

Department of Legislative Services
 Maryland General Assembly
 2008 Session

FISCAL AND POLICY NOTE
Revised

House Bill 771

(The Speaker)

(By Request – Department of Legislative Services)

Judiciary

Judicial Proceedings

State Board of Law Examiners - Sunset Extension and Program Evaluation

This bill • extends the termination date for the State Board of Law Examiners by 10 years; • increases from \$150 to \$250 the maximum examination fee, as set by the Court of Appeals, that an applicant for admission to the bar must pay to the board; and requires an evaluation of the board by 2019.

The bill takes effect June 1, 2008.

Fiscal Summary

State Effect: General fund revenues increase by an estimated \$212,500 annually through FY 2013. Expenditures are unaffected.

(in dollars)	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
GF Revenue	\$212,500	\$212,500	\$212,500	\$212,500	\$212,500
Expenditure	\$0	\$0	\$0	\$0	\$0
Net Effect	\$212,500	\$212,500	\$212,500	\$212,500	\$212,500

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 admissions to the Bar of Maryland, subject to the authority of the Court of Appeals. The board generates revenues from bar examination and application fees. The examination fee is set by the Court of Appeals but is capped at \$150 in statute. Other fees, such as the application fee, are also set by the Court of Appeals but are not subject to any statutory limits. The current fees are shown in **Exhibit 1**.

Exhibit 1 State Board of Law Examiners Current Fee Schedule

Application Fee for Admission to Bar	\$175 (if timely) \$225 (if late)
Examination Fee	\$150
Out-of-state Attorney Registration Fee	\$600
Application Update Fee	\$45

Source: Rules Governing the State Board of Law Examiners

The board is one of approximately 70 entities currently 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 government. The agencies subject to review are usually subject to termination unless legislative action is taken to reauthorize them. The State Board of Law Examiners is currently scheduled to terminate on July 1, 2010.

Background: This bill arises out of the preliminary sunset evaluation of the board. In its January 2008 report, the Department of Legislative Services recommended that the Legislative Policy Committee waive the board from further evaluation and that legislation be enacted to extend the board’s termination date to July 1, 2020. Thus, the board would again undergo preliminary evaluation in 2017. Regulatory agencies subject to sunset review are generally reauthorized for 10 years.

DLS further recommended increasing the statutory ceiling on the examination fee from \$150 to \$400, an amount comparable to or below that in effect in most states in the region. DLS also recommended limiting the initial fee increase and requiring the Court of Appeals to set the examination fee at a level that would allow the board to cover its

expenses in administering the bar examination and to increase other fees to the appropriate level to cover associated costs.

The board last underwent a full evaluation as part of sunset review during 1998. Chapter 389 of 1999 increased the statutory cap on the bar examination fee from \$100 to \$150 and extended the termination date for the board from July 1, 1999 to July 1, 2004. The board also underwent a preliminary evaluation in 2001. The 2001 preliminary evaluation concluded the board was well run and had satisfactorily addressed the recommendations from the prior full evaluation. The preliminary evaluation recommended that the board be waived from further evaluation at that time and that the termination date be extended to July 1, 2016. The General Assembly ultimately extended the board's termination date to July 1, 2010.

HB 56/SB 142 of 2003 proposed an increase in the statutory cap on the examination fee from \$150 to \$325, based on the board's report on the need to raise fees to generate additional revenue in response to the 2001 preliminary evaluation. The proposal received an unfavorable report from both the House Judiciary Committee and Senate Judicial Proceedings Committee.

The board is funded with State general funds through the Judiciary's Court Related Agencies budget. Likewise, board revenues, primarily from bar application and examination fees, are credited to the general fund. For several years, the board's expenditures have consistently outpaced its revenues, with revenues covering only 60% to 89% of expenditures. In fiscal 2007, the overall number of applicants and examinees was lower than in previous years. Revenues that year covered only 60% of the board's expenditures, with the general fund supplementing almost \$500,000. Assuming that the number of applicants and examinees rebounds and allowing for growth in the budget, at least \$500,000 per year in additional fee revenue would be needed to cover the board's expenditures. Current fees associated with the board have been in place since 1999. The proposed budget for fiscal 2009 is \$1.4 million

State Fiscal Effect: The bill increases from \$150 to \$250 the maximum bar examination fee that may be set by the Court of Appeals for an applicant for admission to the bar. Any fee increases would be in place for candidates applying in fiscal 2009 as fees to take the February bar exam are due in December and fees to take the July bar exam are due in May. Assuming the maximum potential increase of \$100 for the examination fee (bringing it to \$250) is instituted, general fund revenues would increase by \$212,500 annually beginning in fiscal 2009. This estimate assumes that the average number of examinees (2,125) remains constant.

Additional Information

Prior Introductions: None.

Cross File: SB 514 (The President) (By Request – Department of Legislative Services)
– Judicial Proceedings.

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

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