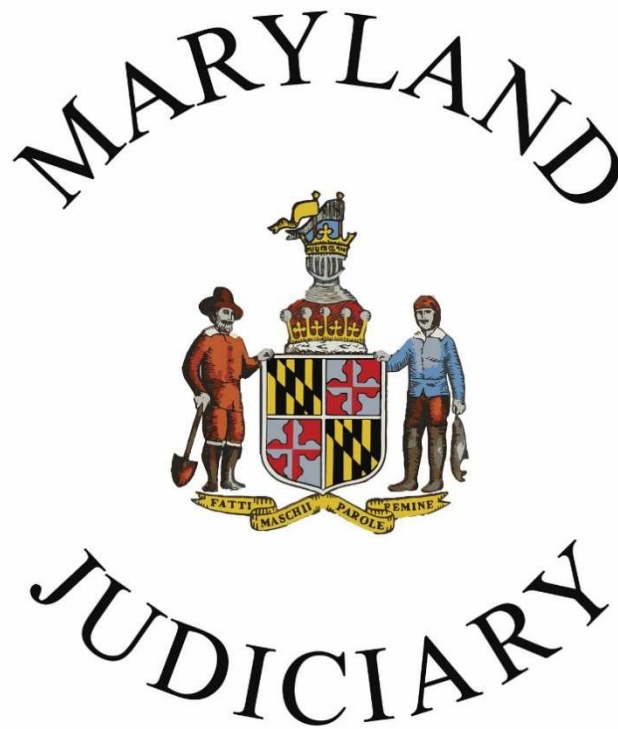


# Circuit Court Real Property Records Improvement Fund

Fiscal Year 2020



Administrative Office of the Courts

December 2020

In 1991, the General Assembly enacted legislation creating the Circuit Court Real Property Records Improvement Fund (the Fund) in response to the deteriorating conditions and the state of operations in the land records departments of the Clerk of the Circuit Court offices throughout the State. The legislation established a non-lapsing fund through the assessment of a \$5 surcharge on recordable land records instruments. The Fund's original sunset provision was lifted in 1995 and was subsequently extended on three occasions. In 2003, the surcharge was increased from \$5 to \$20. In 2005, the General Assembly mandated that all General Fund expenditures related to land records operations and support, as well as the salaries of over 256 employees would no longer be supported by the General Fund, but rather would be appropriated from the Fund. The Judiciary and the Land Records Improvement Fund Oversight Committee (LRIFOC), which was created in 1995 to serve an advisory body to the State Court Administrator, have steadfastly argued that the clerks' salaries and operational costs more appropriately should be funded through the General Fund. The LRIFOC comprises one representative each from the Maryland Land Title Association, the Maryland State Bar Association, the Maryland State Archives, the Conference of Circuit Court Clerks, and the Administrative Office of the Courts.

In November 2007, during the Special Session, the General Assembly passed the Budget Reconciliation and Financing Act (HB 1/SB 1, Chapter 2). This Act repealed the sunset provision, made the \$20.00 surcharge permanent, and expanded the scope of the Fund to include all the Judiciary's major information technology development projects for Fiscal Years 2009 and 2010.

In the 2010 Budget Reconciliation and Financing Act, the General Assembly removed the sunset provision for the support of the Judiciary's major information technology projects and made permanent that expenditures for all major information technology projects of the Maryland Judiciary would be paid through the Fund. Moreover, all interest on the Fund's balance was diverted to the General Fund.

In 2011, through the Budget Reconciliation and Financing Act, the General Assembly increased the Fund's surcharge to \$40, effective July 1, 2011. This was done to address a structural deficit and to sustain the Fund through Fiscal Year 2015 while anticipating a real estate market recovery. In 2015, the General Assembly extended the sunset provision through Fiscal Year 2020. In 2020, once again through the Budget Reconciliation and Financing Act, the General Assembly made permanent the entire \$40 surcharge, thus removing the sunset.

One of the major information technology projects directly related to improving the efficient processing of land records instruments is the Maryland e-Recording initiative. e-Recording links local and state agencies through a secure web portal, moving documents through county finance offices, clerks' offices, and the Maryland State Archives, and assists the State Department of Assessments and Taxation with updates regarding recorded land instruments.

