

Circuit Court Real Property Records Improvement Fund

Fiscal Year 2022



Administrative Office of the Courts

December 2022

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 This Act repealed the sunset provision, made the \$20.00 surcharge permanent, and expanded the scope of the Fund to include all the Judiciary's major information technology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 19 county finance offices have implemented or are in the process of implementing e-Recording with the Kent County finance office and Infrastructure & Development Department (DID) finalizing the process over the last year and the Calvert County finance office currently underway. In Fiscal Year 2022, 65 percent of all recordings in the land records departments in the circuit courts were electronically recorded. This is an increase of 14 percent over Fiscal Year 2021. Additionally, for the first time the courts hit double digits with 10 jurisdictions having more than 60 percent of their documents e-Recorded. Four of those jurisdictions were over 70 percent. Overall, 13 jurisdictions are e-Recording over 50 percent of their documents.

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

Active and Future Projects

Below are the major information technology projects currently established or considered for future years. A chart of projected expense over the next five years follows:

Court Management Build-out, Maryland Electronic Courts (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 greater consistency in and improved access to data, as well as improved interoperability for the transfer of data. Prince George's County went live on October 17, 2022, and Baltimore City is planned to go live on the system in Fiscal Year 2024.

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 commercial 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.

Case Search Rewrite Version 2.0

Case Search provides electronic access to publicly accessible case information for Maryland's appellate and trial court case records. Case Search was introduced in 2006 to more efficiently address information requests commonly received by clerks' offices in the trial court. 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 IT infrastructure for satisfying bulk data requests. Case Search Version 2.0 is an initiative to redesign the Case Search platform to provide the ability to provide, and limit as required, 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.

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. Multiple initiatives are underway to enhance the user experience for attorneys as well as agency partners. These initiatives include modernizing the login process, implementing a new online payment system, enhancing usability for pro bono and IOLTA reporting, and enabling

online payments for the Supreme Court of Maryland. Other functionality under consideration includes integrating with MDEC and the proposed upgraded e-Bar system to store and display Bar documents required for the validation of attorney status.

Court Revenue Assessment (formerly Cashiering Upgrade)

This project was initiated to replace the current Revenue Collection system (RCS) which is reaching its end-of-life expectancy; however, it was determined at the start of the project that a comprehensive review of all court revenue systems is necessary. Therefore, the project scope was modified to include a complete court revenue assessment, which includes an evaluation of system requirements and current industry technology. The project will incorporate new processes and capabilities and provide the opportunity to develop a more stream-lined statewide system. Online payment processing throughout the Judiciary will also be evaluated to support the ever-expanding need for remote courthouse functions.

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 of the Voice over Internet Protocols (VoIP) project was 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 focused 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.

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. This 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 (formerly Mobile Courthouse)

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 and maintained. 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 has many facets that will examine and assess the current records management systems and processes in place across all Judiciary locations, establish a statewide records management strategy and develop relevant policies, and implement key recommendations, including records management software capabilities.

e-BAR (Electronic Bar System)

This project will modernize the current system that was originally deployed in 2010 to provide an integrated, web-based application that enables an electronic and near paperless system for applicants to the Maryland Bar. It will create an applicant portal for two-way communications, a secure mechanism to upload documents, and provide a secure mechanism to accept online payments.

Guardianship System

Currently, management of guardianship cases is primarily a manual process, which potentially allows for inconsistencies and errors. The goal of this project is to centralize a statewide, online accounting system for guardianship of the property cases. The system will automate key functions for guardians and court staff, help courts better manage and monitor assets under court guardianship, and allow for statewide data collection.

Network Redesign

The network redesign initiative is focused on modernizing the Judiciary's wide area network (WAN). The initiative has two goals: increase service availability and enhance inbound and outbound network security. The redesign will focus on installing dedicated internet connections at every site which, in conjunction with the Judiciary's hybrid cloud initiative, will allow sites to continue operations in the event of a network outage at the Judiciary's data center. These dedicated internet connections will also enhance wireless offerings at each of the courthouses, allowing for higher bandwidth limits for those having business before the court. The redesign will also further the Judiciary's path towards a zero-trust security model. Courthouse network attached devices will be positioned closer to the network security perimeter, and direct connections to services will be secured proxy sessions via connection points hosted outside of the Judiciary's data centers and cloud hosted services.

