

Department of Legislative Services
 Maryland General Assembly
 2014 Session

FISCAL AND POLICY NOTE

Senate Bill 32 (Chair, Judicial Proceedings Committee)(By Request - Maryland Judicial Conference)

Judicial Proceedings

Circuit Court Real Property Records Improvement Fund - Funding

The bill requires the State Court Administrator to assess a surcharge of \$11 on cases filed in the Court of Appeals and the Court of Special Appeals. The bill also requires the assessment of a \$30 surcharge for civil cases filed in the circuit courts and a surcharge of \$6 for civil cases reopened in the circuit courts. A surcharge may not be assessed to reopen a case brought by a petitioner under the protective order statutes. The Chief Judge of the District Court must assess a maximum surcharge of \$3 per summary ejectment case and \$8 for all other civil cases. The surcharges must be deposited into the Circuit Court Real Property Records Improvement Fund.

The bill takes effect July 1, 2014.

Fiscal Summary

State Effect: Special fund revenues increase by an estimated \$4.7 million annually beginning in FY 2015 due to the surcharges. General fund expenditures for the Judiciary increase by \$20,800 in FY 2015 only for programming changes.

(in dollars)	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
SF Revenue	\$4,651,600	\$4,651,600	\$4,651,600	\$4,651,600	\$4,651,600
GF Expenditure	\$20,800	\$0	\$0	\$0	\$0
Net Effect	\$4,630,800	\$4,651,600	\$4,651,600	\$4,651,600	\$4,651,600

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

Local Effect: The bill does not directly affect local finances or operations.

Small Business Effect: None.

Analysis

Current Law/Background: Court costs and charges for the circuit courts are set by the State Court Administrator with the approval of the Board of Public Works. The initial filing fee for a case in the Court of Appeals or the Court of Special Appeals is \$50. The initial filing fee for a civil case in the circuit courts is \$80 plus the \$55 surcharge for the Maryland Legal Services Corporation (MLSC) as authorized by statute.

In the District Court, the filing fee for summary ejectments is \$22 in Baltimore City and \$12 in all other counties. These fees include the \$8 surcharge for MLSC authorized by statute and a \$10 surcharge in Baltimore City for the Sheriff's Office. Filing fees for other civil cases also include an \$18 MLSC surcharge authorized by statute and range from \$28 to \$38. In Baltimore City, specified landlord tenant filings in addition to summary ejectments are also subject to a \$10 surcharge for the Baltimore City Sheriff's Office in addition to the MLSC surcharge.

A judge may waive the prepayment of filing fees and costs in a civil case because of indigency.

Circuit Court Real Property Improvement Fund

Created by Chapter 327 of 1991, the Circuit Court Real Property Records Improvement Fund consists of surcharges assessed on instruments recorded in the land records and the financing statement records, document copying revenues, and accumulated interest revenue. The nonlapsing fund supports all personnel and operating costs within the land records offices of the clerks of the circuit court. It further supports the maintenance costs of the Electronic Land Records Online Imagery System and its website for making images accessible to the public. The fund also supports the Judiciary's major information technology (IT) projects. A five-member oversight committee includes one representative from each of the following groups: the Administrative Office of the Courts, the Maryland State Archives, the Circuit Court Clerks' Association, the Maryland Land Title Association, and the Maryland State Bar Association.

Revenues for the fund are generated primarily through a recordation surcharge on all real estate transactions. Chapter 397 of 2011 (the Budget Reconciliation and Financing Act) increased the surcharge on all recordable instruments from \$20 to \$40 through fiscal 2015.

State Fiscal Effect: Special fund revenues increase by approximately \$4,651,612 annually. The information and assumptions used in calculating the estimate are stated below:

- the surcharge is collected in 2,611 Court of Appeals and Court of Special Appeals cases annually (based on the number of filings in fiscal 2013);
- the surcharge is collected in 56,390 new circuit court cases annually and 6,854 reopened cases annually, which assumes that the surcharge is assessed in 85% of cases (based on the number of filings and reopened cases in fiscal 2013);
- the maximum surcharge is collected in 545,649 summary ejectment cases and 156,640 other District Court cases annually, which assumes that the surcharge is assessed in 85% of cases (based on the number of filings in fiscal 2013); and
- the number of filings remains constant.

Although the bill does not *require* additional special fund expenditures, the Judiciary has indicated that it intends to use the surcharge revenue generated under this bill to fund its Maryland Electronic Courts Project, which is an ongoing initiative to create an integrated case management system to be used by all of the courts in the State.

General fund expenditures increase by \$20,800 in fiscal 2015 only for the Judiciary to make programming changes.

Additional Information

Prior Introductions: None.

Cross File: HB 108 (Chair, Judiciary Committee)(By Request - Maryland Judicial Conference) - Judiciary.

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

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ncs/kdm

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