The overall purpose of the e-Recording initiative was, and continues to be, to reduce processing times; increase productivity in clerks' offices, title companies, and financial institutions; ensure security; and improve the tracking and accuracy of data, all in accordance with local, state, and federal laws. The e-Recording initiative eliminates a significant level of paper processing, travel,

and in-person filings at numerous county and State offices by automating previously time-consuming business processes. The system has improved collaboration among the various stakeholder groups as they work to effectively e-Record documents.

Each of the 24 circuit courts and 17 county finance offices have implemented e-Recording. In Fiscal Year 2020, 35 percent of all recordations in the land records departments in the circuit courts were electronically recorded. Additionally, in six of the jurisdictions where both the court and the finance office have implemented e-Recording, more than 50 percent of the documents were e-Recorded. Another four jurisdictions are e-Recording over 40 percent of their documents. Overall, the number of e-Recorded documents increased from approximately 28,000 in March 2020, to nearly 48,000 in June 2020, an increase of 71.4 percent. This increase seemingly is attributable to the move to adopt more remote means by which to conduct business as a result of the coronavirus pandemic. It is anticipated that the number will continue to increase as title companies realize the benefit and value of remote processing.

<b>Location</b>	<b>Courts</b>	<b>County Finance Offices</b>	<b>Towns, Cities, Municipalities</b>
<b>Allegany</b>	✓		
<b>Anne Arundel</b>	✓	✓	✓City of Annapolis
<b>Baltimore City</b>	✓	In Progress	
<b>Baltimore County</b>	✓	✓	
<b>Calvert</b>	✓		
<b>Caroline</b>	✓	✓	
<b>Carroll</b>	✓	✓	
<b>Cecil</b>	✓	✓	✓Charlestown, ✓Cecilton
<b>Charles</b>	✓	✓	
<b>Dorchester</b>	✓		
<b>Frederick</b>	✓	✓	✓City of Frederick
<b>Garrett</b>	✓		
<b>Harford</b>	✓	✓	✓Bel Air, ✓Havre de Grace, ✓Aberdeen
<b>Howard</b>	✓	✓	
<b>Kent</b>	✓		
<b>Montgomery</b>	✓	✓	
<b>Prince George's</b>	✓	✓	
<b>Queen Anne's</b>	✓	✓	
<b>St. Mary's</b>	✓	✓	✓MetComm
<b>Somerset</b>	✓		
<b>Talbot</b>	✓	✓	
<b>Washington</b>	✓	✓	
<b>Wicomico</b>	✓	✓	✓City of Salisbury In Progress
<b>Worcester</b>	✓	✓	✓Ocean City

In addition to funding the Judiciary's major information technology project and operational costs for land records departments in the circuit courts, the Fund also funds maintenance of mdlandrec.net, which is the public retrieval system for recorded land records instruments. The system is administered by the Maryland State Archives and \$500,000 is allocated annually to the Archives to maintain the system.

During the 2015 session, the General Assembly enacted legislation authorizing the State Court Administrator to assess a surcharge on cases filed in the appellate courts and civil cases filed in the circuit courts. The legislation also authorized the Chief Judge of the District Court to assess a surcharge on civil cases filed in that court. The surcharges are deposited into the Fund and are used to cover costs related to e-filing hosting services for the statewide case management system, system modifications to enhance electronic filing capabilities, and other expenses specific to the jurisdictional rollout of electronic filing capabilities statewide. For the purposes articulated, the surcharges generated approximately \$4.8 million in Fiscal Year 2020, a decrease of approximately 1.7 percent from the previous fiscal year. The Judiciary attributes the slight decrease to the impact of the coronavirus pandemic on case filings during the last quarter of Fiscal Year 2020; however, revenues are anticipated to approximate the pre-pandemic level of \$5.7 million as court operations and filing activity normalize.

### **Current Fund Conditions**

As indicated in Chart 1, the Fund's collections fluctuated greatly between Fiscal Year 2006 and Fiscal Year 2020, from a low of \$15,820,528 in Fiscal Year 2011 to a high of \$38,370,016 in Fiscal Year 2013. Fund collections for Fiscal Year 2020 were \$37.1 million, which represents an increase of 14.4 percent over Fiscal Year 2019. The increase likely was fueled by an uptick in the real estate market as interest rates decreased.

