Ingham, Kent, Macomb, Oakland, Washtenaw, and Wayne — all of which contain third class district courts. First class district courts do not exist in counties where second and third class district courts are located.*

#### **DISTRICT COURT OF THE SECOND CLASS:**

*A district whose jurisdiction consists of a group of political subdivisions within a county where third class district courts exist (except for Wayne). Jurisdiction of a second class district court covers only that portion of the county not covered by the jurisdiction of a third class district court. Example: In Ingham County, the Mason district court's jurisdiction consists of the entire county with the exception of the cities of Lansing and East Lansing, both of which fund their own third class district courts. The only counties in Michigan with third class district courts are: Genesee, Ingham, Kent, Macomb, Oakland, Washtenaw, and Wayne. All district courts in Wayne County are third class district courts.*

#### **DISTRICT COURT OF THE THIRD CLASS:**

*A district court whose jurisdiction consists of one or more political subdivisions (cities, townships, etc.) within a county whose funding unit is the local political subdivision where the court exists, or as designated by law. Example: The cities of Lansing and East Lansing each have and fund their own district court..*

#### **DISTRICT COURT FUNDING UNIT:**

*(a) The county in districts of the first and second class;  
(b) The city or township in districts of the third class except in; (c) the city or the incorporated village in districts of the third class, where portions of two townships comprise an incorporated village.*

Source: Sections 8103 and 8104

Article VI, §1 of the *Michigan Constitution* states:

The judicial power of the state is vested exclusively in one court of justice which shall be divided into one supreme court, one court of appeals, one trial court of general jurisdiction known as the circuit court, one probate court, and ***courts of limited jurisdiction that the legislature may establish by a two-thirds vote of the members elected to and serving in each house.*** [Emphasis added]

In districts of the first and second class, the county is the funding unit and it receives all of this revenue. In districts of the third class, the court is funded by one or more cities or townships. In these districts, the general practice is to distribute the revenue using the same proportion as is used by the funding units to bear the costs of the court.

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<sup>4</sup> Section 8379 of the Revised Judicature Act.



## Fine Revenue

Fines for traffic citations (see **Figure 1.b.**) are assessed and distributed to local libraries in the same manner as penal fines, which are constitutionally earmarked for local libraries and county law libraries.<sup>5</sup> The fine revenue is forwarded to the county treasurer for distribution to libraries within the county, as shown in **Figure 1.b.** The provision earmarking civil fine revenue for libraries was added to the Michigan Vehicle Code in 1978 when a number of previously criminal violations were downgraded to civil violations.<sup>6</sup>

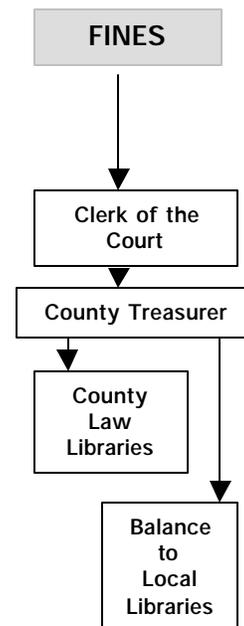
**Figure 1.b.**

The Revised Judicature Act provides for an annual payment to each county law library. The amount of this statutory payment varies with the population of the county, ranging from \$2,000 for a county with fewer than 10,000 residents to \$8,500 for a county with 250,000 or more residents.<sup>7</sup> The remaining revenue available is then distributed to local libraries in the county based on the number of residents each library serves.<sup>8</sup>

The Library of Michigan compiles a list, by county, each year of libraries eligible to receive this revenue. A library is eligible to receive the fine revenue if it is a "qualified public library," which is statutorily defined as any public library which is open to and available to the public at least ten hours per week or any library which has a contract with a public library board to furnish library services to the public.<sup>9</sup>

The Library of Michigan also tracks the total amount of fine revenue distributed to libraries in each county. In 1998, \$28.9 million was distributed by counties to local libraries statewide. Precise information is not available as to what portion of this figure is attributable to traffic fines, rather than penal fines or other types of civil fines.

### TICKET WRITTEN UNDER STATE STATUTE



<sup>5</sup> Article XIII, section 9 of the Michigan Constitution of 1963.

<sup>6</sup> Section 909 of the Michigan Vehicle Code; section 8379 of the Revised Judicature Act also provides for the distribution of civil fine revenue to local libraries.

<sup>7</sup> Section 4851 of the Revised Judicature Act.

<sup>8</sup> Section 2 of Public Act 59 of 1964.

<sup>9</sup> Section 1 of Public Act 59 of 1964.

