

Department of Legislative Services
Maryland General Assembly
2002 Session

FISCAL NOTE
Revised

Senate Bill 197 (Chairman, Judicial Proceedings Committee)
(Maryland Judicial Conference)

Judicial Proceedings and Budget and Taxation

Appropriations

Circuit Courts - Rental of Space for Clerks of Court

This bill requires the State to the extent provided in the State budget, to pay counties rent for space occupied in county facilities by the circuit court clerks at a rate per net useable square foot: (1) not to exceed \$2.50 for fiscal 2004; (2) not to exceed \$5 for fiscal 2005; and (3) of \$10 for fiscal 2006 and thereafter. The bill mandates that no more than \$250,000 in State general funds may be used to carry out these provisions in fiscal 2004, and no more than \$500,000 in State general funds may be expended in fiscal 2005. Each county and Baltimore City must: (1) use the savings resulting from the bill solely to increase local expenditures for the circuit courts or related public safety purposes; and (2) in fiscal 2004 through 2011, report annually to the Department of Budget and Management on the expenditures made from the savings.

The bill takes effect July 1, 2003.

Fiscal Summary

State Effect: General fund expenditures could increase by \$250,000 based on the bill's spending cap in FY 2004, including \$78,687 for one new General Services position. Future year increases account for salary increases, inflation, and a spending cap in FY 2005.

(in dollars)	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	250,000	500,000	4,973,800	4,976,700	4,979,700
Net Effect	(\$250,000)	(\$500,000)	(\$4,973,800)	(\$4,976,700)	(\$4,979,700)

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

Local Effect: Local expenditures for circuit court clerk office space would decrease by about \$171,313 in FY 2004; local expenditures for circuit courts and related public safety purposes would increase accordingly.

Small Business Effect: Potential minimal.

Analysis

Current Law: Local governments pay for circuit court facilities, including space for clerks of the courts.

Background: HB 181 of 1999 would have required the State to fund the first \$15 of circuit court juror per diems as well as the salaries of standing masters and some additional circuit court personnel. Following the failure of that bill, language in the *Joint Chairmen's Report* required the Chief Judge of the Court of Appeals to submit a plan for increasing the State's role in circuit court funding. Accordingly, the Judiciary submitted the "Circuit Courts Action Plan" in November 1999. That document set forth an incremental partial cost assumption plan that would, by fiscal 2004, require the State to contribute an additional \$50 million per year to the circuit courts. The General Assembly provided for State assumption of the costs of masters and for an increase in the juror per diem contribution in 2000 and for State funding of law clerks in 2001, three initiatives included in the Judiciary's proposal. Another one of the recommendations contained in the plan was that the State, in fiscal 2002 through 2004, phase-in assumption of leasing and security costs for the circuit courts.

State Expenditures: General fund expenditures could increase by about \$250,000 in fiscal 2004, which accounts for the bill's July 1, 2003 effective date. This estimate includes a partial reimbursement to counties for the cost of 490,938 square feet of leased space, plus the cost of hiring an additional acquisition specialist at an estimated \$78,687 to manage the additional leased space. It includes the salary, fringe benefits, one-time start-up costs, and ongoing operating expenses for the additional position. Accordingly, unless funds other than State general funds are used to implement the bill, the State will only be able to reimburse counties at an average rate of \$0.34 per net useable square foot in fiscal 2004. Future year expenditures assume no changes in the square footage for the clerks' space, take into account the \$500,000 cap on general fund expenditures for fiscal 2005, and account for a \$10 fixed rental rate in fiscal 2006 and thereafter. Future year expenditures also reflect: (1) full salary with 3.5% annual increases and 3% employee turnover; and (2) 1% annual increases in ongoing operating expenses.

The Office of Real Estate within the Department of General Services (DGS) serves as the State's real estate broker and manager in the acquisition of fee simple and leasehold interests in real property. According to DGS, the Lease Management and Procurement

Unit is responsible for 4.3 million square feet of leased office space throughout the 24 subdivisions on behalf of 61 departments and agencies of State government. The unit comprises seven full-time staff members and two part-time contractual support employees. DGS advises that the leased space for clerks of the circuit court would represent about 11.2% of the total leased space under DGS management. DGS believes that this bill would require it to hire an additional acquisition specialist to serve as lease compliance officer in order to properly manage compliance and other issues that arise in leasehold relationships.

Legislative Services concurs with this assessment. Assuming that each of the seven full-time staff members has responsibility for an equal amount of the current leased space under DGS management, each full-time staff member currently handles about 614,300 (14.2%) of the total managed space. The additional leased space, divided amongst the various local jurisdictions, would therefore be substantial enough to warrant an additional full-time staff member, at a cost of approximately \$78,687 in fiscal 2004. This estimate includes salary and fringe benefits of \$56,160, purchase of an automobile at \$12,500 for use in visiting the locations to verify compliance with lease requirements, and other operating expenses of \$10,027.

Local Effect: Local expenditures for circuit court clerks' office space could decrease by a total of about \$171,313 in fiscal 2004 based upon the total State reimbursement funds available to counties in that year (see State Expenditures section above). The bill requires these savings to be spent on circuit courts and related public safety purposes.

Additional Information

Prior Introductions: HB 716 in the 2001 session has been identified as a prior introduction. That bill was originally introduced to require the State to pay counties rent for space occupied in county facilities by clerks of the circuit courts and to fund the employment of one law clerk for each circuit court judge. The bill was amended to require only that the State fund employment of one law clerk per circuit court judge. In its amended form, HB 716 was enacted as Chapter 677 of 2001.

Cross File: None.

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

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