

# Circuit Court Real Property Records Improvement Fund

Fiscal Year 2021



Administrative Office of the Courts

December 2021

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 This Act repealed the sunset provision, made the \$20.00 surcharge permanent, and expanded the scope of the Fund to include all the Judiciary's major information technology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 18 county finance offices have implemented e-Recording with the Baltimore City finance office finalizing the process over the last year and the Kent County finance office currently underway. In Fiscal Year 2021, 51 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 60 percent of the documents were e-Recorded. Another seven jurisdictions are e-Recording over 50 percent of their documents. During Fiscal Year 2021, 668,274 documents were e-Recorded, an increase of more than 140 percent over Fiscal Year 2020 when 278,187 documents were e-Recorded.

<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>	✓	✓	
<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>	✓	In Progress	
<b>Montgomery</b>	✓	✓	
<b>Prince George's</b>	✓	✓	
<b>Queen Anne's</b>	✓	✓	✓Town of Centreville, Town of Queensboro In Progress
<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 \$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. As filing activity normalizes, e-filing revenue is expected to increase.

### **Active and Future Projects**

Below are the major information technology projects currently established or considered for future years:

#### **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.

Montgomery County's implementation was recently completed in October 2021; twenty-two counties are now fully implemented. Prince George's County is scheduled for implementation in the last quarter in 2022, followed by Baltimore City. When Baltimore City is fully implemented, all the jurisdictions in the State will reside on the same case management system.

#### **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.

### **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 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.

### **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 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 streamlined statewide system. On-line payment processing throughout the Judiciary also will be evaluated to support the ever-expanding need for remote courthouse functions.

### **Infrastructure Initiative**

Modern information systems must have a current, reliable infrastructure to deliver the necessary capability and performance to support the applications, data, and users 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 seven locations and almost 1,000 devices in the Annapolis area.

**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.

**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 courthouses 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 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.

**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 public wireless offerings at each of the courthouses, allowing for higher bandwidth limits for attorneys and the public. The redesign will also further the Judiciary's path toward 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 datacenters 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. 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, 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 operation. This initiative will define that functionality and ensure that, when implemented, 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 problem-solving courts in the development, maintenance, and advancement of a collaborative therapeutic system. The OPSC is responsible establishing programmatic guidelines, ensuring there a mechanism to gather and retain statewide data to effectively manage the programs, and targeting new and expanding populations for problem-solving courts. The OPSC has utilized a collaborative management information system (SMART) that contains information from the various partners such as the Division of Parole and Probation and treatment providers. The current system is over 15 years old and is reaching its end-of-life and will not be supported much longer. Many of the treatment court partners are developing their own systems. This initiative will replace SMART and will provide a modern system that will meet the needs of the OPSC, provide timely and reliable data necessary to monitor real-time adherence to key indicators, and support integration and information sharing with partner entities.

Chart 1 reflects projected expenditures for all Major IT projects currently funded through the Fund, as well as future projects planned through Fiscal Year 2026. Over the next five years, total Major IT expenditures are estimated to be approximately \$90 million. A description of each project is provided below Chart 1.

