

Circuit Court Real Property Records Improvement Fund

Fiscal Year 2023



Administrative Office of the Courts

December 2023

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 This Act repealed the sunset provision, made the \$20.00 surcharge permanent, and expanded the scope of the Fund to include all the Judiciary's major information technology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 20 county finance offices have implemented e-Recording. Several towns such as Cecilton and the Town of Centreville have finalized the process over the last year. The Dorchester County finance office is currently underway. In Fiscal Year 2023, 64 percent of all recordings in the Land Records departments in the Circuit Courts were electronically recorded. Additionally, we continue an upward trend with 11 jurisdictions having more than 60 percent of their documents e-Recorded; 5 of those jurisdictions were over 70 percent. Overall, 14 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	✓	✓	
Caroline	✓	✓	
Carroll	✓	✓	
Cecil	✓	✓	✓Charlestown, ✓Cecilton
Charles	✓	✓	
Dorchester	✓	*	Town of Brookview*, Town of Cambridge*, Town of Church Creek*, Town of East New Market*, Town of El Dorado*, Town of Galestown*, Town of Hurlock*, Town of Secretary*, Town of Vienna*
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, Town of Church Hill*
St. Mary's	✓	✓	✓MetComm
Somerset	✓		
Talbot	✓	✓	
Washington	✓	✓	
Wicomico	✓	✓	✓City of Salisbury, ✓DID
Worcester	✓	✓	✓Ocean City

* = In Progress

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 \$3.9 million in Fiscal Year 2021, a decrease of approximately 18.1 percent from the previous fiscal year. The Judiciary attributes the decrease to the impact of the coronavirus pandemic on case filings beginning the last quarter of Fiscal 2020 and continuing into Fiscal Year 2021. Fiscal Year 2022 fell off the 2021 pace by approximately 10 percent, but last year saw a significant decrease in surcharge revenue. FY2023 surcharge revenue was 40 percent lower than FY 2022. We anticipate, however, that as the real estate market stabilizes, so shall the surcharge revenue.

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 (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. Baltimore City is planned to go live on the system in May 2024, completing the Court Management Build-Out (MDEC) as originally defined. In addition, custom functionality to support Landlord-Tenant cases will go-live state-wide in early January 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. The Courthouse eReadiness initiative concludes in Fiscal Year 2024.

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 address information requests commonly received more efficiently 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. The Case Search Rewrite project, as originally defined, concludes in Fiscal Year 2024.

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 operation. This initiative will explore the market for potential system upgrades and will define that functionality and ensure that a flexible, robust system is implemented. After review, it was determined by the Jury Use and Management Subcommittee that the current system is still acceptable and functional to meet the needs of the Judiciary. No funding is being requested in Fiscal Year 2025.

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 Court of Appeals. 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; 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 streamlined statewide system. Online payment processing throughout the Judiciary will also be evaluated to support the ever-expanding need for remote courthouse functions.

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 and a secure mechanism to upload documents and will 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.

Case Notification

Following a successful text notification pilot in 2019, the Judiciary extended the capability to send text notifications to defendants in District Court criminal cases regarding case hearings. Phase II included a “Text Messaging Dashboard” and expanded the criminal defendant registration process for

notifications of criminal and incarcerable traffic cases to include District Court and circuit court clerks. Additional enhancements being considered include expansion to other case types, and a public facing portal allowing individuals to register for notifications relating to court services, such as a virtual queue management solution to reduce wait lines in courthouses.

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. Two such efforts underway are the implementation of an Online Dispute Resolution (ODR) system which will provide the option to resolve cases via an online mechanism instead of appearing in court in person, and the implementation of special kiosks to assist people who come to the courthouse with routine tasks such as giving directions and completing forms.

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.

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.

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.

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 datacenter. 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 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.

Enterprise Financial/HR System

The current human resources, financial and education systems are almost 10 years old, and the original vendor was purchased by a larger corporation. This initiative will explore replacement systems and assess the capabilities of the current system to ensure that the Judiciary is fully supported and receives the necessary upgrades from the vendor for optimal performance. This initiative will require significant coordination, requirement definition, testing, and training to ensure long term flexibility and support to meet the current and future requirements of the Judiciary.

Information Security Enhancements

Information Security remains a top priority because of the multi-level threats to the Judiciary information system resources, both from a cybersecurity perspective, as well as data threats. 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.

Case Management Optimization

During the MDEC project implementation, many functional and process requests were suggested which could not be adopted for a variety of reasons. As the implementation of MDEC is completed in Baltimore City, these enhancements will be evaluated and prioritized for development and implementation. The purpose of the project to improve the integration and the functional effectiveness of the case management system.

Infrastructure Modernization

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 the infrastructure 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. The scheduling of infrastructure improvements is dependent on the component and begins with an analysis to determine any performance gaps. 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 to include data centers and the necessary equipment to power and cool them; wide area networks; network equipment and cable plant; data storage, servers, and backup mechanisms; and utility software and applications and their related peripherals.

Chart 1 reflects projected expenditures for all Major IT projects currently funded through the Fund, as well as future projects planned through Fiscal Year 2028. Over the next five years, total Major IT expenditures are estimated to be approximately \$103 million. A brief description of each project is provided above .