Figure 1.c. <sup>o</sup>

### Assessments

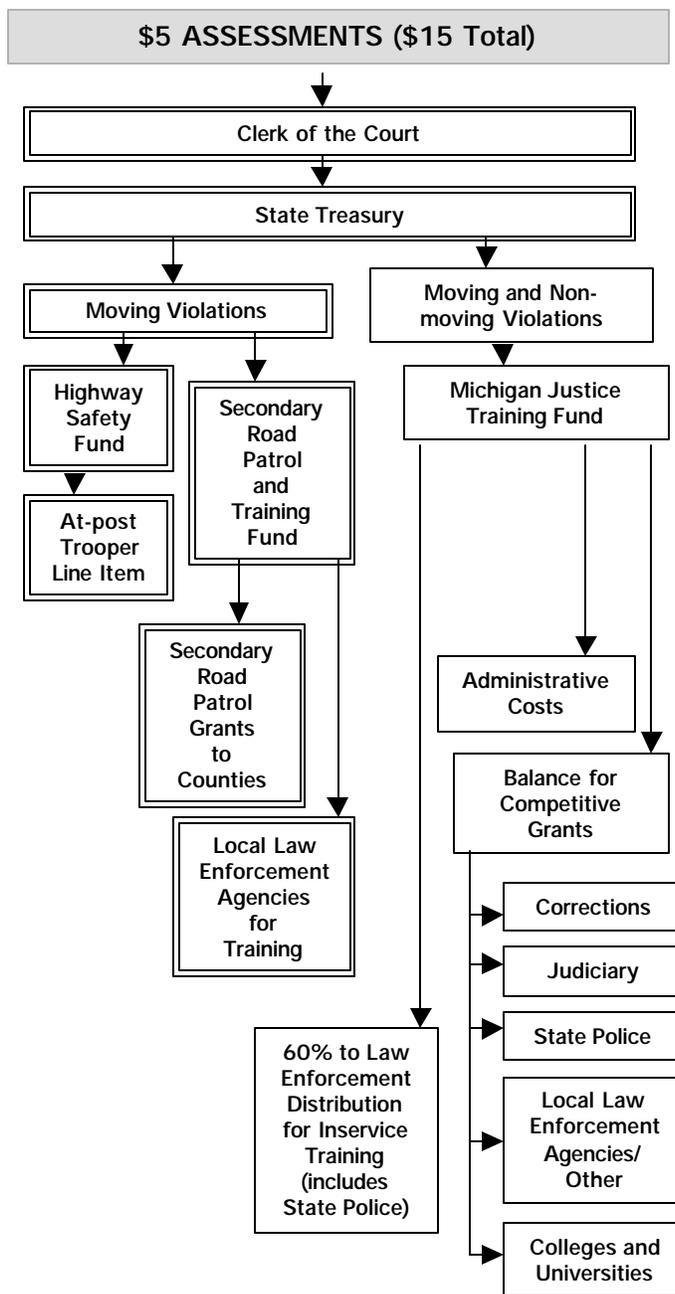
The Michigan Vehicle Code provides for three assessments to be applied to most violations of the code and to violations of local ordinances corresponding to the code. These assessments are to be forwarded by the clerk of the court to the Department of Treasury for deposit into the Michigan Justice Training Fund, Highway Safety Fund, and Secondary Road Patrol and Training Fund, as shown in Figure 1.c.<sup>10</sup> The Michigan Justice Training Fund assessment is applied to both moving and nonmoving violations (excluding parking violations for which the total fines and court costs imposed are \$10 or less), while the other two assessments are applied only to moving violations.

Table 2 and Figure 3 show the revenue generated from these assessments since the first assessment (for the Justice Training Fund) was authorized. All three funds are appropriated in the Department of State Police budget.

Revenue deposited into the Justice Training Fund grew significantly over the first five fiscal years, before leveling off to approximately \$6 million annually.

Collections have risen for fiscal years 1997 and 1998, resulting in revenue of \$6.9 million in 1998.

### TICKET WRITTEN UNDER STATE STATUTE



<sup>10</sup> Sections 629e and 907 of the Michigan Vehicle Code.

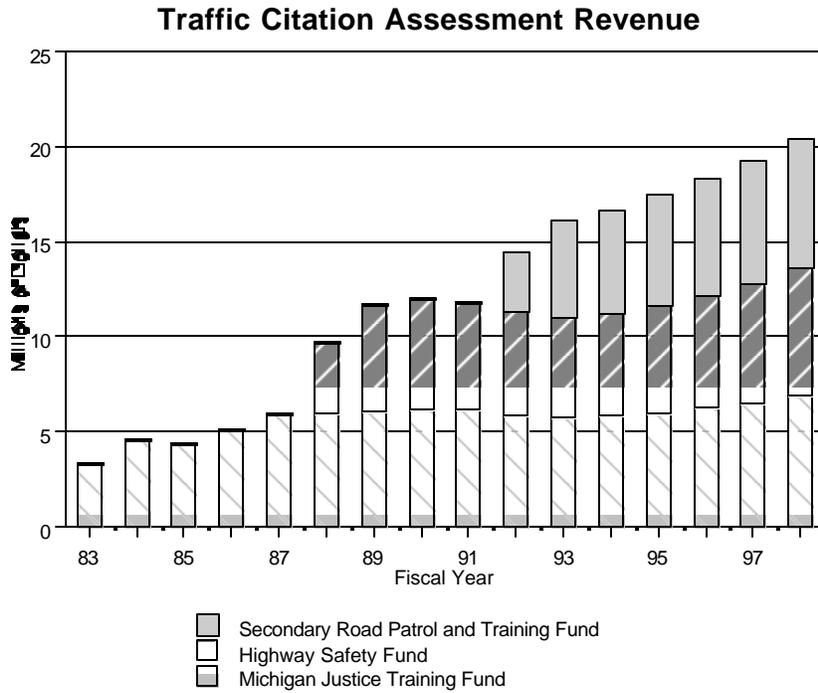
Table 2

**Traffic Citation Assessment Revenue**

<u>Fiscal Year</u>	<u>Michigan Justice Training Fund</u>	<u>Highway Safety Fund</u>	<u>Secondary Road Patrol and Training Fund</u>	<u>Total</u>
1983	\$3,320,107			\$3,320,107
1984	4,583,028			4,583,028
1985	4,447,236			4,447,236
1986	5,173,916			5,173,916
1987	6,014,139			6,014,139
1988	5,994,251		\$3,681,371	9,675,622
1989	6,121,940		5,603,450	11,725,390
1990	6,210,120		5,774,070	11,984,190
1991	6,147,998		5,669,465	11,817,463
1992	5,837,944		5,559,777	11,397,721
1993	5,730,379		5,348,491	11,078,870
1994	5,891,760		5,461,478	11,353,238
1995	5,979,791		5,760,963	11,740,754
1996	6,221,562		5,998,166	12,219,728
1997	6,485,185		6,432,680	12,917,865
1998	6,917,459		6,822,629	13,740,088
			\$3,086,632	14,484,353
			5,060,128	16,138,998
			5,244,269	16,597,507
			5,676,683	17,417,437
			6,037,995	18,257,723
			6,349,449	19,267,314
			6,701,406	20,441,494

Source: Michigan Department of State Police

Figure 3



*Source: Michigan Department of State Police*

Early collections for the Highway Safety and Secondary Road Patrol and Training funds lagged substantially behind those for the Justice Training Fund. There are two potential explanations for this gap: 1) the Justice Training assessment is applied to both moving and nonmoving violations, while the other two assessments are applied only to moving violations, and 2) in cases where individuals issued traffic citations do not make full payment, assessments have the lowest priority for allocation — the uncollected portion of the citation revenue may lead to differences in total collections among the funds.

