

Department of Legislative Services
 Maryland General Assembly
 2024 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 1419
 Judiciary

(Delegate Amprey)

Criminal Law - Deed Fraud - Prohibition and Deed Fraud Prevention Grant Fund

This bill prohibits several actions generally related to deed fraud, including the intentional fraudulent sale, conveyance, or lease of real property by a person who does not own the real property. In addition, the bill (1) requires the Department of State Police (DSP) to include related, disaggregated data as part of the Uniform Crime Report (UCR) program and (2) establishes the Deed Fraud Prevention Grant (DFPG) Fund, administered by DSP. In fiscal 2026, the Governor must include in the annual budget bill an appropriation of \$200,000 for the DFPG Fund.

Fiscal Summary

State Effect: Known general fund expenditures increase by \$73,900 in FY 2025. Although not reflected below, general fund expenditures in FY 2025 further increase by an indeterminate amount for DSP programming costs (exceeding \$1.0 million). Future year expenditures reflect annualization of administrative costs, ongoing operating expenses, and capitalization of the DFPG Fund, including mandated funding in FY 2026 and assumed discretionary funding annually thereafter. Special fund revenues and expenditures are assumed to correspondingly increase by \$200,000 annually beginning in FY 2026; State finances may be further impacted from the bill’s penalty provisions (not reflected below).

This bill establishes a mandated appropriation for FY 2026.

(in dollars)	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
SF Revenue	\$0	\$200,000	\$200,000	\$200,000	\$200,000
GF Expenditure	\$73,900	\$248,100	\$250,300	\$252,600	\$254,900
SF Expenditure	\$0	\$200,000	\$200,000	\$200,000	\$200,000
Net Effect	(\$73,900)	(\$248,100)	(\$250,300)	(\$252,600)	(\$254,900)

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

Local Effect: Local government expenditures increase, potentially significantly, in FY 2025 for programming costs incurred by local law enforcement agencies, as discussed below. Revenues are not affected.

Small Business Effect: Minimal.

Analysis

Bill Summary/Current Law:

Counterfeiting of Private Instruments and Documents

Under § 8-601 of the Criminal Law Article, a person, with intent to defraud another, is prohibited from counterfeiting, causing to be counterfeited, or willingly aiding or assisting in counterfeiting specified instruments, including any:

- bond;
- check;
- deed;
- endorsement or assignment of a bond, draft, check, or promissory note;
- release or discharge for money or property;
- title to a motor vehicle;
- waiver or release of mechanics' lien; or
- will or codicil.

Under current law, violators are guilty of a felony, and subject to maximum penalties of 10 years' imprisonment and/or a \$1,000 fine. Furthermore, a person is prohibited from knowingly, willfully, and with fraudulent intent possessing a counterfeit of any of the instruments listed above; violators are guilty of a misdemeanor and subject to maximum penalties of 3 years' imprisonment and/or a \$1,000 fine. The bill removes deeds from the list of protected legal instruments under § 8-601 and makes a conforming change.

Deed Fraud – Establishment

Under the bill, a person, with the intent to defraud another, may not:

- claim to sell, convey, or attempt to sell or convey real property that the grantor does not own;
- claim to sell or convey (or attempt to sell or convey) real property that the grantor lacks sufficient authority to transfer;

- claim to lease or attempt to lease real property that belongs to another;
- obtain, sell, or convey (or attempt to obtain, sell, or convey) the real property of another through the execution of a deed by the rightful owner of the property by deception, intimidation, threat, or undue influence;
- counterfeit a deed or cause a deed to be counterfeited; or
- record a deed or cause a deed to be recorded in furtherance of a violation of the bill's provisions.

A person is also prohibited from aiding or assisting another in any of these prohibited acts. Violators are guilty of a felony and subject to maximum penalties of 10 years' imprisonment and/or a \$7,500 fine.

A person is also prohibited from knowingly, willfully, and with fraudulent intent possessing a counterfeit deed; violators are guilty of a misdemeanor and subject to maximum penalties of 3 years' imprisonment and/or a \$7,500 fine.

Fines collected under these provisions must be paid into the DFPG Fund. The bill includes additional provisions in regard to the authorized venues for prosecution.

Department of State Police – Uniform Crime Report

The bill specifies that DSP, as part of information collected, analyzed, and disseminated under the UCR program, must include disaggregated information on incidents of fraud with specific information on violations of the bill's deed fraud provisions.