CHART 1 – MAJOR IT EXPENDITURES FY 2024 – FY 2028

Major IT Projects	FY 2024 Estimated	FY 2025 Estimated	FY 2026 Estimated	FY 2027 Estimated	FY 2028 Estimated
Court Management Build-out (MDEC)	5,225,577				
Courthouse eReadiness	5,579,385				
Case Search Rewrite Version 2.0	288,878				
Jury System	500,000				
AIS - Attorney Information System Enhancements	750,000	400,000			
Court Revenue Assessment	650,800	1,278,800			
Voice Over Internet Protocol - Enterprise	1,300,000	500,000	2,000,000	1,686,400	1,500,000
Data Analytics	750,000	1,000,000	1,000,000	1,000,000	2,000,000
Case Notification	900,000	200,000	976,047		
Mobile Information	1,000,000	1,000,000	1,000,000	1,387,437	
Digital Evidence	1,200,000	400,000	1,400,000	1,800,000	1,800,000
Enterprise Content / Records Management	500,000	2,548,533	1,700,000	1,700,000	1,736,915
e-BAR	750,000	1,250,000			
Guardianship	750,000	750,000	750,000	500,000	
Enterprise Financial/HR System	500,000	500,000	1,500,000	2,000,000	3,500,000
Network Redesign	1,000,000	1,000,000	1,000,000	2,000,000	2,000,000
SMART System Replacement		200,000	300,000	200,000	300,000
Information Security	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Case Management Optimization		4,145,000	4,170,000	4,100,000	4,200,000
Infrastructure Modernization		3,523,000	3,000,000	3,000,000	3,000,000
Total	22,644,640	19,695,333	19,796,047	20,373,837	21,036,915

Grand Total	103,546,772
--------------------	--------------------

Current Fund Conditions

As indicated in Chart 2, the Fund's collections fluctuated greatly between Fiscal Year 2009 and Fiscal Year 2023, from a low of \$15,820,528 in Fiscal Year 2011 to a high of \$49,641,000 in Fiscal Year 2021. Last year saw a 36 percent decrease in collections. The surcharge revenue is the lowest since the implementation of the increased surcharge in 2012. This reduction is probably attributed a slowing in the real estate market due to increasing interest rates as well as the overall economic challenges occurring in 2023.

CHART 2 – CIRCUIT COURT REAL PROPERTY RECORDS IMPROVEMENT FUND COLLECTIONS

Circuit Court Real Property Records Improvement Fund Actual Collections

Fiscal Year	Surcharge	Copy Fees	Interest	e-File Fee	Total
FY2005	31,007,605	2,469,471	1,046,727	-	\$34,523,803
FY2006	32,291,633	1,961,261	3,088,274	-	\$37,341,169
FY2007	28,049,949	1,132,130	3,804,311	-	\$32,986,390
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	\$49,641,001
FY2022	40,173,474	193,403	-	4,028,957	\$44,395,834
FY2023	24,027,384	184,049	-	4,580,216	\$28,791,648

* 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 \$40 million per year from Fiscal Year 2024 to Fiscal Year 2028. The Fund, however, will continue an ongoing structural deficit. The Judiciary used a three-year average, from Fiscal Years 2021 through 2023, to forecast surcharge/fee revenue and e-filing service fees through Fiscal Year 2028.

CHART 3 – FUND COLLECTIONS AND ANTICIPATED DISBURSEMENT

FUND COLLECTION AND ANTICIPATED DISBURSEMENT

	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
	Actual	Estimated	Estimated	Estimated	Estimated	Estimated
Revenues:						
Transfer from General funds	5,586,847	-	-	-	-	-
Surcharge/ Copy Fees	24,211,432	33,856,709	33,856,709	33,856,709	33,856,709	33,856,709
e-Filing Service Fees	4,580,216	4,600,200	4,600,200	4,600,200	4,600,200	4,600,200
Total	34,378,495	38,456,909	38,456,909	38,456,909	38,456,909	38,456,909
Operations:						
ELROI						
Operations/Maintenance e-Filing	1,463,585	2,426,105	2,226,105	2,226,105	2,226,105	2,226,105
Operations/Maintenance Archives - mdlandrec	4,320,000	4,645,000	5,000,000	5,000,000	5,000,000	5,000,000
Circuit Court Offices	500,000	500,000	500,000	500,000	500,000	500,000
Major IT Projects	18,967,296	19,441,478	19,927,515	20,425,703	20,936,346	21,459,754
Total	35,761,656	49,657,223	47,348,953	47,947,855	49,036,288	50,222,774
Projected Fiscal Year Structural Surplus/(Shortfall)	(1,383,161)	(11,200,314)	(8,892,044)	(9,490,946)	(10,579,379)	(11,765,865)
Beginning Fund Balance	88,532,525					
Total Ending Fund Balance	87,149,364	75,949,050	67,057,006	57,566,060	46,986,681	35,220,816

*Numbers may be slightly off due to rounding.

FY23 Actual Fiscal Year Encumbrances:			
A0012 AY18	923,340.95	A0012 AY21	2,497,367.25
A0012 AY19	102,890.00	A0010 AY22	29,784.42
A0010 AY20	2,110.30	A0012 AY22	156,457.03
A0012 AY20	32,639.30	A0010 AY23	20,590.63
		A0012 AY23	5,411,363.44
Total Open Encumbrances	9,176,543.32		