According to the Code of Criminal Procedure, Chapter XV, Section 22, traffic citation payments are allocated in the following order of priority.

**Under State Statute:**

1. Court Costs
2. Fines
3. Assessments

Recently, the gap between the Justice Training Fund and the other two funds has narrowed, with the Highway Safety Fund and Secondary Road Patrol funds collecting \$6.8 million and \$6.7 million, respectively, in fiscal year 1998.

**Michigan Justice Training Fund**

The Michigan Justice Training Fund was created by Public Act 302 of 1982. This act also created the Michigan Justice Training Commission (MJTC) within the Department of Management and Budget and charged it with distribution of the fund. A 1989 amendment allowed for investment earnings from the fund to be retained in the fund, and in 1993, MJTC was transferred to the Department of State Police by Executive Order 1993-11. Public Act 302 of 1982, as amended, specifies that the commission be made up of eight members, six representing specific law enforcement or criminal justice organizations and two appointed by the governor.

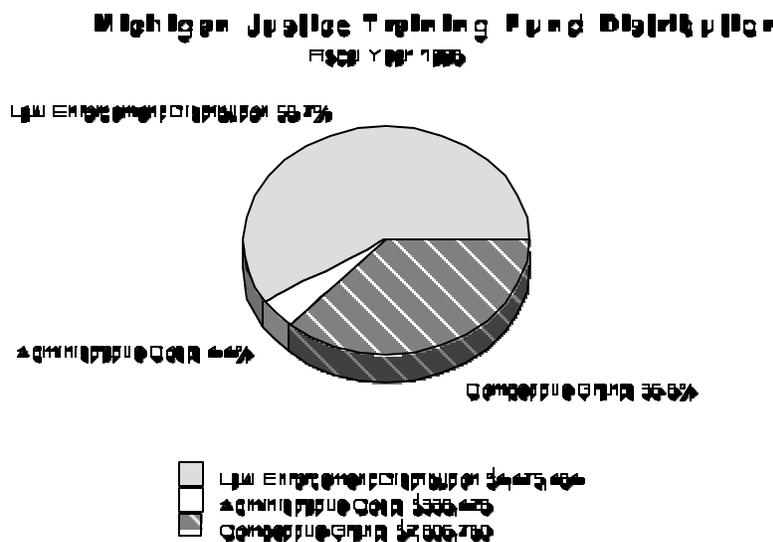
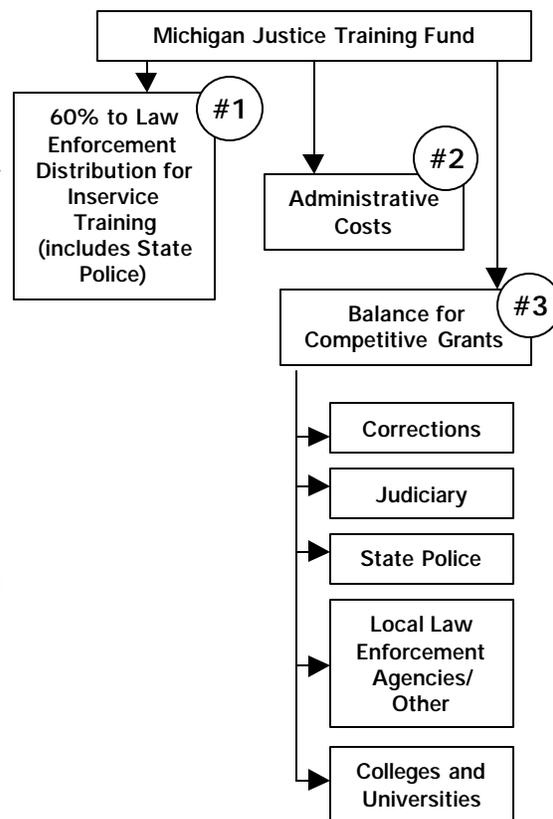


Figure 4 (left) shows distributions from the Justice Training Fund for fiscal year 1998.

Total Distribution: \$7,620,692



Public Act 302 of 1982 also provides that 60 percent of funds available from the Michigan Justice Training Fund be distributed to law enforcement agencies in Michigan (including the Department of State Police) based on the number of full-time equivalent police officers (FTEs) employed by each agency (#1). In fiscal year 1998, a total of \$4,475,484 was distributed for this purpose. The 1998 MJTC officer census counted 19,695 eligible FTEs in the state, which made the per capita distribution \$227.10. According to statute, all agencies receive a minimum annual payment of \$500 from the Michigan Justice Training Fund, regardless of their FTE count.



Statute further dictates that revenue received by law enforcement agencies through this distribution is to be used for the inservice training of their officers. The *Michigan Justice Training Commission 1998 Annual Report* notes the top five training categories for which the revenue was used as management/supervision, patrol activities, interpersonal communication, traffic, and firearms/weapons.

