

**E90G
Registers of Wills**

Operating Budget Data

(\$ in Thousands)

	<u>FY 02</u>	<u>FY 03</u>	<u>FY 04</u>	<u>FY 02-04</u> <u>Change</u>	<u>FY 05</u>	<u>FY 04-05</u> <u>Change</u>
Operations	\$59	\$10	\$75	\$16	\$75	\$0
Adjusted Grand Total	\$59	\$10	\$75	\$16	\$75	\$0

Note: Numbers may not sum to total due to rounding.

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Analysis of the FY 2005 Maryland Executive Budget, 2004

Analysis in Brief

Recommended Actions

1. Concur with Governor's allowance.
2. Add budget bill language regarding cost containment.

Updates

Salary Plan for Registers of Wills: Registers of Wills (ROW) receive pay increases consistent with the Board of Public Works approved salary plan for the 24 elected ROW.

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Operating Budget Analysis

Program Description

Registers of Wills (ROW) in each jurisdiction are responsible for the administration of estates by providing proper forms and direction, assisting, and advising any person who requests assistance in the preparation of a form for administrative probate, admitting wills to probate and issuing Letters of Administration, auditing accounts, and maintaining accurate records of all estate matters. Registers are not allowed to provide legal advice.

Registers take in revenues from inheritance taxes and processing fees. These revenues are used to pay the operating costs of the offices. Excess revenues are reverted to the general fund. Fiscal 2003 revenue and expense information for the ROW offices appears in **Appendix 3**. In the event that expenditures exceed revenues, the Comptroller can provide a deficiency supplement that is appropriated by the General Assembly or authorize the retention of additional inheritance taxes.

The Comptroller verifies the bond of the registers, sets salaries, approves procurements, audits receipts, and administers the State supplement. This budget reflects the Comptroller's estimate of funding needed to cover the anticipated deficiencies for fiscal 2004. Funds not used for this purpose are reverted to the general fund.

Fiscal 2004 Actions

Impact of Cost Containment

Budget bill language added in the fiscal 2004 budget required the ROW offices to eliminate the 401k State contribution match and limit operating expenses of the offices to the fiscal 2002 level plus 2.5% consistent with spending affordability guidelines and cost containment action imposed on other State agencies. Any reduction in the appropriation would have no fiscal impact, as revenue attainment would be increased to offset any reductions in the appropriation. The appropriation is primarily used to provide a working fund at the beginning of the fiscal year before revenues are collected.

Governor's Proposed Budget

The Governor's fiscal 2005 allowance is \$75,000 in general funds, the same amount appropriated in fiscal 2003 and 2004. Some individual ROWs experience temporary deficiencies at the beginning

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of each fiscal year before inheritance tax revenue is generated. The annual \$75,000 appropriation acts to bridge this gap in the first weeks of the fiscal year, as shown in **Exhibit 1**.

While the State's general accounting system allows the account to run a deficit until revenues are received, the general fund appropriation for anticipated deficiencies insures that ROWs report to the General Assembly each year. As indicated in **Appendix 1**, there was a reversion of \$65,000 in fiscal 2003. In 2003 only Garrett County needed the deficiency to cover expenses of \$10,000 incurred until revenues were received. However, as shown in Appendix 3, ROW offices in 12 local jurisdictions could not meet their operating expenses from the inheritance tax revenues retained by their offices. Although the deficient amount from the 12 counties is in excess of the \$10,000 spent in the fiscal 2003 appropriation, Section 2-205 of the Estates and Trusts Article provides that if the fees and receipts of any ROW shall be insufficient in any year to pay all or any part of the authorized salaries and expenses of all ROWs, the deficiency shall be funded from the taxes remitted to the Comptroller of the Treasury by the register during that fiscal year. In the event that tax collections for the fiscal year are insufficient, the Comptroller shall make up the deficit from excess fees remitted from all other registers. In fiscal 2003 Garrett County, with expenses of \$244,937 and Somerset County with expenses of \$201,763 exceeded total receipts from the inheritance tax and fees, which were \$213,162 and \$78,006 respectively for each county in fiscal 2003.

Exhibit 1 Registers of Wills Expenditure History Fiscal 1998 – 2003

<u>Fiscal Year</u>	<u>Appropriation</u>	<u>Actual</u>
2003	\$75,000	\$10,000
2002	75,000	59,116
2001	75,000	18,539
2000	75,000	75,000
1999	75,000	75,000
1998	75,000	75,000

Source: Department of Legislative Services

Impact of Cost Containment

No cost containment action was imposed on the Registers of Wills in the Governor's Budget.