Deed Fraud Prevention Grant Fund

The DFPG Fund is established as a special nonlapsing fund administered by DSP. The fund's purpose is to provide grants to (1) aid State and local law enforcement agencies in identifying and preventing deed fraud and (2) in coordination with the Maryland Legal Services Corporation (MLSC), support legal services for victims of deed fraud. The fund may only be used for these purposes and to pay for administrative costs associated with the operation of the fund.

DSP, in conjunction with MLSC, may establish standards to determine eligibility for the grants. Money expended from the fund is supplemental to and is not intended to take the place of funding that otherwise would be appropriated for deed fraud prevention.

State and Local Fiscal Effect:

Deed Fraud Prevention Grant Fund

Capitalization of the New Special Fund: General fund expenditures increase by an estimated \$200,000 annually beginning in fiscal 2026 to capitalize the DFPG Fund. This estimate reflects the mandated appropriation in fiscal 2026. Although funding beyond fiscal 2026 is discretionary, this estimate assumes that funding continues at the same level as that in fiscal 2026, in order to sustain a modest grant program.

Special fund revenues to and expenditures from the fund are assumed to increase correspondingly each year, reflecting receipt of the capitalization funds and spending from the fund as grants are awarded.

Administrative Costs for the Department of State Police: State expenditures further increase to provide DSP with additional resources to administer the DFPG Fund, as required under the bill. Although administrative expenses are an authorized use of the fund, this estimate assumes that general funds are required. Accordingly, general fund expenditures increase by \$45,573 in fiscal 2025 for additional staff, which reflects the bill’s October 1, 2024 effective date. Although funding for grant awards is not assumed until fiscal 2026 under this estimate, staff is needed to prepare the DFPG Fund application process, establish parameters for granting awards, and create the necessary framework for the operation of the fund.

The estimate reflects the cost of hiring one part-time program manager to facilitate the implementation of the grant fund and includes a salary, fringe benefits, and ongoing operating expenses.

Position	0.5
Salary and Fringe Benefits	\$36,471
Other Operating Expenses	<u>9,102</u>
Total FY 2025 Admin. Expenditures	\$45,573

Future year expenditures reflect a full salary with annual increases and employee turnover as well as annual increases in ongoing operating expenses.

Fine Revenues and the Assumption of General Funds Needed: As noted above, it is assumed that general funds are used for administrative costs and to provide capitalization funding each year for the DFPG Fund. Although fine revenues from violations of the bill’s provisions are credited to the fund, it is assumed under this analysis that penalties collected are likely insufficient to fully maintain operation of the fund in future years without at least some general fund support. However, the magnitude of any impact from fine revenues is

difficult to predict without experience under the bill or further information on the charges, convictions, and penalties collected for the existing criminal offense (related to deeds). While not specifically accounted for in this analysis, to the extent that fines are imposed and collected, special fund revenues and expenditures further increase as additional funds are made available; the need for general fund support may also be mitigated.

Uniform Crime Reporting Requirements

DSP reports the bill's requirements in regard to the UCR program results in an indeterminate, but likely significant, fiscal and operational impact on State and local law enforcement agencies due to necessary programming changes to capture the deed fraud data required under the bill. Although a precise estimate is not available at this time, DSP estimates expenditures easily exceed \$1.0 million dollars. According to DSP, this significant increase is due to the planned transition to the National Incident-Based Reporting System (NIBRS).

The Federal Bureau of Investigation (FBI) dictates the data elements collected and reported by participating states within NIBRS. While the State's UCR program currently captures "fraud data," there is not a dedicated fraud offense category that specifically references "deeds." Implementing data collection for this specific category within the NIBRS system necessitates isolating it from the broader crime reporting framework.

In addition, DSP indicates there are over 100 local law enforcement agencies that are required to report to DSP. Each local reporting agency has already been required to purchase an NIBRS system compatible with the State's system and approved by the FBI. To implement the bill's reporting requirement, DSP and each of the participating local law enforcement agencies must reprogram their data systems to reflect the bill's changes. These system changes may also prolong the NIBRS certification process.

Other Impacts of the Bill

Judiciary: The Judiciary incurs programming costs of \$28,351 in fiscal 2025 only to facilitate the disbursement of funds from fines collected in specified cases that are distributed to the DFPF Fund under the bill. Otherwise, there is no material operational or fiscal impact on the courts.

Office of the Public Defender: The bill is not anticipated to materially affect the operations or finances of the Office of the Public Defender.

Additional Information

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

Designated Cross File: None.

Information Source(s): Baltimore and Frederick counties; Maryland State Commission on Criminal Sentencing Policy; Judiciary (Administrative Office of the Courts); Office of the Public Defender; Department of Public Safety and Correctional Services; Department of State Police; Department of Legislative Services

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