**CHART 1 – MAJOR IT EXPENDITURES FY 2022 – FY 2026**

<b>Major IT Projects</b>	<b>FY 2022 Estimated</b>	<b>FY 2023 Estimated</b>	<b>FY 2024 Estimated</b>	<b>FY 2025 Estimated</b>	<b>FY 2026 Estimated</b>
Court Management Build-out (MDEC)	2,243,464	4,015,110	4,225,577	--	--
Courthouse e-Readiness	2,130,562	1,725,830	1,250,000	--	--
Case Search Rewrite Version 2.0	485,854	500,000	--	--	--
AIS Enhancements	552,500	750,000	750,000	500,000	--
Court Revenue Assessment	250,000	500,000	650,800	600,000	--
Infrastructure Initiative	1,215,000	--	--	--	--
Voice Over Internet Protocol – Phase I	1,415,500	--	--	--	--
Voice Over Internet Protocol – Enterprise Deployment – Phase II	--	500,000	1,500,000	2,000,000	1,500,000
Data Analytics	1,000,000	1,246,770	1,250,000	1,500,000	2,000,000
Case Notification	750,000	800,000	800,000	850,000	--
Mobile Information	3,015,000	1,147,109	1,500,000	1,500,000	1,000,000
Digital Evidence	200,000	1,000,000	2,000,000	1,200,000	1,200,000
Enterprise Content/Records Management	500,000	1,500,000	2,000,000	2,000,000	2,000,000
e-Bar	--	1,000,000	1,000,000	1,000,000	--
Guardianship	--	1,000,000	1,000,000	750,000	--
Network Design	--	--	1,000,000	2,000,000	2,000,000
Enterprise Financial/HR System	--	--	2,000,000	4,000,000	6,000,000
Jury System	--	--	1,000,000	1,000,000	1,000,000
SMART System Replacement	--	--	--	1,000,000	2,000,000
<b>Total</b>	<b>13,757,880</b>	<b>15,184,819</b>	<b>21,926,377</b>	<b>19,900,000</b>	<b>18,700,000</b>
				<b>Grand Total</b>	<b>89,969,076</b>

## Current Fund Conditions

As indicated in Chart 2, the Fund’s collections fluctuated greatly between Fiscal Year 2007 and Fiscal Year 2021, 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**

<b>Fiscal Year</b>	<b>Surcharge</b>	<b>Copy Fees</b>	<b>Interest</b>	<b>e-File Fee</b>	<b>Total</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>
FY2021	45,592,783	154,074	-	3,894,143	<b>49,641,000</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 3, revenues are anticipated to generate approximately \$38 million per year from Fiscal Year 2022 to Fiscal Year 2026. The Fund, however, will continue an ongoing structural deficit. The Judiciary used a five-year average, from Fiscal Years 2017 through 2021, to forecast surcharge/fee revenue and e-filing service fees through Fiscal Year 2026.

**CHART 3 – FUND COLLECTIONS AND ANTICIPATED DISBURSEMENT**

	FY 2021*	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
	Actual	Estimated	Estimated	Estimated	Estimated	Estimated
<b>Revenues:</b>						
Transfer from the General Fund	12,000,000					
Surcharge/ Copy Fees	45,746,857	32,861,137	32,861,137	32,861,137	32,861,137	32,861,137
e-Filing Service Fees	3,894,143	5,129,845	5,129,845	5,129,845	5,129,845	5,129,845
<b>Total</b>	<b>61,641,000</b>	<b>37,990,982</b>	<b>37,990,982</b>	<b>37,990,982</b>	<b>37,990,982</b>	<b>37,990,982</b>
<b>Operations:</b>						
ELROI Operations/Maintenance*	1,446,681	2,226,810	2,362,420	3,145,100	2,845,350	1,845,350
e-Filing Operations/Maintenance	3,950,000	4,200,000	4,320,000	4,645,000	5,000,000	5,000,000
Archives - mdlandrec	500,000	500,000	500,000	500,000	500,000	500,000
Circuit Court Offices*	17,973,738	18,423,081	18,883,658	19,355,750	19,839,644	20,335,635
Major IT Projects*	12,920,746	13,757,880	15,684,819	21,926,377	19,900,000	18,700,000
<b>Total</b>	<b>36,791,165</b>	<b>39,107,771</b>	<b>41,750,897</b>	<b>49,572,227</b>	<b>48,084,994</b>	<b>46,380,985</b>
<b>Projected Structural</b>	<b>24,849,835</b>	<b>(1,116,789)</b>	<b>(3,759,915)</b>	<b>(11,581,245)</b>	<b>(10,094,012)</b>	<b>(8,390,003)</b>
Less prior year encumbrances Spent	1,255,765					
Less open prior year encumbrances		4,328,762				
<b>Total Fund Balance (Accrual Basis)</b>	<b>62,754,220</b>	<b>57,308,669</b>	<b>53,548,754</b>	<b>41,967,509</b>	<b>31,873,497</b>	<b>23,483,494</b>
*Includes FY2021 encumbrances.						