

Department of Legislative Services  
Maryland General Assembly  
2020 Session

FISCAL AND POLICY NOTE  
First Reader

House Bill 704  
Judiciary

(Delegate Boyce, *et al.*)

---

Attorney Grievance Commission - Disciplinary Fund - Annual Fee

---

This bill caps the annual fee paid by a lawyer to the Disciplinary Fund of the Attorney Grievance Commission established under the Maryland Rules at \$50 if the lawyer is a full-time employee of a federal or State agency or of a political subdivision of the State.

---

Fiscal Summary

**State Effect:** Special fund revenues decrease beginning in FY 2021, as discussed below. Expenditures are not materially affected.

**Local Effect:** None.

**Small Business Effect:** None.

---

Analysis

**Current Law/Background:** The Attorney Grievance Commission, established under Maryland Rule 19-702, investigates and adjudicates complaints against lawyers practicing in Maryland. A recent summary of the commission's investigative and enforcement actions can be found on the commission's [website](#). According to the commission, there were more than 40,300 active attorneys admitted to practice law in Maryland in fiscal 2019.

Maryland Rule 19-705 establishes the Disciplinary Fund of the commission. The fund is administered to regulate the practice of law in the State and to implement and enforce the Maryland Attorneys' Rules of Professional Conduct. Each attorney practicing in the State must annually pay fees to the Disciplinary Fund and to the Client Protection Fund in amounts set by the Court of Appeals.

Annual fees to the Disciplinary Fund and the Client Protection Fund are currently set at \$110 and \$20, respectively. The Client Protection Fund collects both fees and remits the Disciplinary Fund portion to the Attorney Grievance Commission. In accordance with a 2014 administrative order issued by the Court of Appeals, the commission must maintain a reserve totaling 75% of its prior fiscal year expenditures in the Disciplinary Fund and annually transfer any remaining end-of-year balance to the Client Protection Fund. According to the Client Protection Fund's fiscal 2019 financial statement, \$1,541,158 of the Disciplinary Fund's fiscal 2018 year-end balance was remitted to the Client Protection Fund in October 2019. The Judiciary advises that the commission estimates approximately \$4.5 million in Disciplinary Fund fee revenue in fiscal 2020.

**State Fiscal Effect:** As discussed above, the commission must retain a balance in the Disciplinary Fund of 75% of its prior fiscal year expenditures; any excess fund balance reverts to the Client Protection Fund. The bill reduces Disciplinary Fund revenue that would otherwise revert to the Client Protection Fund. The extent of the decrease depends on (1) the number of attorneys practicing in the State who are employed full-time by federal, State, or local agencies, which is not known by the commission and (2) the fee amounts set by the Court of Appeals.

Under one *illustrative scenario*, special fund revenues decrease by *up to* roughly \$435,000 in fiscal 2021. This estimate is based on the number of active attorneys admitted to practice law in the State in fiscal 2019 and the overall rate of government employment in the State (roughly 18% of nonfarm employment). It assumes a \$50 fee for active attorneys employed by federal, State, and local agencies and the current \$110 fee for all other active attorneys. However, in light of the factors discussed above, the bill's impact on special fund revenues cannot be reliably estimated. This illustrative example also does not include any possible increases in fees that the commission might charge to nongovernmental lawyers to make up any deficits.

Judiciary advises that the commission does not maintain employer data for active attorneys in the State. Accordingly, the bill affects the commission's administrative activities as it would have to add collection of employer information to its administrative practices. Any such impact, however, is not expected to materially affect the commission's expenditures.

---

### **Additional Information**

**Prior Introductions:** None.

**Designated Cross File:** None.

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

**Fiscal Note History:** First Reader - February 17, 2020  
mr/mcr

---

Analysis by: Elizabeth J. Allison

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