

Department of Legislative Services
 Maryland General Assembly
 2002 Session

FISCAL NOTE
Revised

Senate Bill 511 (Chairman, Judicial Proceedings Committee)
 (Maryland Judicial Conference)

Judicial Proceedings

Appropriations

Circuit Court Real Property Records Improvement Fund - Use, Funding, and Duration

This bill raises the maximum surcharge from \$5 to \$10 for each type of recordable instrument to be recorded among the land records and financing statement records. The bill also repeals the associated sunset provision. The bill further provides that the Circuit Court Real Property Improvement Fund must be used only for the purposes specified under existing law. A person convicted of a usage violation is subject to imprisonment not exceeding 18 months or a fine not exceeding \$1,000 or both. In addition, the person must be removed from office immediately and forfeit all accrued benefits.

Fiscal Summary

State Effect: Revenues to the Circuit Court Real Property Records Improvement Fund could increase by an estimated \$5.2 million in FY 2003. Future years assume a steady rate of instruments recorded. The bill's criminal penalty provisions are not expected to significantly affect State finances or operations.

| (in dollars) | FY 2003 | FY 2004 | FY 2005 | FY 2006 | FY 2007 |
|--------------|-------------|-------------|-------------|-------------|--------------|
| SF Revenue | \$5,246,800 | \$5,246,800 | \$5,246,800 | \$5,246,800 | \$10,493,700 |
| Expenditure | \$0 | \$0 | \$0 | \$0 | \$0 |
| Net Effect | \$5,246,800 | \$5,246,800 | \$5,246,800 | \$5,246,800 | \$10,493,700 |

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect

Local Effect: The bill's criminal penalty provisions are not expected to significantly affect local finances or operations.

Small Business Effect: Potential meaningful. Small businesses that record instruments among the land records and financing statement records may be assessed a higher surcharge.

Analysis

Current Law: The State Court Administrator may establish a surcharge not to exceed \$5 for each type of recordable instrument to be recorded among the land records and the financing statement records. The circuit court clerk's office in each county must collect the surcharge. Receipts from the surcharge must be placed in the Circuit Court Real Property Records Improvement Fund. These surcharge provisions sunset on June 30, 2006. The Circuit Court Real Property Records Improvement Fund is a special fund used to repair, replace, improve, modernize, and update office equipment and equipment-related services in the land records office of each circuit court clerk's office.

Background: In its April 2001 audit report, the Office of Legislative Audits found that the Judiciary made an illegal \$1.5 million payment in July 1998 from the Real Property Records Improvement Fund to provide initial funding to the Maryland Legal Services Corporation Fund. The subsequent repayment did not include related interest. The bill's penalty provisions are meant to deter future illegal transfers from the fund.

State Revenues: The Administrative Office of the Courts advises that in fiscal 2001, there were 1,049,368 instruments recorded among the land records. Increasing the surcharge on these instruments from \$5 to \$10 (assuming that the maximum surcharge is set as the surcharge) would accordingly result in an estimated revenue increase of \$5,246,840 to the Circuit Court Real Property Records Improvement Fund. Assuming that the number of instruments would remain constant in out-years, future year revenues reflect the same increase.

Additional Information

Prior Introductions: None.

Cross File: HB 906 (Chairman, Judiciary Committee) (Maryland Judicial Conference) – Appropriations.

Information Source(s): Judiciary (Administrative Office of the Courts), Department of Legislative Services

Fiscal Note History: First Reader - February 27, 2002
lc/cer Revised - Senate Third Reader - March 22, 2002

Analysis by: Debra A. Dickstein

Direct Inquiries to:
John Rixey, Coordinating Analyst
(410) 946-5510
(301) 970-5510