

Department of Legislative Services
 Maryland General Assembly
 2023 Session

FISCAL AND POLICY NOTE
Third Reader

House Bill 66
 Judiciary

(Delegate Bartlett)

Judicial Proceedings

Circuit Courts and District Court - Dishonored Checks - Service Charges

This bill increases, from \$10 to \$30, the amount of the service charge that may be imposed by a circuit court or the District Court for a dishonored check.

Fiscal Summary

State Effect: General fund revenues increase by a minimum of \$7,600 in FY 2024 and by a minimum of \$10,100 annually thereafter. Potential minimal increase in special fund revenues. No material effect on expenditures is anticipated.

(in dollars)	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
GF Revenue	\$7,600	\$10,100	\$10,100	\$10,100	\$10,100
Expenditure	0	0	0	0	0
Net Effect	\$7,600	\$10,100	\$10,100	\$10,100	\$10,100

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

Local Effect: The bill is not anticipated to materially affect local governmental operations or finances.

Small Business Effect: None.

Analysis

Current Law: A circuit court, or the District Court in any motor vehicle, criminal, or civil cases, may generally impose a service charge of \$10 for a dishonored check. The service charge that may be imposed is in addition to any other penalty prescribed by law.

The Central Collection Unit (CCU) in the Department of Budget and Management, subject to various exceptions, is generally responsible for the collection of each delinquent account or other debt that is owed to the State or any of its officials or units.

State Fiscal Effect: According to information provided by the Judiciary, it has received over 720 dishonored checks annually since 2019. Although the bill increases the service charge fee that may be *imposed*, the impact on State revenues is dependent on the fees actually *collected*. Assuming that fees are successfully collected in at least 70% of cases and that the Judiciary continues to receive at least 720 dishonored checks annually, general fund revenues increase by a minimum of \$7,600 in fiscal 2024, which reflects the bill's October 1, 2023 effective date, and by a minimum of \$10,100 annually thereafter.

The Judiciary further advises that because a \$30 minimum is required in order for CCU to take collection action, the increase in the amount of the service charge will also allow the Judiciary to pursue collection efforts through CCU. CCU recovers its operating expenses by assessing and collecting a fee in addition to and for the debts that it is assigned. To the extent that the Judiciary transfers debt related to service charges to CCU and CCU assesses and collects a fee on this debt, special fund revenues may increase minimally. Because any special fund balance for CCU in excess of 15% of the unit's actual operating expenses reverts to the general fund, general fund revenues may also increase (beyond the estimate above) to the extent that additional funds revert. Any potential reversion impact, however, is assumed to be minimal. It is also assumed that CCU's workload is not materially affected.

Additional Information

Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: SB 99 (Senator Beidle) - Judicial Proceedings.

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

Fiscal Note History: First Reader - January 23, 2023
js/jkb Third Reader - February 28, 2023

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