Recommended Actions

1. Concur with Governor's allowance.
2. Add the following language:

Provided that no part of this appropriation, or State funds provided under §2-205 of the Estates and Trusts Article may be used:

- (1) to increase the compensation of employees of a Register of Wills in a manner not also authorized in this budget for State employees of the Executive Branch;
- (2) to match employee contributions to a deferred compensation by an amount greater than that authorized in this budget; or
- (3) to pay operating expenses of any register's office in excess of that incurred in fiscal 2004, plus 4.37 percent.

Explanation: This action eliminates the State \$600 match for employee 401k contributions, and limits increases in the operating expenses to the fiscal 2004 level plus 4.37 percent, consistent with spending affordability guidelines and cost containment action imposed on other State agencies.

Updates

1. Salary Plan for Registers of Wills

The elected ROWs received a salary increase on January 1, 2003, and again on January 1, 2004, consistent with the Board of Public Works approved salary plan approved on October 30, 2002, and Chapter 494, Acts of 2002 that raised the maximum salary from \$75,000 to \$85,000 as indicated in **Exhibit 2**.

By law, BPW must determine the annual salary of each ROW for their new term of office. ROWs are elected officials and under the State constitution, as term officials, must have their salary determined before they assume office. The salary of an elected ROW cannot be increased during the term of office except as predetermined before the ROW assumed office.

Section 2-205 of the Estates and Trusts Article specifies in determining each register's salary the board shall be guided by:

- county population;
- dollar volume of total fees and taxes collected, excess fees turned over to the State; and
- other pertinent data which are related to the reasonableness of the salary to the work done.

Exhibit 2
Register of Wills
Salary Plan
2003 – 2006

Jurisdiction	Statistical Data					BPW Approved salary			
	# of Regular Estates	# of Small Estates	Docket Entries	Revenues Collected	Population	Previous Salary	Salary 12/01/02	Salary 12/01/03	Salary 12/01/04
Caroline	75	125	3,245	\$3,573,312	29,772	\$65,600	\$69,950	\$72,125	\$74,300
Garrett	52	125	4,275	183,743	29,846	65,600	69,950	72,125	74,300
Kent	80	66	3,398	829,415	19,197	65,600	69,950	72,125	74,300
Somerset	36	116	3,624	336,502	24,747	65,600	69,950	72,125	74,300
Allegany	193	422	9,270	1,034,990	74,930	69,100	73,700	76,000	78,300
Calvert	128	139	6,362	696,846	74,563	69,100	73,700	76,000	78,300
Cecil	170	190	6,015	598,249	85,951	69,100	73,700	76,000	78,300
Dorchester	91	138	4,567	963,580	30,674	69,100	73,700	76,000	78,300
Queen Anne's	94	96	4,797	525,754	40,563	69,100	73,700	76,000	78,300
St. Mary's	116	204	8,011	892,222	86,211	69,100	73,700	76,000	78,300
Talbot	156	134	8,247	932,760	33,812	69,100	73,700	76,000	78,300
Wicomico	158	251	4,280	770,717	84,644	69,100	73,700	76,000	78,300
Worcester	130	183	8,839	807,510	46,543	69,100	73,700	76,000	78,300
Carroll	302	362	8,584	3,058,882	150,897	71,500	76,250	78,625	81,000
Charles	158	266	11,685	529,531	120,546	71,500	76,250	78,625	81,000
Frederick	342	496	12,590	2,530,141	195,277	71,500	76,250	78,625	81,000
Harford	350	601	12,077	3,814,065	218,590	71,500	76,250	78,625	81,000
Howard	328	367	11,378	2,452,272	247,842	71,500	76,250	78,625	81,000
Washington	300	461	11,662	2,883,985	131,923	71,500	76,250	78,625	81,000
Anne Arundel	799	1,062	27,219	5,267,763	489,656	75,000	80,000	82,500	85,000
Baltimore	1,837	2,466	57,930	15,431,138	754,292	75,000	80,000	82,500	85,000
Baltimore City	900	2,431	65,370	8,757,182	651,154	75,000	80,000	82,500	85,000
Montgomery	1,642	1,204	66,069	16,591,517	873,341	75,000	80,000	82,500	85,000
Prince George's	1,056	1,591	68,030	6,391,513	801,515	75,000	80,000	82,500	85,000

Source: Comptroller proposed salary plan adopted by Board of Public Works October 30, 2002 as item 4 on the BPW Secretary's Agenda.

