

Department of Legislative Services
Maryland General Assembly
2002 Session

FISCAL NOTE

Senate Bill 127

(The President)

(Department of Legislative Services)

Judicial Proceedings

Judiciary

State Board of Law Examiners - Sunset Extension and Program Evaluation

This bill extends the sunset date for the State Board of Law Examiners from July 1, 2004 to July 1, 2016. The bill requires that an evaluation be made of the State Board of Law Examiners on or before July 1, 2015, unless such evaluation is waived by the Legislative Policy Committee.

Fiscal Summary

State Effect: State finances for the State Board of Law Examiners would continue beyond FY 2002. The Governor's FY 2003 budget *allowance* for court-related agencies, including the board, is \$2.68 million.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: The State Board of Law Examiners ("board") operates pursuant to § 10-201 *et seq.* of the Business Occupations and Professions Article; the Rules Governing Admission to the Bar of Maryland, as adopted by the Court of Appeals; and the Rules of the Board, as adopted by the board. The board sunsets on July 1, 2004. The board must be evaluated on or before July 1, 2003 unless, based on a preliminary evaluation, the Legislative Policy Committee waives as unnecessary that evaluation. If waived, legislation to reauthorize the agency must be enacted.

Background: The board is charged with regulating admissions to the bar in Maryland, subject to the ultimate authority of the Court of Appeals for regulating the practice of law and the conduct and admissions of attorneys. The board was created in 1898. It is one of many entities 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.

The Department of Legislative Services conducted a full evaluation of the board as part of a sunset review in October 1998; DLS found the board to be well run and recommended that legislation be enacted to extend the board’s sunset termination date to July 1, 2014. The General Assembly subsequently extended the board’s sunset termination date to July 1, 2004.

DLS conducted a preliminary evaluation of the board in November 2001 and found that the board continues to be well run. DLS recommended that the Legislative Policy Committee waive the board from full evaluation and that legislation be enacted to extend the board’s termination date by 12 years to July 1, 2016. DLS also recommended that the board be required to submit a report to the Legislative Policy Committee on or before October 1, 2002, discussing whether and to what extent board fees should be increased to generate additional revenues.

State Fiscal Effect: DLS projects that, in fiscal 2002, expenditures for the board will exceed revenues by \$194,050. The board operates as one of several court-related agencies that receives general funding. Actual operating expenses for court-related agencies in fiscal 2001 totaled \$603,940. The fiscal 2002 budget for operating expenses was \$2.32 million. The fiscal 2003 allowance is \$2.68 million.

In its sunset evaluation report in 1998, DLS found that the board’s expenditures were appropriate, but invariably were exceeding its revenues due to factors including grade and step inflation, increased character committee reimbursement, use of multiple test sites, increased board compensation, increased cost of the Multistate Bar Examination, and compliance with the Americans with Disabilities Act. To allay this “deficit” (because the board is general funded, it does not actually operate with a deficit), DLS recommended that the Court of Appeals increase the examination and registration fees collected by the board. The Court of Appeals affected these fee increases to the extent permitted by statute; effective October 1, 1999 (fiscal 2000), the examination fee increased from \$90 to \$150 and the registration fee increased from \$125/175 to \$175/225 (timely/late filing). In its preliminary evaluation in November 2001, DLS found that the board’s ability to generate revenues sufficient to cover its expenses, given the statutory caps on fees, remains an issue.

Additional Information

Prior Introductions: None.

Cross File: HB 155 (The Speaker) (Department of Legislative Services) - Judiciary.

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

Fiscal Note History: First Reader - January 21, 2002

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