

Department of Legislative Services
Maryland General Assembly
 2002 Session

FISCAL NOTE

House Bill 825 (Chairman, Appropriations Committee)
 (Maryland Judicial Conference)

Appropriations

Circuit Courts - Rental of Space for Clerks of Court

This bill requires the State to pay counties rent at \$10 per net usable square foot for space occupied in county facilities by clerks of the circuit courts. The bill requires that each county and Baltimore City: (1) use the savings resulting from the bill's enactment solely to increase local expenditures for circuit courts or related public safety purposes; and (2) in fiscal 2003 through 2010, report annually to the Department of Budget and Management (DBM) on the expenditures made from the savings. DBM must report these expenditures to the Chief Judge of the Court of Appeals and to the General Assembly.

The bill takes effect July 1, 2002.

Fiscal Summary

State Effect: General fund expenditures would increase by about \$4,985,600 in FY 2003. Future year increases account for inflation. The Governor's proposed FY 2003 budget includes \$4,878,460 for circuit court clerks' office space.

(in dollars)	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	4,985,600	4,968,500	4,971,100	4,973,800	4,976,700
Net Effect	(\$4,985,600)	(\$4,968,500)	(\$4,971,100)	(\$4,973,800)	(\$4,976,700)

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

Local Effect: Local expenditures for circuit court clerk office space would decrease by about \$4,909,380 in FY 2003; local expenditures for circuit courts and related public safety purposes would increase accordingly.

Small Business Effect: Potential minimal.

Analysis

Current Law: Local governments pay for circuit court facilities, including space for clerks of the courts.

Background: HB 181 of 1999 would have required the State to fund the first \$15 of circuit court juror per diems as well as the salaries of standing masters and some additional circuit court personnel. Following the failure of that bill, language in the *Joint Chairmen's Report* required the Chief Judge of the Court of Appeals to submit a plan for increasing the State's role in circuit court funding. Accordingly, the Judiciary submitted the "Circuit Courts Action Plan" in November 1999. That document set forth an incremental partial cost assumption plan that would, by fiscal 2004, require the State to contribute an additional \$50 million per year to the circuit courts. The General Assembly provided for State assumption of the costs of masters and for an increase in the juror per diem contribution in 2000 and for State funding of law clerks in 2001, three initiatives included in the Judiciary's proposal. Another one of the recommendations contained in the plan was that the State, in fiscal 2002 through 2004, phase-in assumption of leasing and security costs for the circuit courts.

State Expenditures: General fund expenditures could increase by about \$4,985,600 in fiscal 2003, which accounts for the bill's July 1, 2002 effective date. This estimate includes the cost of 490,938 square feet of leased space at \$10 per square foot for a total of \$4,909,380, plus the cost of hiring an additional acquisition specialist at an estimated \$76,214 to manage the additional leased space. It includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses for the additional position. Future year expenditures assume no changes in the square footage for the clerks' space and take into account the \$10 fixed rental rate. Future year expenditures also reflect: (1) full salary with 3.5% annual increases; and (2) 1% annual increases in ongoing operating expenses. The Governor's proposed fiscal 2003 budget does not include the total estimate of \$4,909,380 for circuit court clerks' office space, but does include a portion of that amount. Specifically, the proposed fiscal 2003 budget includes \$4,878,460 for circuit court clerks' office space. It does not include funds for an additional acquisition specialist for this purpose.

The Office of Real Estate within the Department of General Services (DGS) serves as the State's real estate broker and manager in the acquisition of fee simple and leasehold interests in real property. According to DGS, the Lease Management and Procurement Unit is responsible for 4.3 million square feet of leased office space throughout the 24

subdivisions on behalf of 61 departments and agencies of State government. The unit comprises seven full-time staff members and two part-time contractual support employees. DGS advises that the leased space for clerks of the circuit court would represent about 11.2% of the total leased space under DGS management. DGS believes that this bill would require it to hire an additional acquisition specialist to serve as lease compliance officer in order to properly manage compliance and other issues that arise in leasehold relationships.

Legislative Services concurs with this assessment. Assuming that each of the seven full-time staff members has responsibility for an equal amount of the current leased space under DGS management, each full-time staff member currently handles about 614,300 (14.2%) of the total managed space. The additional leased space, divided amongst the various local jurisdictions, would therefore be substantial enough to warrant an additional full-time staff member, at a cost of approximately \$76,200 in fiscal 2003. This estimate includes salary and fringe benefits of \$53,734, purchase of an automobile at \$12,500 for use in visiting the locations to verify compliance with lease requirements, and other operating expenses of \$9,980.

Local Effect: Local expenditures for circuit court clerks' office space would decrease by about \$4,909,380 in fiscal 2003 and by the same amount each year thereafter. The bill requires these savings to be spent on circuit courts and related public safety purposes. Thus, this bill would have a neutral net impact on local finances.

Additional Information

Prior Introductions: HB 716 in the 2001 session has been identified as a prior introduction. That bill was originally introduced to require the State to pay counties rent for space occupied in county facilities by clerks of the circuit courts and to fund the employment of one law clerk for each circuit court judge. The bill was amended to require only that the State fund employment of one law clerk per circuit court judge. In its amended form, HB 716 was enacted as Chapter 677 of 2001.

Cross File: SB 197 (Chairman, Judicial Proceedings Committee)(Maryland Judicial Conference) – Judicial Proceedings and Budget and Taxation.

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

Fiscal Note History: First Reader - February 12, 2002
ncs/jr

Analysis by: Debra A. Dickstein

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