Enterprise Financial/HR System

Integrated, well-performing financial and human resource systems are critical to the success of all highly functioning businesses. Over the past 15 years, information technology architectures have become more sophisticated, increasing the complexity of business processes that are more reliant on integrated, modern software. The changing technology necessitated a review of the Judiciary's back-office system to ensure optimal operational sustainability for the foreseeable future. The current financial and human resources system is almost 10 years old, and the original vendor was purchased by a larger corporation. This initiative will ensure that the Judiciary is using a modern system that is fully supported and receives the necessary upgrades from the vendor for optimal performance. This multi-year initiative will require significant coordination, requirement definition, testing, and training to ensure long term flexibility while supporting the current processes in production during the conversion. This project's success will ensure that the Judiciary's financial and human resource systems will be able to provide flexible, reliable, and sustainable solutions for the future.

Jury System

Empaneling a jury is a core function of the courts. Improved functionality regarding identifying, contacting, and managing potential and empaneled jurors is necessary for effective and efficient continuity of operations. This initiative will explore the market for potential system upgrades and will define that functionality and ensure that a flexible, robust system is implemented.

SMART System Replacement

The Office of Problem-Solving Courts (OPSC) within the Administrative Office of the Courts is responsible for assisting Maryland's 62 problem-solving courts in development, maintenance, and advancement of a collaborative therapeutic system. The OPSC is responsible for setting and enforcing programmatic guidelines, creating a statewide management information system, and targeting new and expanding populations for problem-solving courts. To support its purpose an information system (SMART) was developed many years ago and has reached its end of life. This initiative is to modernize and, possibly, replace the system to support the Maryland problem solving courts and partners.

Information Security Enhancements

Information Security remains a top priority because of the multi-level cybersecurity threats to the Judiciary information system resources. To continue to improve and enhance information security for the Judiciary, several multi-year initiatives are being undertaken to help protect the Judiciary's information systems resources and data.

Chart 1 reflects projected expenditures for all Major IT projects currently funded through the Fund, as well as future projects planned through Fiscal Year 2027. Over the next five years, total Major IT expenditures are estimated to be approximately \$92 million. A description of each project is provided below.

CHART 1 – MAJOR IT EXPENDITURES FY 2023 – FY 2027

Major IT Projects	FY 2023 Estimated	FY 2024 Estimated	FY 2025 Estimated	FY 2026 Estimated	FY 2027 Estimated
Court Management Build-out (MDEC)	4,278,319	5,225,577	-	-	-
Courthouse eReadiness	4,395,072	5,579,385	-	-	-
Case Search Rewrite Version 2.0	500,000	288,878	-	-	-
AIS - Attorney Information System Enhancement	750,000	750,000	638,874	-	-
Infrastructure Initiative	1,215,000	-	-	-	-
Court Revenue Assessment	678,800	650,800	600,000	-	-
Voice Over Internet Protocol - Phase I	1,062,984	-	-	-	-
Voice Over Internet Protocol - Enterprise Deployment	200,000	1,300,000	2,000,000	2,000,000	1,500,000
Data Analytics	746,770	750,000	1,250,000	2,000,000	2,000,000
Case Notification	600,000	900,000	950,000	553,403	-
Mobile Information	1,056,262	1,000,000	1,000,000	1,000,000	1,000,000
Digital Evidence	200,000	1,200,000	1,200,000	1,200,000	1,200,000
Enterprise Content / Records Management	500,000	500,000	1,500,000	2,000,000	2,000,000
e-BAR	750,000	750,000	500,000	-	-
Guardianship	750,000	750,000	500,000	-	-
Enterprise Financial/HR System	-	500,000	3,000,000	4,000,000	6,000,000
Network Redesign		1,000,000	1,000,000	1,000,000	2,000,000
SMART System Replacement			1,000,000	2,000,000	
Jury System		500,000	1,000,000	1,000,000	500,000
Information Security		1,000,000	1,000,000	1,000,000	1,000,000
Total	17,683,207	22,644,640	17,138,874	17,753,403	17,200,000