**CHART 1 – CIRCUIT COURT REAL PROPERTY RECORDS IMPROVEMENT FUND COLLECTIONS**

<b>Fiscal Year</b>	<b>Surcharge</b>	<b>Copy Fees</b>	<b>Interest</b>	<b>e-File Fee</b>	<b>Total</b>
FY2006	32,291,633	1,961,261	3,088,274	-	<b>\$37,341,169</b>
FY2007	28,049,949	1,132,130	3,804,311	-	<b>\$32,986,390</b>
FY2008	20,944,174	796,303	3,747,098	-	<b>\$25,487,575</b>
FY2009	16,430,433	703,286	2,624,747	-	<b>\$19,758,467</b>
FY2010*	16,033,336	488,862	-	-	<b>\$16,522,199</b>
FY2011	15,350,066	470,461	-	-	<b>\$15,820,528</b>
FY2012**	31,392,458	443,025	-	-	<b>\$31,835,483</b>
FY2013	37,979,669	390,347	-	-	<b>\$38,370,016</b>
FY2014	30,112,239	385,353	-	-	<b>\$30,497,592</b>
FY2015	28,467,020	438,502	-	-	<b>\$28,905,521</b>
FY2016***	29,846,531	492,241	-	5,428,196	<b>\$35,766,968</b>
FY2017	31,774,518	484,192	-	5,621,856	<b>\$37,880,566</b>
FY2018	28,539,762	389,945	-	5,635,540	<b>\$34,565,247</b>
FY2019	26,345,418	314,088	-	5,741,441	<b>\$32,400,947</b>
FY2020	32,053,206	245,668	-	4,756,244	<b>\$37,055,118</b>

\* Per 2010 BRFA, interest was reverted to the General Fund.

\*\* Surcharge was increased from \$20 to \$40.

\*\*\* e-filing Service Fee collection began.

As delineated in Chart 2, revenues are anticipated to generate approximately \$35 million per year from Fiscal Year 2020 to Fiscal Year 2025. The Fund will, however, continue an ongoing structural deficit.

Due to the lack of reliable trend data to establish a predictable direction, the Judiciary has maintained a conservative position with respect to projected revenue estimates by using a three-year average of collections, from Fiscal Years 2018 through 2020, to forecast future surcharge/fee revenue through Fiscal Year 2025. The e-filing service fee estimates are based upon the actual revenue collected during the most recent 12 months pre-COVID, March 2019 through February 2020.



**CHART 3 – MAJOR IT EXPENDITURES FY 2021 – FY 2025**

<b>Major IT Projects</b>	<b>FY 2021 Estimated</b>	<b>FY 2022 Estimated</b>	<b>FY 2023 Estimated</b>	<b>FY 2024 Estimated</b>	<b>FY 2025 Estimated</b>
Court Management Build-out (MDEC)	4,460,930	5,124,483	5,360,060	--	--
Courthouse e-Readiness	3,308,946	2,053,086	1,250,000	--	--
Cyber Security	554,267	--	--	--	--
AIS – Attorney Information System	429,773	--	--	--	--
Case Search Rewrite Version 2.0	603,096	500,000	500,000	--	--
Infrastructure Initiative	1,376,593	1,215,000	--	--	--
Voice Over Internet Protocol – Phase I	750,000	1,415,500	--	--	--
Data Analytics	--	1,500,000	1,750,000	1,750,000	2,000,000
Case Notification	250,000	750,000	800,000	800,000	600,000
Mobile Information	500,000	2,750,000	2,000,000	1,500,000	1,500,000
Digital Evidence	--	1,600,000	1,000,000	2,000,000	1,000,000
Enterprise Content/Records Management	--	1,000,000	1,500,000	2,500,000	2,500,000
Voice Over Internet Protocol – Enterprise Deployment – Phase II	--	--	1,500,000	1,500,000	2,500,000
AIS Enhancements	--	250,000	750,000	750,000	1,000,000
Cashiering Upgrade	200,000	250,000	500,000	600,000	600,000
<b>Total</b>	<b>12,433,605</b>	<b>18,408,069</b>	<b>16,910,060</b>	<b>11,400,000</b>	<b>11,700,000</b>
				<b>Grand Total</b>	<b>\$70,851,734</b>

**Court Management Build-out (MDEC)**

The MDEC initiative focuses on the operational and management processes, functional requirements, and replacement of the Judiciary’s legacy case management systems to a unified court management solution. MDEC has introduced new functionality, including electronic filing, courthouse scanning, an attorney and litigant portal for data access, new business processes that include a process for examining the sufficiency of case documents filed electronically, a data entry module for use in courtrooms during proceedings, and a case information retrieval dashboard for use by the judges. The system allows documents to be filed 24/7 using the Internet and fees to be paid online. Implementation of MDEC has resulted in improved access to selected data for the public and law enforcement agencies, as well as improved interoperability for the transfer of data. Twenty-one counties have been fully implemented. Montgomery County is the next jurisdiction planned to go live on the system, with Prince George’s County and Baltimore City following to complete the statewide implementation.

