

Department of Legislative Services
 Maryland General Assembly
 2003 Session

FISCAL AND POLICY NOTE

House Bill 56 (Chairman, Judiciary Committee)
 (By Request - Maryland Judicial Conference)

Judiciary

Court of Appeals of Maryland - State Board of Law Examiners - Examination Fee

This bill increases the cap on the examination fee paid to the State Board of Law Examiners by each applicant for admission to the bar from \$150 to \$325.

The bill takes effect July 1, 2003.

Fiscal Summary

State Effect: General fund revenues increase by an estimated \$115,000 in FY 2004 and \$375,400 annually thereafter. Expenditures are unaffected.

(in dollars)	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
GF Revenue	\$115,000	\$375,400	\$375,400	\$375,400	\$375,400
Expenditure	\$0	\$0	\$0	\$0	\$0
Net Effect	\$115,000	\$375,400	\$375,400	\$375,400	\$375,400

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

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: The State Board of Law Examiners regulates the licensing of attorneys in Maryland. The board generates revenues from bar examination and registration fees, the types and current amounts of which are as follows:

- registration fees (\$175 for timely filing or \$225 for late filing);
- application update, when requested by the board (\$45);
- examination fees (\$150);
- out-of-state attorney registration fees (\$600); and
- retake fees (\$150).

These fees are set by board rule, although the examination fee is capped by statute. All revenues are deposited into the State general fund, and general funds are used to pay any deficit the board may incur.

Background: The board is subject to the Maryland Program Evaluation Act, also known as the “sunset law,” which provides a system of periodic legislative reviews of the regulatory, licensing, and other governmental activities of various units of State government. Chapter 389 of 1999 increased the cap on the examination fee from \$100 to \$150 following a sunset evaluation by the Department of Legislative Services (DLS).

This bill arises out of the 2001 preliminary sunset evaluation of the board. In its November 2001 report, DLS recommended that fees collected by the board be increased to a level that places the board’s revenues in balance with its expenditures. In fiscal 2001, the board had total revenues of \$778,950 and total costs of \$912,535, leaving a deficit of \$133,585 to be paid from the general fund. DLS further recommended that the board submit a report to the Legislative Policy Committee by October 1, 2002, addressing the board’s deficit situation and discussing whether and to what extent board fees should be increased to generate additional revenues, including a recommendation regarding the need to introduce legislation to raise the cap on the bar examination fee.

In its report, the board determined that based upon current fee levels, its projected revenues for fiscal 2003 are \$772,800. The board further stated that with a projected fiscal 2003 appropriation of \$1,084,700, its projected deficit for fiscal 2003 is \$311,900.

The board also analyzed its projected expenditures, with each budget object allocated to one of three categories: (1) direct cost of examinations; (2) direct cost of character and

fitness investigations; and (3) overhead. The board's analysis indicated that the current bar application fee (\$175 if timely filed, \$225 if filed late) is appropriate and requires no adjustment. On the other hand, according to the board, considering the cost of the examination, including direct costs and overhead, a \$175 increase in the examination fee from \$150 to \$325 would be necessary to balance the revenues generated by the examination fee with the expenditures for administering the examination.

This legislation does not mandate fee increases, but would merely raise the cap on the examination fee. The Court of Appeals and the board would need to take action to raise fees.

State Revenues: From 1998 to 2002, an average of 2,145 persons applied to take the Maryland bar examination each year. Assuming this figure remains constant, and the fee is raised to the maximum of \$325, this would result in an additional \$375,375 to be paid into the general fund each year. The board advises that the fiscal 2004 fee increase would be collected only for the February 2004 bar examination (and not the July 2003 examination), in order to allow reasonable notice of the increase to applicants. Consequently, the revenue increase for fiscal 2004 would be approximately \$115,000.

State Expenditures: It will be necessary to print revised bar admission rules and bar application forms to show the revised examination fee. Since printing is required each year to replenish stocks of these documents, the same budgeted cost of printing (\$6,000) is required whether or not this legislation is enacted.

Additional Information

Prior Introductions: None.

Cross File: SB 142 (Chairman, Judicial Proceedings Committee) – Judicial Proceedings.

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

Fiscal Note History: First Reader - January 28, 2003
mam/cer

Analysis by: Rita A. Reimer

Direct Inquiries to:
(410) 946-5510
(301) 970-5510