

Department of Legislative Services  
Maryland General Assembly  
1999 Session

FISCAL NOTE

House Bill 804 (Delegate Fulton)

Judiciary

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**Clients' Security Trust Fund - Assessment**

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This bill increases the maximum amount that the Court of Appeals may set as the annual fee payable by lawyers to the Clients' Security Trust Fund from \$20 to \$100.

The bill takes effect July 1, 1999.

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**Fiscal Summary**

**State Effect:** None. The bill would not directly affect governmental operations or finances.

**Local Effect:** None.

**Small Business Effect:** Potential meaningful.

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**Fiscal Analysis**

**Small Business Effect:** The Clients' Security Trust Fund is a nonprofit organization intended to maintain the integrity of the legal profession by paying money to reimburse losses caused by lawyers who misuse their clients' funds. It is funded by annual fees paid by lawyers. If the Court of Appeals raises the annual assessment from \$20 to \$100, small law firms would experience expenditure increases of \$80 per attorney per year. On the other hand, there would be more funds available to repay small businesses that are victims of attorney defalcation. As of June 30, 1998, 27,234 lawyers were subject to annual assessments, the fund's balance was \$2,752,986, and the total estimated value of pending claims was \$2,207,000. If the annual assessment is raised from \$20 to \$100, the Clients' Security Trust Fund would obtain approximately \$2,178,720 in additional revenue in fiscal 2000.

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**Information Source(s):** Judiciary (Administrative Office of the Courts), Clients' Security Trust Fund, Department of Legislative Services

**Fiscal Note History:** First Reader - March 8, 1999

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