

Department of Legislative Services
Maryland General Assembly
2018 Session

FISCAL AND POLICY NOTE
Third Reader

House Bill 97

(The Speaker)(By Request - Department of Legislative Services)

Judiciary

Judicial Proceedings

State Board of Law Examiners – Sunset Extension

This bill extends the termination date for the State Board of Law Examiners by 10 years to July 1, 2030, and requires the Department of Legislative Services (DLS) to conduct a preliminary evaluation of the board by December 15, 2027.

Fiscal Summary

State Effect: General fund revenues and expenditures for the State Board of Law Examiners are maintained beyond FY 2020.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law/Background: The State Board of Law Examiners is a seven-member board appointed by the Court of Appeals. The board administers the Maryland Bar examination, investigates the legal competence and character and fitness of persons who seek a license to practice law in the State courts of the State of Maryland, and recommends to the Court of Appeals those candidates qualified for admission to the Maryland Bar.

The board is funded with State general funds through the Judiciary. Board revenues, which are primarily generated from bar application and examination fees, are credited to the general fund. The various fees collected by the board are set by the Court of Appeals. While the maximum examination fee that the court may set is \$400, the current fee is \$250.

In addition to the examination fee, the board also charges bar applicants an application fee: \$225 for applications filed early and \$275 for applications filed on time. These fees have not been increased for nearly a decade.

There is no statutory requirement that revenues generated by the board cover its expenditures, but Chapter 413 of 2008, from the previous sunset review, stated the General Assembly’s intent that the board’s expenditures be covered by fees, to the extent possible. In recent years, the board’s expenditures have remained relatively flat while its revenues have decreased due to declining numbers of applicants for the bar, as shown in **Exhibit 1**. If these trends continue, revenues generated by board fees will not be sufficient to cover the board’s expenses. The preliminary evaluation conducted during the 2017 interim by DLS as part of the sunset review process, discussed further below, recommended that the board consider raising fees to cover all of its expenses, including staff. The board, in its written comments, disagreed.

Exhibit 1
Fiscal History of the State Board of Law Examiners
Fiscal 2013-2017

	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>
Revenues	\$1,197,624	\$1,163,407	\$1,033,748	\$972,095	\$860,630
Expenditures ¹	898,266	913,622	958,347	937,412	872,282
Revenue Excess/(Deficit)	\$299,358	\$249,785	\$75,400	\$34,683	(\$11,652)
% Expenditures Covered	133%	127%	108%	104%	99%

¹Expenditures do not include salaries and wages for board staff.

Note: Numbers may not sum to total due to rounding.

Source: State Board of Law Examiners; Department of Legislative Services,

Maryland Program Evaluation Act

The State Board of Law Examiners is 1 of approximately 70 regulatory entities and activities currently subject to periodic evaluation under the Maryland Program Evaluation Act. The Act establishes a process better known as “sunset review” as most entities evaluated are also subject to termination, including the board, which is scheduled to terminate July 1, 2020. The sunset review process traditionally begins with a preliminary evaluation conducted by DLS on behalf of the Legislative Policy Committee (LPC), although a few entities are subject to direct full evaluation. LPC decides whether to waive

an entity from further (or full) evaluation. If waived, legislation to reauthorize the entity typically is enacted. Otherwise, a full evaluation usually is undertaken the following year.

A copy of the DLS sunset report on the board, which was completed during the 2017 interim, can be found on the department's [website](#).

Additional Information

Prior Introductions: None.

Cross File: None.

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

Fiscal Note History: First Reader - January 15, 2018
mm/mcr Third Reader - February 20, 2018

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