Grand Total 92,420,124

Current Fund Conditions

As indicated in Chart 2, the Fund’s collections fluctuated greatly between Fiscal Year 2008 and Fiscal Year 2022, from a low of \$15,820,528 in Fiscal Year 2011 to a high of \$49,641,000 in Fiscal Year 2021. Over the last two fiscal years, fund collections increased approximately 34 percent. The increase, as well as the record high collection in Fiscal Year 2021, can be attributed to the surge in the real estate market as interest rates decreased.

CHART 2 – CIRCUIT COURT REAL PROPERTY RECORDS IMPROVEMENT FUND COLLECTIONS

Fiscal Year	Surcharge	Copy Fees	Interest	e-File Fee	Total
FY2008	20,944,174	796,303	3,747,098	-	25,487,575
FY2009	16,430,433	703,286	2,624,747	-	19,758,467
FY2010*	16,033,336	488,862	-	-	16,522,199
FY2011	15,350,066	470,461	-	-	15,820,528
FY2012**	31,392,458	443,025	-	-	31,835,483
FY2013	37,979,669	390,347	-	-	38,370,016
FY2014	30,112,239	385,353	-	-	30,497,592
FY2015	28,467,020	438,502	-	-	28,905,521
FY2016***	29,846,531	492,241	-	5,428,196	35,766,968
FY2017	31,774,518	484,192	-	5,621,856	37,880,566
FY2018	28,539,762	389,945	-	5,635,540	34,565,247
FY2019	26,345,418	314,088	-	5,741,441	32,400,947
FY2020	32,053,206	245,668	-	4,756,244	37,055,118
FY2021	45,592,783	154,074	-	3,894,143	49,641,000
FY2022	40,173,474	193,403	-	4,028,957	44,395,834

* 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 3, revenues are anticipated to generate approximately \$39 million per year from Fiscal Year 2023 to Fiscal Year 2027. The Fund, however, will continue an ongoing structural deficit. The Judiciary used a five-year average, from Fiscal Years 2018 through 2022, to forecast surcharge/fee revenue and e-filing service fees through Fiscal Year 2027.

CHART 3 – FUND COLLECTIONS AND ANTICIPATED DISBURSEMENT

	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
	Actual	Estimated	Estimated	Estimated	Estimated	Estimated
Revenues:						
Transfer from General Fund	12,000,000	-	-	-	-	-
Surcharge/ Copy Fees	40,366,877	34,376,755	34,376,755	34,376,755	34,376,755	34,376,755
e-Filing Service Fees	4,028,957	4,946,363	4,946,363	4,946,363	4,946,363	4,946,363
Total	56,395,834	39,323,118	39,323,118	39,323,118	39,323,118	39,323,118
Operations:						
ELROI Operations/Maintenance	1,491,389	2,362,420	2,426,105	2,226,105	2,226,105	2,226,105
e-Filing Operations/Maintenance	4,200,000	4,320,000	4,645,000	5,000,000	5,000,000	5,000,000
Archives - mdlandrec	500,000	500,000	500,000	500,000	500,000	500,000
Circuit Court Offices*	19,134,456	19,612,817	20,103,138	20,605,716	21,120,859	21,648,881
Major IT Projects*	7,842,834	17,683,207	22,644,640	17,138,874	17,753,403	17,200,000
Total	33,168,679	44,478,444	50,318,883	45,470,695	46,600,367	46,574,986
Projected Structural Surplus/(Shortfall)	23,227,155	(5,155,326)	(10,995,765)	(6,147,577)	(7,277,249)	(7,251,868)
Less prior year encumbrances spent	5,989,752					
Less open prior year encumbrances		5,872,539				
Total Fund Balance (Accrual Basis)	87,582,237	76,554,372	65,558,607	59,411,030	52,133,781	44,881,913
*Includes FY2022 encumbrances.						