

Department of Legislative Services
Maryland General Assembly
1999 Session

FISCAL NOTE
Revised

House Bill 35 (Chairman, Judiciary Committee)
Judiciary

State Board of Law Examiners

This bill extends the sunset date for the State Board of Law Examiners from July 1, 1999 to July 1, 2004. The cap on the examination fee paid to the board by each applicant for admission to the Bar is increased from \$100 to \$150. The board is required to report to the Senate Judicial Proceedings Committee and the House Judiciary Committee by October 1, 1999 on what, if any, actions the board has taken in response to the recommendations of the Department of Legislative Services contained in the sunset evaluation report dated October 31, 1998.

The bill takes effect July 1, 1999.

Fiscal Summary

State Effect: State finances for the State Board of Law Examiners would continue. In addition, general fund revenues could increase by an indeterminate amount if bar admissions fees are raised.

Local Effect: None.

Small Business Effect: None.

Fiscal Analysis

Background: The State Board of Law Examiners regulates the licensing of attorneys in Maryland. The board is subject to the Maryland Program Evaluation Act, also known as the "sunset law," which provides a system of periodic legislative review of the regulatory, licensing, and other governmental activities of various units of State government. This bill arises out of the sunset evaluation of the State Board of Law Examiners performed

by the Department of Legislative Services (DLS) during 1998. In its October 1998 report, DLS recommended that the board be continued and that its sunset termination date be extended to July 1, 2014. DLS also recommended that the fees collected by the board be increased to a level that places the board's revenues in balance with its expenditures. Other recommendations made by DLS include:

- that the board create and maintain a comprehensive complaint file;
- that the board consider use of a performance testing component for the bar examination;
- that the board determine how the essay grading process can reasonably be improved and make the necessary improvements;
- that the board maintain demographic statistics on applicants;
- that the board, the Court of Appeals, and the character committee for the seventh circuit continue to take action to solve the problem of the timeliness of file processing by the seventh circuit character committee; and
- that the Court of Appeals and General Assembly consider appointing 1 or more consumer members to the board.

State Revenues: The board generates revenues from bar examination and registration fees, the types and current amounts of which are as follows:

- registration fees (\$125 for timely filing or \$175 for late filing);
- examination fees (\$90);
- out-of-state attorney registration fees (\$400);
- retake fees (\$90); and
- character questionnaire update fees (\$35).

These fees are set by board rule, although the examination fee is capped by statute. All revenues collected by the board are deposited into the State general fund. Total board revenues in fiscal 1998 were \$597,116. The Governor's proposed fiscal 2000 budget assumes \$587,200 in general fund revenues for the board.

From fiscal 1992 through fiscal 1998, the annual rate of growth in the board's expenditures

far exceeded the annual rate of growth in its revenues. In fiscal 1998, the board's operating deficit was \$206,955. The board's fiscal 1999 operating deficit is estimated at \$292,935.

DLS has recommended that the examination fee be increased from \$90 to \$180 and that the registration fees be increased by \$50 from \$125 to \$175 for timely filing and \$175 to \$225 for late filing. It is estimated that such fee increases would produce approximately \$100,000 in revenue above current levels in fiscal 2000, accounting for the fact that the fee increases would likely not apply to the July 1999 bar examination. Approximately \$300,000 in additional revenue would be produced annually beginning in fiscal 2001 under this scenario. The bill would not permit the examination fee to be increased above \$150, however. Therefore, the additional revenues that would be generated as a result of this bill, if any, could be less than these estimates.

It is important to note that this legislation does not mandate fee increases. The bill would merely raise the cap on the examination fee; the Court of Appeals and board would need to take action to raise fees.

State Expenditures: State expenditures would be maintained because the bill proposes to continue the State Board of Law Examiners. The fiscal 2000 allowance for the board is \$976,736 in general funds.

It is expected that the board could prepare the required report using existing budgeted resources. It is also expected that the board could implement the first DLS recommendation, to create and maintain a comprehensive complaint file, within existing budgeted resources. Whether implementation of any of the other DLS recommendations would lead to an increase in board expenditures is unknown at this time.

Information Source(s): Department of Legislative Services

Fiscal Note History: First Reader - January 21, 1999
nncsjr Revised - House Third Reader - March 23, 1999
Revised - Enrolled Bill - April 13, 1999

Analysis by: Claire E. Rooney

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