Administrative costs are also paid out of the Michigan Justice Training Fund (#2). Of the \$338,428 expended for administrative costs in fiscal year 1998, \$223,271 was used for the salary and benefits of the five commission staff members. Also, \$46,543 was expended to maintain a registry of inservice training programs offered by Michigan colleges, universities, state and local government agencies, and private training providers.

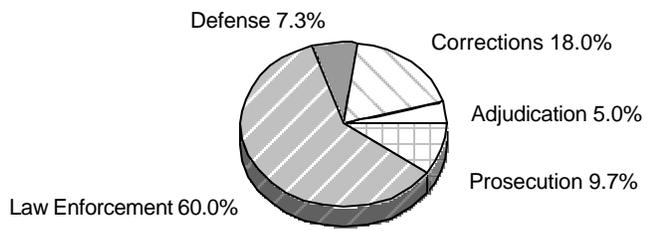
The authorizing act further provides that after accounting for administrative costs, the remainder of the revenue available is to be used for competitive grants for criminal justice training (#3). These grants are to be awarded by the commission based on the "quality and cost effectiveness of the training programs of applicants for funds and the criminal justice needs of this state."<sup>11</sup>

<sup>11</sup> Section 3 of Public Act 302 of 1982.

Eighty-six grant applications were received in fiscal year 1998, and 70 grant award contracts were issued. The total amount awarded was \$2,806,780. Recipients included the Department of State Police, the Department of Corrections, the State Appellate Defender, the Michigan Judicial Institute, colleges and universities, county sheriffs, prosecuting attorneys, and local police departments. **Figures 5 and 6** display the distribution of competitive grant awards by training category and by recipient. Over half of the grant funding was used for law enforcement training, and almost 40 percent of the funding was distributed to colleges and universities.

**Michigan Justice Training Council Competitive Grant Distribution  
by Training Category and by Recipient:  
Total Distributed = \$2,806,780**

**Distribution by Training Category  
Figure 5**

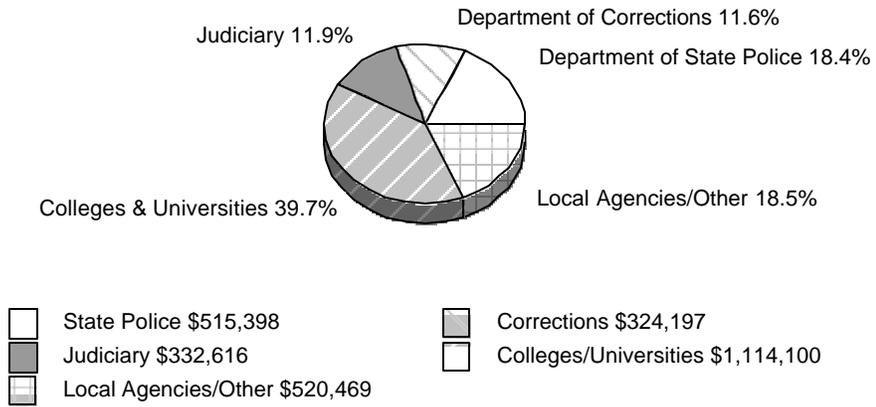


	Ajudication \$139,642		Corrections \$505,097
	Defense \$205,345		Law Enforcement \$1,683,153
	Prosecution \$272,543		

*Source: Michigan Department of State Police*

**Figure 6**

**Distribution by Recipient**



*Source: Michigan Department of State Police*

## Highway Safety Fund

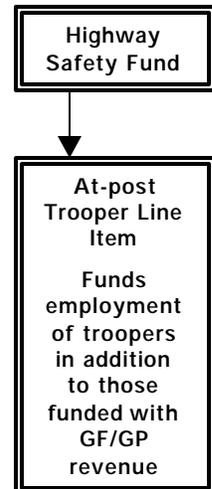
Public Act 154 of 1987 amended the Michigan Vehicle Code to create the Highway Safety Fund. The code states the following:

The money deposited in the highway safety fund shall serve as a supplement, and not as a replacement for, the funds budgeted for the department of state police on the effective date of the amendatory act that added this section. The money in the highway safety fund shall be used by the department of state police for the employment of additional state police enlisted personnel [troopers] to enforce the traffic laws on the highways and freeways of this state.<sup>12</sup>

A trooper is defined as a uniformed State Police officer who is funded through the At-Post Trooper line item in the State Police budget and assigned to patrol the state's roads. Most State Police troopers are funded by GF/GP revenue. The Highway Safety Fund supplements GF/GP revenue in the At-Post Trooper line item to allow for employment of additional troopers. Originally, it was projected that \$6 million would be deposited into the fund annually, providing 120 additional troopers.<sup>13</sup>

The actual number of troopers funded each year from Highway Safety Fund revenue is shown in **Figure 7** (page 18). This number has been substantially lower than the original estimate of 120 for two reasons: First, as shown in **Table 2** on page 13, Highway Safety Fund revenue collections have only recently reached the original target of \$6 million. Second, the cost of funding each trooper has been higher than originally expected and has risen over time. The original trooper estimate was based on a cost of \$50,000 per trooper. Currently, the cost per trooper is approximately \$82,000.

**Table 2** (page 13) shows that revenue collected through the Highway Safety Fund rose substantially in fiscal years 1997 and 1998, but the number of troopers provided by the fund has not increased at the same pace. This discrepancy is due to the fact that Highway Safety Fund collections exceeded the spending authorization of \$6.3 million and \$6.6 million, respectively, for those two years (adjusted for contingency transfers). The revenue collections exceeding the spending authorization have been carried forward.



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<sup>12</sup> Section 629e of the Michigan Vehicle Code.

<sup>13</sup> Leslie Nacionales-Tafoya, "Highway Safety Fund History" in Senate Fiscal Agency, *Notes on the Budget and Economy* (January/February 1993), 1.

