

Department of Legislative Services
Maryland General Assembly
2000 Session

FISCAL NOTE

House Bill 670 (Delegates K. Kelly and Dembrow)

Judiciary

Property Bondsmen - Registration

This bill requires a property bondsman to register and remain in good standing with the District Court. The bill makes it a misdemeanor to act as a property bondsman unless certain conditions are met, including being on the approved list of property bondsmen maintained by the District Court. Violators are subject to maximum penalties of a fine of \$1,000 and/or imprisonment for one year.

A District Court clerk or commissioner is prohibited from accepting real estate as security for a bail bond unless specified documents and affidavits are provided, including certain statements relating to property taxes and liens. The bill limits the value of property bond to the equity value of the real property, as specified. The bill also stipulates that a "property bondsman" is a person who performs this service for compensation.

Fiscal Summary

State Effect: The District Court could handle the bill's requirements with existing resources. Potential minimal increase in general fund revenues and expenditures due to the bill's penalty provisions.

Local Effect: Potential minimal increase in expenditures due to the bill's incarceration penalty provision. Revenues would not be affected.

Small Business Effect: Meaningful.

Analysis

Current Law: Under Maryland Rule 4-217, the Chief Clerk of the District Court has established requirements for the maintenance of a centralized statewide list of authorized bail bondsmen for the District Court, including property bondsmen. A property bondsman is stricken from this list for defaulting on a bond. Forfeiture proceedings on a property in a defaulted bond must be initiated by the appropriate State's Attorney.

Background: There are currently 72 property bondsmen on the District Court's automated statewide list of registered bondsmen. Of that number, six are in default and, thereby, are unable to continue writing bonds. There was one default on property bonds in the District Court in fiscal 1999. Some bondsmen have remained in default over a period of many years. To the knowledge of the District Court, no State's Attorney has ever begun forfeiture proceedings on a defaulted property bond.

Under Rule 4-217, the District Court is authorized to, and does, allow bonds to be written for up to two times the assessed value of a real property (less encumbrances). This is done by a filing of a Declaration of Trust of Real Estate form. In the Seventh Judicial Circuit (Calvert, Charles, Prince George's, and St. Mary's counties) there is a Bail Bond Commissioner who oversees and administers bail bonding activity pertaining to licensed bondsmen or surety companies for both District Court and the circuit court bail bonds. In these counties only, property bondsmen are allowed to write bonds up to ten times the assessed value of a real property (less encumbrances).

State Revenues: General fund revenues could increase minimally as a result of the bill's monetary penalty provision from cases heard in the District Court.

The bondsman registration requirements of this bill would not have a significant impact on the operations or finances of the District Court. The bill's required statements and affidavits pertaining to the property offered as security for a bail bond could reduce the incidents of default on such bonds.

State Expenditures: General fund expenditures could increase minimally as a result of the bill's incarceration penalty due to increased payments to counties for reimbursement of inmate costs and more people being committed to Division of Correction (DOC) facilities. The number of people convicted of this proposed crime is expected to be minimal.

Local Expenditures: Expenditures could increase minimally as a result of the bill's incarceration penalty.

Small Business Effect: Meaningful. Although there are licensing requirements for bail bondsmen such as in the Circuit Court for Anne Arundel County and in the entire Seventh Circuit, the bail bonds industry, including the use of property bonds, is largely unregulated. Accordingly, the bill's requirements are likely to alter business practices for property bondsmen, and could result in some meaningful additional costs. Requiring a property to be equal to or greater than the equity value of a bond would tend to curtail the practice of using "professional properties" as property bonds (at either two or ten times the property's assessed value). The extent to which the requirements of the bill could prove an actual and insurmountable hardship to a particular property bondsman cannot be readily determined without also knowing the property assets and resources available to such a business person.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Judiciary (District Court), Department of Legislative Services

Fiscal Note History: First Reader - March 6, 2000
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