Current and Prior Year Budgets

Current and Prior Year Budgets Registers of Wills (\$ in Thousands)

	<u>General Fund</u>	<u>Special Fund</u>	<u>Federal Fund</u>	<u>Reimb. Fund</u>	<u>Total</u>
Fiscal 2003					
Legislative Appropriation	\$75	\$0	\$0	\$0	\$75
Deficiency Appropriation	0	0	0	0	0
Budget Amendments	0	0	0	0	0
Cost Containment	0	0	0	0	0
Reversions and Cancellations	-65	0	0	0	-65
Actual Expenditures	\$10	\$0	\$0	\$0	\$10
Fiscal 2004					
Legislative Appropriation	\$75	\$0	\$0	\$0	\$75
Cost Containment	0	0	0	0	0
Budget Amendments	0	0	0	0	0
Working Appropriation	\$75	\$0	\$0	\$0	\$75

Note: Numbers may not sum to total due to rounding.

**Object/Fund Difference Report
Registers of Wills**

<u>Object/Fund</u>	<u>FY03 Actual</u>	<u>FY04 Working Appropriation</u>	<u>FY05 Allowance</u>	<u>FY04 - FY05 Amount Change</u>	<u>Percent Change</u>
Objects					
12 Grants, Subsidies, Contr.	\$ 10,000	\$ 75,000	\$ 75,000	\$ 0	0%
Total Objects	\$ 10,000	\$ 75,000	\$ 75,000	\$ 0	0%
Funds					
01 General Fund	\$ 10,000	\$ 75,000	\$ 75,000	\$ 0	0%
Total Funds	\$ 10,000	\$ 75,000	\$ 75,000	\$ 0	0%

Note: Fiscal 2004 appropriations and fiscal 2005 allowance do not include deficiencies, cost containment, and contingent reductions.

**State of Maryland Revenues and Expenses of the Registers of Wills
Fiscal 2003**

<u>Register of Wills</u>	Disbursement Activity				
	<u>Total Revenues Collected</u>	<u>75% of Taxes Remitted to State</u>	<u>Revenues Retained by Register</u>	<u>Total Operating Expenses</u>	<u>Excess Fees of Office</u>
Allegany	\$756,061	\$496,119	\$259,941	\$373,199	-\$113,258
Anne Arundel	5,525,503	3,772,850	1,750,963	1,179,945	571,018
Baltimore	14,165,368	9,680,131	4,478,208	2,195,057	2,283,150
Calvert	655,857	431,318	224,300	377,610	-153,309
Caroline	519,238	360,049	157,999	244,434	-86,435
Carroll	2,011,536	1,366,616	644,920	325,851	319,068
Cecil	1,041,002	693,627	341,010	365,796	-24,786
Charles	868,687	577,956	290,653	418,451	-127,798
Dorchester	705,447	478,730	226,718	241,755	-15,037
Frederick	1,733,657	1,144,821	588,836	461,925	126,911
Garrett	213,162	132,363	80,799	244,937	-164,138
Harford	3,834,907	2,727,489	1,107,104	385,549	721,555
Howard	2,380,081	1,620,059	760,001	448,640	311,361
Kent	543,666	366,130	177,537	183,356	-5,819
Montgomery	14,982,828	10,313,626	4,663,174	2,318,368	2,344,805
Prince George's	4,540,055	2,960,963	1,567,498	1,555,332	12,166
Queen Anne's	320,135	199,025	121,066	305,400	-184,334
St. Mary's	826,915	562,259	264,365	321,595	-57,230
Somerset	78,006	46,359	31,646	201,763	-170,117
Talbot	2,538,818	1,816,059	722,582	352,435	370,147
Washington	1,777,308	1,196,884	580,288	416,457	163,831
Wicomico	1,056,087	728,875	327,212	317,711	9,501
Worcester	879,175	598,110	280,907	328,005	-47,098
Baltimore City	7,482,763	5,201,822	2,280,446	1,735,426	545,020
Total	\$69,436,263	\$47,472,242	\$21,928,173	\$15,298,997	\$6,629,176

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