### **Courthouse eReadiness**

This initiative focuses on courthouse improvements across all Maryland jurisdictions, including implementing redundant network circuits in preparation for the replacement of the Judiciary's legacy case management systems with MDEC. Specifically, this project includes network cabling, wireless capabilities, audio-visual solutions, and telecommunication switch upgrades in the local courthouses. The project will facilitate outside cabling activities when building access is required by long haul telecommunication partners in support of redundant network circuits. In addition, audio-visual equipment is being installed in some courtrooms to create an interactive courtroom environment.

### **Cyber Security**

The cyber security project is intended to enhance the security posture of the Judiciary through the development and implementation of a comprehensive Cyber Security Strategic Plan and Roadmap. The strategic plan will include the development of a roadmap and framework that will guide JIS in the development and implementation of secure technology solutions and business practices. JIS continues to research, procure, and implement key components and technologies of the Judiciary's plan. Key technologies that are being considered and implemented include Security Information and Event Management (SIEM) capabilities for consolidating and monitoring security systems, and a Business Continuity Management (BCM) software platform for digitizing court plans.

### **Attorney Information System (AIS)**

The AIS is a comprehensive, secure database maintained by the Judiciary units that support the Court of Appeals in its role of regulating the legal profession in Maryland. AIS provides a one-stop portal to help lawyers view, update, and maintain their attorney status. Maryland Rule 19-802 requires attorneys to register with and use AIS to provide current contact information and to update that information within 30 days of any change. AIS brings together, in one comprehensive web-based system, attorney information from various entities within the Judiciary including the State Board of Law Examiners (SBLE), Court of Appeals (COA), Attorney Grievance Commission (AGC), Client Protection Fund of the Bar of Maryland (CPF), Executive Director of Commissioners (EDOC), Commission on Judicial Disabilities (CJD), and the Administrative Office of the Courts. Through the centralized system, attorneys can comply with the multiple regulations that govern the practice of law in Maryland and electronically pay their annual Client Protection Fund assessments.

### **Case Search Rewrite Version 2.0**

Case Search provides electronic access to publicly accessible case information for Maryland's appellate trial court case records. Case Search was introduced in 2006 to more efficiently address information requests commonly received in the trial court Clerks' offices. Secure Case Search was introduced later, and provides secure login access to detailed case information, such as case-related comments, and is available only to authorized parties (generally justice partners), based on what is permissible, pursuant to rules and statutes. Currently, the Case Search system does not provide access to case documents, does not charge a fee for access, and does not provide a facility for satisfying bulk data requests. Case Search Version 2.0 is an initiative to redesign the Case Search platform to provide the ability to restrict, or permit, access at a more granular level and to provide for greater system flexibility. This initiative will address the

broader issue of remote access to electronic case records, including who has access, the types of information being accessed, and how long electronic records should remain online and available for access.

### **Infrastructure Initiative**

Modern information systems must have a current, reliable infrastructure to deliver the necessary capability and performance to support the applications, data, and customers of those information systems. Investment and periodic, recurring re-investment in infrastructure components are necessary to ensure that the performance of end-user applications is adequate, that data is backed up and recoverable, and that modern tools are implemented to manage the enterprise infrastructure. Through this initiative, the various components are analyzed, and a plan devised, along with associated expenditures, either to enhance or replace any identified deficiencies. Infrastructure has many components, including Data Centers and the necessary equipment to power and cool them; Wide Area Network Circuits; Network Equipment and Cable Plant Servers and their respective Operating Systems; Data Storage and backup mechanisms; and, Utility Software and Applications and their related peripherals.

### **Voice over Internet Protocol (VoIP) – Phase I**

The Voice over Internet Protocol (VoIP) initiative is intended to deliver voice communications by leveraging existing Internet Protocol (IP) based networks. Voice (telephone) services in the Judiciary are currently provided via multiple voice networks and configurations that are supported by multiple PBX platforms, with virtually all using older Public Shared Telecommunications Network (PSTN) services. Recognizing both the technology and industry influences toward VoIP, the Judiciary acknowledges the need to evaluate, plan, and ultimately move to VoIP technology. The Judiciary desires to do so in a planned manner with full knowledge of the short and long-term ramifications to costs, network design and capacity, and ongoing staff to support the system. Phase I implementation focuses on the Judiciary offices in and around the Annapolis area.