Figure 8 illustrates total trooper strength since 1980, showing the number of troopers funded through GF/GP revenue and through the Highway Safety Fund. The Highway Safety Fund was created shortly after a large drop in trooper strength in the mid-1980s. Additional troopers provided by the fund did help to cushion a similar downturn in strength in the early 1990s, although the impact of the Highway Safety Fund on trooper strength has not been overwhelming in terms of percentages. In 1998, the Highway Safety Fund provided for 5.4 percent of total troopers.

While the number of troopers funded from Highway Safety Fund revenue has been lower than expected, increases in GF/GP appropriations have led to an all-time high in overall trooper strength: 1,336 in fiscal year 1998, with two trooper schools funded in fiscal years 1999 and 2000.

Figure 7

Highway Safety Fund Troopers

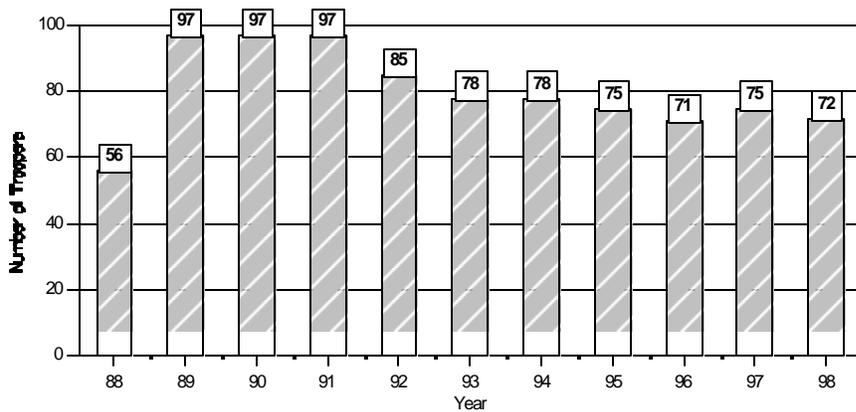
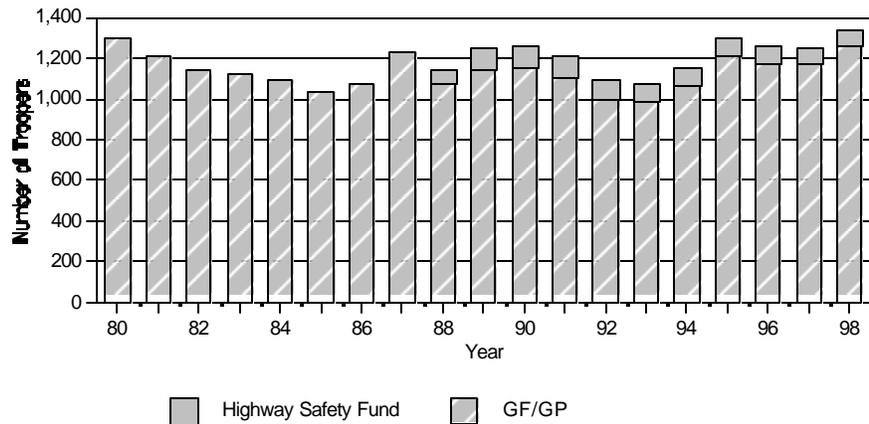


Figure 8

State Police Trooper Strength

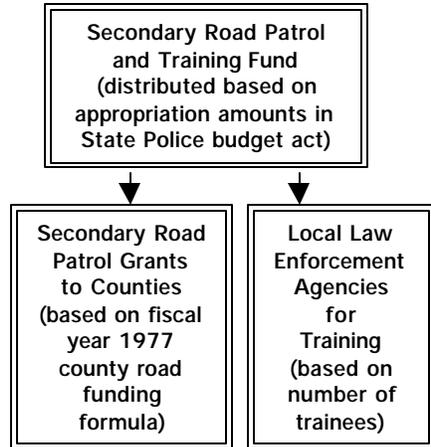


*Figures 7 and 8 Source: House Fiscal Agency, Senate Fiscal Agency,  
Michigan Department of State Police*

**Secondary Road Patrol and Training Fund**

The Secondary Road Patrol and Traffic Accident Prevention Program was created by Public Act 416 of 1978. This act provided for distribution of appropriated grant funding to counties to be used for the patrol of county roads. The program was originally administered by the Office of Criminal Justice (OCJ) in the Department of Management and Budget, but in 1989, all of OCJ’s responsibilities were transferred by Executive Order 1989-4 to the Department of State Police, where the Secondary Road Patrol Program is administered by the Office of Highway Safety Planning (OHSP).

Based on the Michigan Vehicle Code, revenue deposited in the Secondary Road Patrol and Training Fund is used for two purposes: 1) Secondary Road Patrol Grants and 2) reimbursement of training costs for local law enforcement agencies (“Training only to local units” line in the State Police budget). The revenue available from the fund is distributed for these two purposes in the same proportion as the appropriations for the two programs in the State Police budget act. In recent years, approximately 90 percent of the revenue has been distributed for Secondary Road Patrol grants, and 10 percent has been distributed as training grants.

