

**Department of Legislative Services**  
 Maryland General Assembly  
 2004 Session

**FISCAL AND POLICY NOTE**  
**Revised**

Senate Bill 316

(Senator Green, *et al.*)

Judicial Proceedings

Judiciary

**Court Fees and Costs - Civil Cases - Maryland Legal Services Corporation Fund**

This bill increases the surcharge on civil cases filed in circuit court from a maximum of \$10 to a maximum of \$25. For cases filed in the District Court, the surcharge increases from a maximum of \$2 to a maximum of \$5, for summary ejectment cases; and \$10 for all other civil cases. Money from the surcharge is deposited into the Maryland Legal Services Corporation (MLSC) Fund, which is used to finance civil legal services to indigents.

The bill takes effect June 1, 2004.

**Fiscal Summary**

**State Effect:** Special fund revenues could increase by \$5 million in FY 2005. Out-year estimates assume a constant number of cases. No direct effect on expenditures.

(\$ in millions)	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
SF Revenue	\$5.0	\$5.0	\$5.0	\$5.0	\$5.0
Expenditure	\$0	\$0	\$0	\$0	\$0
Net Effect	\$5.0	\$5.0	\$5.0	\$5.0	\$5.0

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

**Local Effect:** None.

**Small Business Effect:** Meaningful.

## Analysis

**Current law:** Court costs and charges for the circuit courts are set by the State Court Administrator with the approval of the Board of Public Works. The initial filing fee for a civil case in the circuit courts is \$80 plus the \$10 surcharge for MLSC.

Filing fees for civil cases in the District Court are as follows: \$4 for summary ejectments; \$10 for small claims; and \$20 for other civil actions. The District Court fee schedule notes that these fees “may include surcharge for Maryland Legal Services Corporation Fund.” The maximum surcharge for all District Court cases is currently \$2.

A judge may waive the prepayment of filing fees and costs in a civil case because of indigence.

**Background:** MLSC was established by the Maryland General Assembly in 1982. It receives and distributes funds to nonprofit grantees that provide legal assistance to eligible clients in civil cases. The MLSC fund and the surcharges on filing fees were established in 1998.

The Governor is required to appropriate at least \$500,000 annually in the State budget each year to support the activities of MLSC. This money comes from the State Unclaimed Property Fund. Additionally, lawyers are required to place small or short-term client trust funds into an IOLTA (Interest on Lawyer Trust Accounts) account, the interest on which is paid into the fund. In fiscal 2003, MLSC received \$500,000 in appropriated funds, \$3.9 million in IOLTA interest, and \$2.3 million from civil case surcharges, for a total of \$6.7 million.

**State Revenues:** Assuming the maximum surcharges are imposed and a constant number of cases in which the surcharge is imposed, revenues would increase by \$4,950,000 per year:

Summary ejectment cases (450,000 cases @ \$3 increase)	\$1,350,000
Other civil cases filed in District Court (300,000 cases @ \$8 increase)	2,400,000
Civil cases filed in circuit court (80,000 cases @ \$15 increase)	<u>1,200,000</u>
<b>Total</b>	<b>\$4,950,000</b>

**Small Business Effect:** MLSC, a nonprofit organization, would obtain significant additional funds annually with which to finance civil legal services for indigents as a result of this bill.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** HB 706 (Delgate Menes, *et al.*) – Judiciary.

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

**Fiscal Note History:** First Reader - February 20, 2004  
ncs/jr Revised - Enrolled Bill - April 26, 2004

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