

Department of Legislative Services
 Maryland General Assembly
 2026 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 130 (Delegate Ruff)
 Judiciary

**Criminal Law - Deed Fraud - Prohibition, Deed Fraud Prevention Grant Fund,
 and Task Force to Study Deed Fraud**

This bill prohibits several actions generally related to deed fraud. In addition, the bill (1) requires the Department of State Police (DSP) to include related, disaggregated data as part of mandated crime reporting and (2) establishes the Deed Fraud Prevention Grant (DFPG) Fund, administered by DSP. Further, the bill establishes the Task Force to Study Deed Fraud. In fiscal 2028, the Governor must include in the annual budget bill an appropriation of \$200,000 for the DFPG Fund. **The bill’s provisions related to the task force terminate September 30, 2028.**

Fiscal Summary

State Effect: Known general fund expenditures increase by \$48,900 in FY 2027. Although not reflected below, general fund expenditures in FY 2027 further increase by an indeterminate amount for DSP programming costs (exceeding \$1.0 million). Future year expenditures reflect annualization of administrative costs, ongoing operating expenses, and capitalization of the DFPG Fund, including mandated funding in FY 2028 and assumed discretionary funding annually thereafter. General fund revenues increase minimally from interest earnings of the new special fund through FY 2028. Special fund revenues and expenditures are assumed to correspondingly increase by \$200,000 annually beginning in FY 2026; State finances may be further impacted from the bill’s penalty provisions (not reflected below). **The bill establishes a mandated appropriation for FY 2028.**

(in dollars)	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
SF Revenue	\$0	\$200,000	\$200,000	\$200,000	\$200,000
GF Expenditure	\$48,900	\$253,300	\$256,000	\$258,600	\$261,200
SF Expenditure	\$0	\$200,000	\$200,000	\$200,000	\$200,000
Net Effect	(\$48,900)	(\$253,300)	(\$256,000)	(\$258,600)	(\$261,200)

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease

Local Effect: Local government expenditures increase, potentially significantly, in FY 2027 for programming costs incurred by local law enforcement agencies, as discussed below. Revenues are not materially affected.

Small Business Effect: Minimal.

Analysis

Bill Summary/Current Law:

Prohibitions and Penalties Under § 8-601 of the Criminal Law Article

Under current law, a person, with intent to defraud another, may not counterfeit, cause to be counterfeited, or willingly aid or assist in counterfeiting specified instruments, including any:

- deed;
- draft;
- endorsement or assignments of a bond, draft, check, or promissory note;
- entry in an account book or ledger;
- letter of credit;
- negotiable instrument;
- power of attorney;
- promissory note;
- release or discharge for money or property;
- title to a motor vehicle;
- waiver or release of a mechanics' lien; or
- will or codicil.

Violators are guilty of a felony, punishable by imprisonment for up to 10 years and/or a \$1,000 maximum fine. Further, a person is also prohibited from knowingly, willfully, and with fraudulent intent possessing a counterfeit of any of the types of documents listed above. Violators are guilty of a misdemeanor, punishable by imprisonment for up to 3 years and/or a \$1,000 maximum fine.

Under current law, a prosecution for an alleged violation of these prohibitions or an alleged violation of a crime based on an act that establishes a violation of these prohibitions may be commenced in any county in which (1) an element of the crime occurred; (2) the deed or other alleged counterfeit instrument is recorded in the county land records, filed with

the clerk of the circuit court, or filed with the register of wills; (3) the victim resides; or (4) if the victim is not an individual, the victim conducts business. The bill removes deeds from the list of protected legal instruments under § 8-601 and makes a conforming change.

Deed Fraud – Establishment

Under the bill, a person, with the intent to defraud another, may not:

- claim to sell, convey, or attempt to sell or convey real property that the grantor does not own;
- claim to sell or convey (or attempt to sell or convey) real property that the grantor lacks sufficient authority to transfer;
- claim to lease or attempt to lease real property that belongs to another;
- obtain, sell, or convey (or attempt to obtain, sell, or convey) the real property of another through the execution of a deed by the rightful owner of the property by deception, intimidation, threat, or undue influence;
- counterfeit a deed or cause a deed to be counterfeited; or
- record a deed or cause a deed to be recorded in furtherance of a violation of the bill's provisions.

A person is also prohibited from aiding or assisting another in any of these prohibited acts. Violators are guilty of a felony and subject to maximum penalties of 10 years' imprisonment and/or a \$7,500 fine.

A person is also prohibited from knowingly, willfully, and with fraudulent intent possessing a counterfeit deed; violators are guilty of a misdemeanor and subject to maximum penalties of three years' imprisonment and/or a \$7,500 fine. A prosecution for this offense must begin within one year after the victim knew or reasonably should have known that the fraud occurred.

Fines collected under these provisions must be paid into the DFIG Fund. The bill includes additional provisions regarding authorized venues for prosecution.

Department of State Police – Uniform Crime Report

The bill specifies that DSP, as part of information collected, analyzed, and disseminated under the crime reporting program, must include disaggregated information on incidents of fraud with specific information on violations of the bill's deed fraud provisions.

Task Force to Study Deed Fraud

The bill establishes the Task Force to Study Deed Fraud, to be staffed by the Administrative Office of the Courts. Task force members may not receive compensation but are entitled to reimbursement for travel expenses.

The task force must (1) study incidents of deed fraud in the State, including the number of complaints, resolved cases, restitution amounts, and geographic and demographic trends; (2) study how other states combat deed fraud; (3) identify patterns in the methods used by deed fraud perpetrators and patterns in the demographics of deed fraud victims; (4) develop recommendations for deed fraud detection tools; (5) conduct an analysis that identifies the economic impact of deed fraud on victims; and (6) make recommendations for combatting deed fraud in the State, including strategies for intergovernmental coordination to more effectively detect and prevent deed fraud.