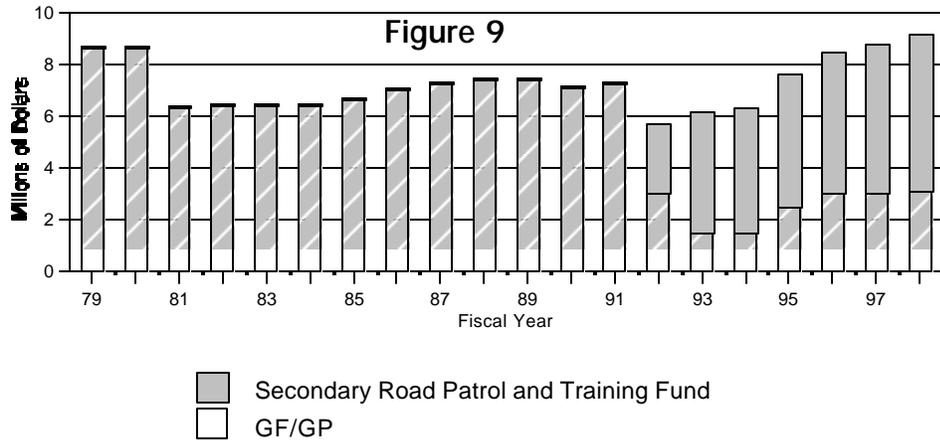


Until 1992, the Secondary Road Patrol grants were funded entirely through GF/GP appropriations. In 1991, the governor vetoed the GF/GP grants for fiscal year 1992. In response, the Michigan Vehicle Code was amended by Public Act 163 of 1991 to create the Secondary Road Patrol and Training Fund and to provide for a \$5 assessment on moving violations which is deposited into the fund. A smaller amount of GF/GP funding for Secondary Road Patrol grants was then approved through a supplemental appropriation.

Statutorily, the revenue allocated for Secondary Road Patrol Grants is distributed according to the county road funding formula as it was calculated for fiscal year 1977 (Public Act 51 of 1951). The county road funding formula is based on a county’s population and miles of highway. Payments are made to counties during the fiscal year based on the amount of GF/GP appropriated for the grants and the estimated amount of assessment revenue to be collected. An allowance is made to ensure that the fund will not be overdrawn, and any remaining funds are carried forward to the next fiscal year.

Figure 9 (page 20) shows distributions for Secondary Road Patrol Grants since the program was created. Following implementation of the assessment to support the program, the GF/GP appropriation for the grants was sharply reduced. It has since been increased significantly for both fiscal years 1999 (\$4.5 million) and 2000 (\$5.7 million).

**Secondary Road Patrol Grant Distributions**



Source: Michigan Department of State Police

The Office of Highway Safety Planning (OHSP) releases an annual report which contains a variety of information gathered from agencies receiving Secondary Road Patrol grants. Eighty counties participated in the program in 1998; Branch, Iosco, and Otsego counties did not qualify for funding because they had not maintained road patrol efforts at or above their respective fiscal year 1976 levels. According to the 1998 report, the grants provided for 167.6 road patrol deputies (see Table 3). This represents 7.6 percent of the total number of road patrol deputies in the state.

**Table 3**  
**Road Patrol Deputies in Michigan**  
**Fiscal Year 1998**

<u>Funding Source</u>	<u>Road Patrol Deputies</u>	<u>% of Total</u>
Secondary Road Patrol Grants	167.6	7.6
County	1,386.7	62.9
Local	487.3	22.1

Other	<u>162.3</u>	<u>7.4</u>
Total	2,203.9	100.0

Source: Secondary Road Patrol and Traffic Accident Prevention Program 1998 Annual Report

The 167.6 deputies funded through Secondary Road Patrol Grants in 1998 issued 108,688 traffic citations and patrolled 4.0 million miles of road, among other activities. In addition to employing additional personnel, counties are also statutorily authorized to use grant funding to purchase and maintain equipment, enforce laws in state and county parks, inspect motor vehicles, and provide traffic safety education programs.<sup>14</sup>

Remaining revenue available from the Secondary Road Patrol and Training Fund is distributed by the Commission on Law Enforcement Standards to reimburse law enforcement agencies for a portion of the training expenses associated with new hires. This program was originally provided for by Public Act 203 of 1965, which created the Law Enforcement Officers Training Fund.

Until the last ten years, reimbursements to local agencies were administered by the Office of Criminal Justice in the Department of Management and Budget and funded through a GF/GP appropriation. Reimbursement responsibility was moved to the Department of State Police in 1989; general funds for the program were vetoed for fiscal year 1992 and subsequently replaced with restricted revenue from the traffic citation assessment.

Historically, the funding available for this program has not been adequate to fully reimburse the costs associated with each trainee in the state. Instead, the amount to be reimbursed per trainee is determined by dividing the amount of funding available by the number statewide of trainees. **Table 4** shows these figures for fiscal years 1994 to 1998. The low reimbursement amount shown in fiscal year 1995 is attributable to a shift in the timing of the payments to local agencies.

**Table 4**  
**Number of Trainees and Reimbursement**  
**Amount Per Trainee**

<u>Fiscal Year</u>	<u>Number of Trainees</u>	<u>Reimbursement Amount</u>
1994	341	\$1,200.00

<sup>14</sup> Public Act 416 of 1978.

