

Department of Legislative Services
 Maryland General Assembly
 2002 Session

FISCAL NOTE

House Bill 746 (Howard County Delegation)
 Judiciary

Howard County - Clerk of the Circuit Court - Fees
Ho. Co. 3-02

This bill reduces from 5% to 1% the administrative fee retained by the Clerk of the Circuit Court for Howard County for the collection of public money.

The bill is effective July 1, 2002.

Fiscal Summary

State Effect: General fund revenues would decrease by \$1.3 million in FY 2003. Out-year revenues are based on a 2% annual increase in tax collections. Expenditures would not be affected.

(\$ in millions)	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
GF Revenue	(\$1.3)	(\$1.3)	(\$1.3)	(\$1.4)	(\$1.4)
Expenditure	\$0	\$0	\$0	\$0	\$0
Net Effect	(\$1.3)	(\$1.3)	(\$1.3)	(\$1.4)	(\$1.4)

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

Local Effect: Howard County revenues would increase by \$1.3 million in FY 2003 and increase by an estimated 2% annually thereafter.

Small Business Effect: None.

Analysis

Current Law: Unless otherwise specified in law, the clerk of the circuit court in each county is entitled to retain 5% of all public money collected. The clerk of the circuit court in each county except Anne Arundel, Baltimore, Charles, Harford, Montgomery, and St. Mary's is entitled to receive 5% of all public money that the clerk receives, collects, and pays over. The clerks of Anne Arundel County, Baltimore City, Baltimore County, and Harford County are each entitled to 5% of all public money except for the tax applicable to instruments recorded with the clerk under Title 12 of the Tax – Property Article, of which each is entitled to a lesser percentage. The Clerk of the Circuit Court for Charles County must deduct the amount of two-thirds of the court's court reporters' salaries and benefits from the collection fees for the tax collected under Title 12 of the Tax – Property Article and pay this amount to the Charles County Treasurer. The Clerk of the Circuit Court for Montgomery County is entitled to 3% of all public money that the clerk receives, collects, and pays over.

Background: The majority of money collected by the clerks of the circuit courts relates to county recordation and transfer taxes. Chapter 639 of 2000 authorized the counties, rather than the clerks of the court, to collect recordation taxes. Howard County Public Local directs the clerk of the court to collect the county transfer tax in addition to the State recordation tax. If the county elected to collect the recordation tax and Public Local Law were changed to allow the county to also collect the transfer tax, the clerk of the circuit court would no longer assess the administrative fee. Based on information received by Howard County, if the administrative fee is not reduced by passage of this bill, the county will attempt to begin collection of both the recordation and transfer tax.

State Revenues: During fiscal 2001, the Howard County clerk collected taxes and other revenues subject to the administrative fee totaling \$30,695,300. The administrative fees retained by the clerk during fiscal 2001 for recordation and local transfer taxes totaled \$1,534,800. If the administrative fee were reduced from 5% to 1%, State general fund revenues would decrease by an estimated \$1,277,400 in fiscal 2003, and subsequent years as follows, based on an annual increase in tax collections of 2%.

If Howard County assumed the collection of both the recordation and transfer taxes, State general fund revenues would decrease by an estimated \$1,596,800 in fiscal 2003. However, as noted above, Public Local Law would have to be changed to allow the county to collect transfer tax.

Local Revenues: Howard County revenues would increase by a corresponding amount because the reduction in the administrative fee would increase the county's distribution from the clerk of the circuit court.

Additional Information

Prior Introductions: None.

Cross File: None.

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

Fiscal Note History: First Reader - February 20, 2002
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Analysis by: Karen S. Benton

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