

Department of Legislative Services  
Maryland General Assembly  
2020 Session

FISCAL AND POLICY NOTE  
Third Reader - Revised

Senate Bill 256

(Chair, Judicial Proceedings Committee)(By Request -  
Maryland Judicial Conference)

Judicial Proceedings

Judiciary

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**Circuit Court Real Property Records Improvement Fund - Report**

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This bill requires the oversight committee of the Circuit Court Real Property Records Improvement Fund, in consultation with the Comptroller and the State Court Administrator, to report to specified legislative committees on the fiscal viability of bifurcating the Circuit Court Real Property Records Improvement Fund, as specified. The report is due by December 1, 2020. **The bill takes effect July 1, 2020.**

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**Fiscal Summary**

**State Effect:** The bill's requirements can be met using existing budgeted resources. Revenues are not affected.

**Local Effect:** None.

**Small Business Effect:** None.

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**Analysis**

**Bill Summary:** By December 1, 2020, the oversight committee, in consultation with the Comptroller and the State Court Administrator, must report to the Senate Budget and Taxation and Judicial Proceedings committees and the House Appropriations and Judiciary committees on the fiscal viability of bifurcating the fund to provide funding for (1) operating expenses of the land records offices of the clerks of the circuit courts and to repair, replace, improve, modernize, and update office equipment and equipment-related services in the land records office of the clerk of the circuit court for each county, including

electronic recording and (2) other information technology development projects of the Judiciary.

The report must contain recommendations for appropriate uses of the fund and alternative funding sources and any additional related recommendations. If an oversight committee member is unavailable to perform the member's duties under the bill, the entity that the member represents may appoint a replacement member.

**Current Law/Background:** The clerk's office of the circuit court in each county and Baltimore City imposes a surcharge on each recordable instrument that is recorded among the jurisdiction's land records or financing statement records. A "recordable instrument" includes any deed, grant, mortgage, deed of trust, lease, assignment, and release that pertains to any interest in property or land, including an interest in rents and profits from rents. The surcharges are deposited in the Circuit Court Real Property Records Improvement Fund, which is managed by the State Court Administrator with advice from a five-member oversight committee.

Created by Chapter 327 of 1991, the Circuit Court Real Property Records Improvement Fund supports all personnel and operating costs within the land records offices of the clerks of the circuit court. It further supports the maintenance costs of the Electronic Land Records Online Imagery System and its website. Since fiscal 2008, the fund has also been supporting the Judiciary's major information technology development projects. Revenues for the fund are generated through a recordation surcharge on all real estate transactions. Prior to fiscal 2012, the surcharge was \$20.

In response to concerns regarding the sustainability of the fund, Chapter 397 of 2011 (the Budget and Reconciliation Financing Act) increased the surcharge on all recordable instruments from \$20 to \$40 for fiscal 2012 through 2015. Chapter 487 of 2015 continued the \$40 surcharge through July 1, 2020; the surcharge reverts to \$20 on July 1, 2020.

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### **Additional Information**

**Prior Introductions:** None.

**Designated Cross File:** HB 529 (Delegates McIntosh and Clippinger)(By Request - Maryland Judicial Conference) - Judiciary.

**Information Source(s):** Judiciary (Administrative Office of the Courts); State Department of Assessments and Taxation; Department of Legislative Services

**Fiscal Note History:** First Reader - January 31, 2020  
rh/lgc Third Reader - March 15, 2020  
Revised - Amendment(s) - March 15, 2020

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