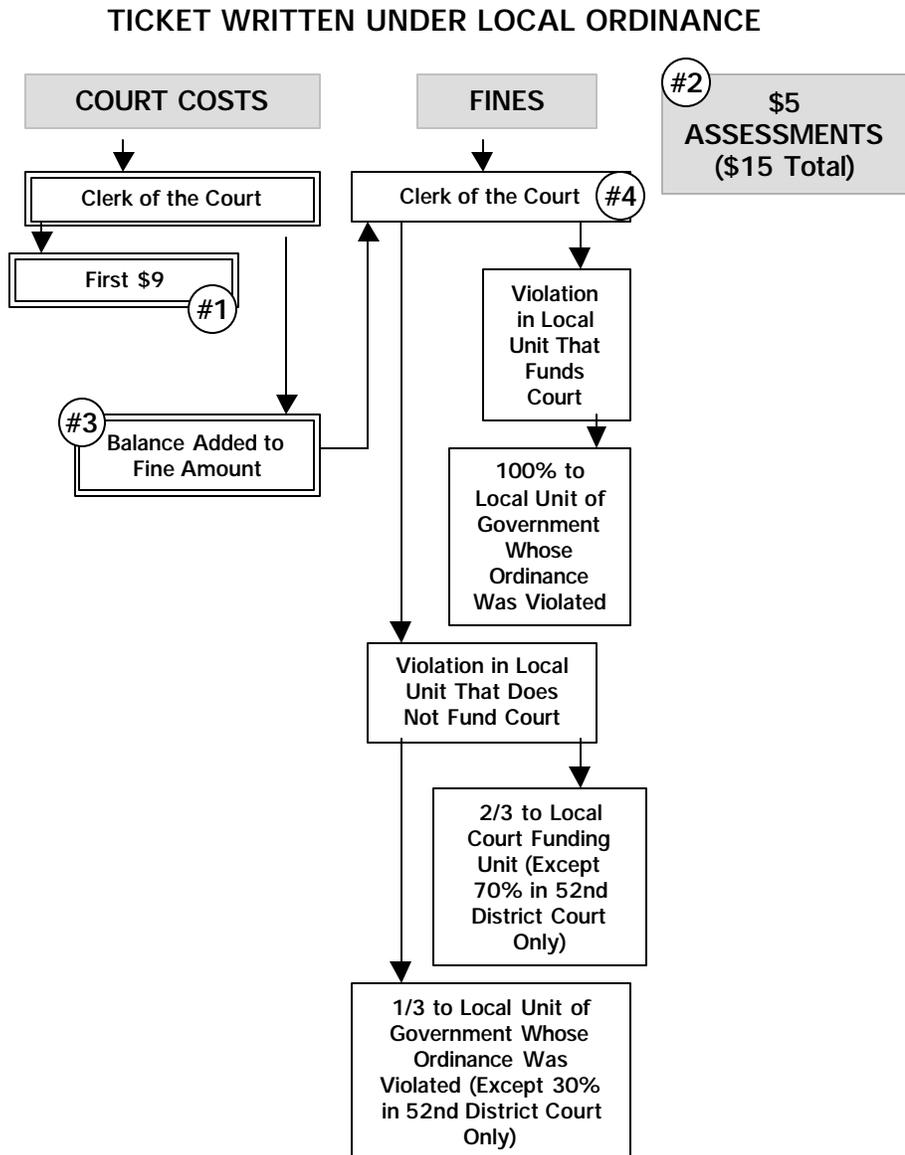
1995	495	631.00
1996	405	1,400.00
1997	644	1,050.00
1998	652	1,100.00

*Source: Michigan Department of State Police*

# VIOLATIONS UNDER LOCAL ORDINANCE

Local units of government can adopt and enforce their own traffic ordinances. When a citation is issued under a local ordinance (Figure 2, page 5), the first \$9 of court costs and the three \$5 assessments are deposited in the appropriate state funds, forwarded to the state level, and distributed in the same manner as for a citation written under state statute (#1 and #2).

Revenue not earmarked for state purposes is distributed in an alternate manner; the portion of court costs exceeding \$9 is added to the amount of the fine (#3), rather than being paid to the district court funding unit(s). This revenue is then distributed by the clerk of the court (#4)



in one of two ways, depending on whether the local unit of government whose ordinance was violated funds a district court.

***If the local unit funds a court***, that unit receives all of the remaining court costs and fine revenue.

***If the local unit does not fund a court***, the revenue is distributed based on a one-third/two-thirds division, pursuant to the Revised Judicature Act. The local unit whose ordinance was violated receives one-third of the revenue, and the remaining two-thirds is paid to the local court funding unit. (An exception is made for the 52nd District Court, where the distribution is 70 percent to the local court funding unit and 30 percent to the local unit of government whose ordinance was violated.)<sup>15</sup> In the case of a district of the third class (where there are multiple funding units), the distribution is generally made based on the proportion in which the various units fund the costs of the court.

The overall difference in revenue distribution when a traffic citation is issued under a local ordinance rather than state statute, is that the fine revenue is paid to the general fund of one or more local units of government rather than to the county treasurer for distribution to local libraries.

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<sup>15</sup> Section 8379 of the Revised Judicature Act. 52nd District Court is one court in Oakland County with four locations: Walled Lake (52-1), Clarkson (52-2), Rochester (52-3), and Troy & Clawson (52-4).

# CONCLUSION

As indicated in the introduction, a conservative estimate of the annual revenue generated by traffic citations in Michigan would be \$90-\$120 million. Estimating the revenue distributed to each category of recipients is problematic due to the state statute/local ordinance distinction. For purposes of illustration, therefore, **Table 5** (page 27) estimates the amount of revenue per traffic citation which would be distributed to the various categories of end recipients based on a hypothetical traffic citation. The table shows the final revenue distribution for three distinct cases:

- ' A citation issued under state statute,
- ' A citation issued under local ordinance where the local unit whose ordinance was violated funds a district court, and
- ' A citation issued under local ordinance where the local unit whose ordinance was violated does not fund a district court.

In each case, total court costs have been set at \$40, the fine at \$20, and total assessments at \$15. Where estimates are necessary, they have been based on actual fiscal year 1998 distributions.<sup>16</sup>

In **Table 5**, the court cost and fine amounts on which the figures are based are arbitrary; these amounts can vary widely depending on the nature of the infraction and the discretion of the court. Also, several of the categories of recipients overlap; for example, counties receive funds through Secondary Road Patrol grants, training grants, and court funding grants, as well as the revenue from specific infractions over which their district court has jurisdiction.