### **Data Analytics**

Data repository capabilities provide the ability to capture and consolidate data from multiple source databases to allow users to access, analyze, and report on specialized data sets to support business decisions. Data analytics will provide and use tools to draw more information from the raw data that is collected. This project also will examine the need for and provision of a mechanism for satisfying judicial records bulk data requests, eliminating the need for individualized data compilations.

### **Case Notification**

Following a successful text notification pilot in 2019, the Judiciary will extend the capability to send text notifications regarding case hearings. The target audience for the pilot project was defendants in criminal cases originating in the District Court. The initiative will examine the expansion to other case types and events, as well as other parties involved in the case. Using lessons learned from the pilot and recognizing the limitations of the application supporting the pilot, the new solution will address the policies, procedures, and processes necessary to facilitate expansion of the initiative and provide support to the same.

### **Mobile Information**

With the implementation of the MDEC project and associated initiatives to implement an electronic court processing environment, newer and more powerful remote computing technologies will continue to be introduced to provide virtual interactions with the Maryland Judiciary. These technologies include the introduction of specific, customized applications for a participant to obtain notification of events in a case remotely, access information from related justice agencies and partners specific to an individual's case or needs, introduce automated risk assessment tools to expedite the processing of minor infractions, and other technologies to increase remote interaction. This initiative is intended to enhance court services, expand remote capabilities, and improve access to justice processes and efforts.

### **Digital Evidence**

Digital evidence includes information on computers, audio files, video recordings, and digital images. Technologies including law enforcement body-worn cameras and smartphones are capturing an increasing volume of evidence. The Judiciary will be evaluating the need to receive, evaluate, and integrate digital evidence into the normal flow of court proceedings. In addition, guidelines, policies, and rules governing the submission of digital evidence and the use of electronic devices in courtrooms will be examined.

### **Enterprise Content / Records Management**

Document management systems address how documents are obtained. Content and records management focuses on near and long-term storage of documents and other types of information. While case records and processes are addressed as part of the MDEC project, there are many supporting processes that still create, use, and manage paper and information. Support functions such as human resources, finance, and administrative operations, as well as non-case processes in the courthouse need to be examined for areas of improvement. The implementation of electronic records management system capabilities will assist in the management of non-case-based processes to improve court operations and to facilitate compliance with court rules, statutes, and retention schedules. This project will examine and assess the current records management systems and processes in place across all Judiciary locations, establish a statewide records management strategy and policies, and implement key recommendations, including records management software capabilities.

### **Voice over Internet Protocol (VoIP) – Enterprise Deployment – Phase II**

The Enterprise Deployment initiative is being approached from a strategic as well as a tactical perspective. Phase I (previously described) is an independent assessment considering operating differences between VoIP and PSTN, the infrastructure readiness of the Judiciary to deliver VoIP, and the development of short and long-term plans and costs to migrate to VoIP. Phase I deployment focuses on the Annapolis area. Phase II is considered the Enterprise Deployment which expands the scope throughout the Judiciary, as appropriate. It is anticipated that as the migration to VoIP broadens, the Judiciary will take advantage of additional VoIP capabilities when appropriate and cost effective.

### **Attorney Information System (AIS) Enhancements**

With the release of Phase IV of AIS in July 2019, Maryland attorneys now follow a consolidated compliance cycle that aligns requirements for pro bono and IOLTA reporting with the fiscal

year assessment payment requirements mandated by the Client Protection Fund of the Bar of Maryland. Future AIS enhancements under consideration will allow for online payments to be accepted for fees required by the Court of Appeals, integrate with the State Board of Law Examiners to display Bar documents, simplify the user login and registration experience, and store documents required for the validation of attorney status and integration with MDEC.

**Cashiering Upgrade**

This initiative will replace the current Revenue Collection system (RCS) which is reaching its end-of-life expectancy. An evaluation of system requirements and current industry technology will allow for the incorporation of new processes and capabilities and afford the opportunity for the development of a more streamlined statewide cashiering system. On-line payment processing also will be evaluated to support the ever-expanding need for remote courthouse functions.