

Department of Legislative Services
Maryland General Assembly
1999 Session

FISCAL NOTE

House Bill 249 (Chairman, Judiciary Committee)
(Maryland Judicial Conference)

Judiciary

Resident Agents - Governmental Agencies

This bill authorizes each local government and State agency not represented by the Attorney General to file notice with the State Department of Assessments and Taxation designating a State citizen or corporation as resident agent to receive service of process and other legal notices.

The bill takes effect January 1, 2000.

Fiscal Summary

State Effect: General fund expenditures would increase by approximately \$16,000 in FY 2000 for computer programming. Potential efficiency savings for certain State agencies. No effect on revenues.

Local Effect: Potential efficiency savings for local governments. No effect on revenues.

Small Business Effect: Potential minimal.

Fiscal Analysis

State Effect: Each year the State Department of Assessments and Taxation (SDAT) records over 25,000 business documents (excluding security interest filings). The anticipated number of filings from State agencies and local governments resulting from this bill would not add significantly to that number. Consequently, the bill would have little or no operational effect on SDAT.

SDAT advises that it would incur one-time computer programming costs of approximately

\$16,000 to modify its business entity system as a result of the legislation, however. This money would be paid to IBM Corp., which is in the process of performing a comprehensive modification of SDAT's business entity system. Programming to accommodate governmental entities is not included in the existing IBM contract. IBM has estimated that this work would take approximately 160 additional hours to complete, at the contract rate of \$100 per hour.

The bill would allow certain State agencies to clearly designate who should be served with summonses, subpoenas, and legal notices, making it easier for agencies to keep track of legal correspondence. To the extent that State agencies designate resident agents, efficiency savings would be realized.

Local Effect: To the extent that local governments designate resident agents, the bill would create efficiency savings by making it easier for local governments to keep track of legal correspondence.

Small Business Effect: To the extent that State agencies and local governments designate resident agents, the bill would make it easier for law firms and process servers to serve the correct person when involved in legal matters with State agencies and local governments.

Information Source(s): Judiciary (Administrative Office of the Courts), State Department of Assessments and Taxation, Montgomery and Somerset Counties, Department of Legislative Services

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