While this publication has detailed a fairly complex system of distributing traffic citation revenue in Michigan, the major issues related to this revenue are based on a single concept: the financial incentives of the law enforcement agencies who enforce traffic

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<sup>16</sup> It is unlikely that these figures varied substantially in fiscal year 1999.

laws. *That is, to what extent does the entity issuing a citation receive the revenue generated by that citation?*

It could be argued that revenue resulting from traffic violations should be used to support enforcement efforts. On the other hand, an argument has also been made against this practice, as expressed in the following:

It's easy to rationalize fine surtaxes by saying that violators "deserve" to pay. But when officials have an interest in increasing, not preventing, traffic violations, they'll be tempted to increase the take by turning law-abiding motorists into outlaws through excessive regulation.<sup>17</sup>

It should be noted that in most cases shown in the distribution examples in **Table 5**, the revenue in question is forwarded to the county or state and then redistributed to a number of recipients, so there is no direct benefit to the enforcing entity. The categories of revenue which are not redistributed are shown in ***bold italics*** in the table; those amounts relate to the potential financial incentives of law enforcement agencies.

The Michigan Judicial Institute states the following:

A state police officer will almost always write up a civil infraction under state law. A local municipal officer will almost always write up a civil infraction under a local ordinance, if there is one, unless policy within the local municipality dictates otherwise (it's a revenue issue). Obviously, it is an advantage to the local municipality to have the citing officer write up a civil infraction under the local ordinance, rather than the state statute. That way both the civil fine and the costs go to support the municipality, rather than the fine going to support libraries.<sup>18</sup>

As indicated in the above statement, local units of government face a financial incentive to adopt and enforce their own traffic ordinances. As shown in **Table 5**, a local unit which funds a district court would receive \$51 for a violation of its ordinance under the hypothetical traffic citation (a local unit which does not fund a court would receive only \$17), while the local unit would receive no revenue for a violation of state statute.

In the case of the State Police, the department receives a portion of the revenue generated by traffic tickets issued by its troopers; the revenue generated by the three \$5 assessments applied to most traffic citations is appropriated to the State Police budget.

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<sup>17</sup> Aarne H. Frobom, "Tickets as Taxes: A Cautionary Tale from California" (Mackinac Center, 1997).

<sup>18</sup> Michigan Judicial Institute, *Traffic Benchbook—Revised Edition: Volume One* (1999), Ch. 1, p.41.

The department is the end recipient, however, of less than \$6 (**Table 5** shows an estimate of \$5.87) for each citation it issues; the remainder of the assessment revenue is distributed to other agencies.

Table 5

Fiscal Year 1998 Revenue Distribution  
 Under a Hypothetical Traffic Citation  
 Court Costs = \$40; Fine = \$20; Assessments = \$15; Total = \$75

<u>End Recipient</u>	<u>State Statute</u>	<u>Local Ordinance</u>	
		<u>Local Funds Court</u>	<u>Local Does Not Fund Court</u>
County law and local libraries	\$20.00	\$0.00	\$0.00
Court funding unit (specific to court with jurisdiction)	<b>31.00</b>	same as local unit whose ordinance was violated (below)	<b>34.00</b>
Local unit whose ordinance was violated	0.00	<b>51.00</b>	<b>17.00</b>
Court funding units (statewide distribution)	7.35	7.35	7.35
Department of State Police	<b>5.87</b>	5.87	5.87
Counties (for secondary road patrol by the county sheriff)	4.50	4.50	4.50
Local law enforcement agencies (for training)*	3.47	3.47	3.47
Civil indigent defense centers	0.87	0.87	0.87
Colleges and universities	0.73	0.73	0.73
Judges Retirement System	0.45	0.45	0.45
Legislative Retirement System	0.30	0.30	0.30
Michigan Supreme Court agencies	0.26	0.26	0.26
Department of Corrections	<u>0.20</u>	<u>0.20</u>	<u>0.20</u>
TOTAL	\$75.00	\$75.00	\$75.00

\*Includes miscellaneous organizations receiving Michigan Justice Training grants

NOTE: **Bold Italic** numbers indicate categories of revenue which are not redistributed to a number of recipients.

Source: House Fiscal Agency calculations

Legislation currently before the Michigan Legislature addresses the issue of local traffic ordinances. House Bills 4927 to 4932 were passed by the House of Representatives on October 28, 1999. These bills would amend the Michigan Vehicle Code and several other

acts governing the operation of commercial vehicles to alter the distribution of fine revenue for citations issued under local ordinances.

As introduced, House Bills 4927 to 4932 earmarked the fine revenue from commercial vehicle violations under local ordinances for distribution to libraries; revenue from noncommercial violations would be unaffected. As amended on the House floor, the bills distribute fine revenue from commercial vehicle violations in the following manner:

- ' Thirty percent to the local unit of government whose ordinance was violated; this revenue would be earmarked for road repair and maintenance.
- ' Forty percent for library purposes.
- ' Thirty percent to the local court funding unit.<sup>19</sup>

These bills, therefore, would redistribute revenue between the various local entities involved. Revenue for the local unit whose ordinance was violated would decrease, and revenue for libraries would increase. The local court funding unit (assuming the funding unit is not the same as the unit whose ordinance was violated) would likely experience a net decrease in revenue.

House Bills 4927 to 4932 could also have an impact on the distribution method for library revenue, depending on how their provisions are interpreted. Under current statute, penal and civil fine revenue earmarked for libraries is forwarded to the county treasurer for distribution to county law libraries (based on statutory parameters) and local libraries (based on a per capita formula). The language contained in each of the bills states that the revenue is to be allocated to the jurisdiction in which the citation was issued, to be used for library purposes as provided for by law. Allocation to a specific jurisdiction, however, is a contradiction of current law.

As current and future legislation concerning traffic citations is considered, it is important to do so in the context of the entire traffic citation revenue distribution process. This context is necessary to understand the financial incentives and interests of the various parties involved in the process.

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<sup>19</sup> House Bill 4927 references the "court" rather than the "court funding unit."

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