

Department of Legislative Services
 Maryland General Assembly
 2021 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

House Bill 514
 Appropriations

(Delegate B. Barnes)

Budget and Taxation

Maryland Legal Services Corporation Funding - Abandoned Property

This bill increases, from \$2.0 million to \$8.0 million, the required distribution from the State’s Unclaimed Property Fund to the Maryland Legal Services Corporation (MLSC) Fund. **The bill takes effect July 1, 2021.**

Fiscal Summary

State Effect: General fund revenues decrease by \$6.0 million annually beginning in FY 2022, reflecting the distribution of additional unclaimed property funds to the MLSC Fund. Special fund revenues to the MLSC Fund increase correspondingly. Expenditures are not directly affected, as discussed below. **This bill increases a mandated distribution beginning in FY 2022.**

(\$ in millions)	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
GF Revenue	(\$6.0)	(\$6.0)	(\$6.0)	(\$6.0)	(\$6.0)
SF Revenue	\$6.0	\$6.0	\$6.0	\$6.0	\$6.0
Expenditure	0	0	0	0	0
Net Effect	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0

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

Local Effect: The bill does not materially affect local government finances or operations.

Small Business Effect: Minimal.

Analysis

Current Law: The MLSC Fund is used to finance civil legal services to indigent clients. In addition to funding from the Unclaimed Property Fund, the MLSC Fund receives

funding from surcharges applied to civil filings in circuit court and the District Court. Attorneys are also required to place small or short-term client trust funds into an Interest on Lawyer Trust Accounts account, the interest on which is paid into the MLSC Fund.

State Fiscal Effect: Special fund revenues for the MLSC Fund increase by \$6.0 million annually beginning in fiscal 2022, reflecting the increased revenue distribution from unclaimed property funds. Because net proceeds from unclaimed property are distributed to the general fund (after administrative costs and required distributions are made), general fund revenues decrease by \$6.0 million annually beginning in fiscal 2022.

While the bill does not require additional spending from the MLSC Fund, the fund is used to finance civil legal services to indigent clients. Accordingly, the bill results in additional funding available for that purpose.

Additional Information

Prior Introductions: None.

Designated Cross File: SB 413 (Senator Guzzone) - Budget and Taxation.

Information Source(s): Comptroller's Office; Judiciary (Administrative Office of the Courts); Department of Budget and Management; Department of Legislative Services

Fiscal Note History: First Reader - January 29, 2021
rh/jkb Third Reader - March 22, 2021
Revised - Other - June 8, 2021

Analysis by: Tyler Allard

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