The task force must report its findings and recommendations to the Governor and the General Assembly by July 1, 2028.

Deed Fraud Prevention Grant Fund

The DFPG Fund is established as a special nonlapsing fund administered by DSP. The fund's purpose is to provide grants to (1) aid State and local law enforcement agencies in identifying and preventing deed fraud; (2) support legal services for victims of deed fraud, in coordination with the Maryland Legal Services Corporation (MLSC); and (3) offer emergency housing assistance to displaced victims of deed fraud. The fund may only be used for these purposes and to pay for administrative costs associated with the operation of the fund.

DSP, in conjunction with MLSC, may establish standards to determine eligibility for the grants. Money expended from the fund is supplemental and is not intended to take the place of funding that otherwise would be appropriated for deed fraud prevention.

State and Local Fiscal Effect:

Deed Fraud Prevention Grant Fund

Capitalization of the New Special Fund: General fund expenditures increase by an estimated \$200,000 annually beginning in fiscal 2028 to capitalize the DFPG Fund. This estimate reflects the mandated appropriation in fiscal 2028. Although funding beyond fiscal 2028 is discretionary, this estimate assumes that funding continues at the same level as that in fiscal 2028, in order to sustain a modest grant program.

Special fund revenues to and expenditures from the fund are assumed to increase correspondingly each year, reflecting receipt of the capitalization funds and spending from the fund as grants are awarded.

Administrative Costs for the Department of State Police: State expenditures further increase to provide DSP with additional resources to administer the DFIG Fund, as required under the bill. Although administrative expenses are an authorized use of the fund, this estimate assumes that general funds are required. Accordingly, general fund expenditures increase by \$48,850 in fiscal 2027 for additional staff, which reflects the bill's October 1, 2026 effective date. Although funding for grant awards is not assumed until fiscal 2028 under this estimate, staff is needed to prepare the DFIG Fund application process, establish parameters for granting awards, and create the necessary framework for the operation of the fund.

The estimate reflects the cost of hiring one part-time program manager to facilitate the implementation of the grant fund and includes a salary, fringe benefits, one-time start-up costs, and ongoing operating expenses.

Position	0.5
Salary and Fringe Benefits	\$39,786
Other Operating Expenses	<u>9,064</u>
Total FY 2027 Admin. Expenditures	\$48,850

Future year expenditures reflect a full salary with annual increases and employee turnover as well as annual increases in ongoing operating expenses.

Fine Revenues and the Assumption of General Funds Needed: As noted above, it is assumed that general funds are used for administrative costs and to provide capitalization funding each year for the DFIG Fund. Although fine revenues from violations of the bill's provisions are credited to the fund, it is assumed under this analysis that penalties collected are likely insufficient to fully maintain operation of the fund in future years without at least some general fund support. However, the magnitude of any impact from fine revenues is difficult to predict without experience under the bill or further information on the charges, convictions, and penalties collected for the existing criminal offense (related to deeds). While not specifically accounted for in this analysis, to the extent that fines are imposed and collected, special fund revenues and expenditures further increase as additional funds are made available; the need for general fund support may also be mitigated.

Crime Reporting Requirements

DSP reports the bill's crime reporting requirements result in an indeterminate, but likely significant, fiscal and operational impact on State and local law enforcement agencies due

to necessary programming changes to capture the deed fraud data required under the bill. Although a precise estimate is not available at this time, DSP estimates expenditures easily exceed \$1.0 million dollars. According to DSP, this significant increase is due to the recent transition to the National Incident-Based Reporting System (NIBRS).

The Federal Bureau of Investigation dictates the data elements collected and reported by participating states within NIBRS. While the State's NIBRS reporting system captures "fraud data," there is not a dedicated fraud offense category that specifically references "deeds." Implementing data collection for this specific category within the NIBRS system necessitates isolating it from the broader crime reporting framework. To accommodate the requirements of this legislation, the State would have to pay a contractor to reprogram the State NIBRS system to account for the new specific crime and disaggregate the data as required under the bill.

In addition, DSP indicates there are over 100 local law enforcement agencies that are required to report to DSP. Each local reporting agency has already been required to purchase NIBRS-compliant reporting systems. To implement the bill's reporting requirement, DSP and each of the participating local law enforcement agencies must reprogram their data systems to reflect the bill's changes.

Special Interest from the Fund

Although the bill indicates that interest earnings of the new special fund remain in the fund, the bill does not amend Section 8 of Chapter 717 of 2024 (the Budget Reconciliation and Financing Act of 2024) which requires, notwithstanding any other provision of law, that interest earnings from special funds or accounts (with certain exceptions) accrue to the general fund from fiscal 2024 through 2028. Thus, general fund revenues increase minimally from interest earnings of the new special fund through fiscal 2028. The fund is exempted from a similar requirement under § 6-226(a)(2) of the State Finance and Procurement Article that applies from fiscal 2029 forward.

Relevant Offense Data

Exhibit 1 contains information on the number of violations and guilty dispositions in the District Court and the circuit courts over the last two fiscal years for counterfeiting of private instruments and documents and possession of counterfeit instruments and documents. Data is not available on how many of these violations and dispositions involved deeds.

Exhibit 1
Violations and Guilty Dispositions
Counterfeiting Private Instruments and Documents
Fiscal 2024 and 2025

	Fiscal 2024		Fiscal 2025	
	<u>Violations</u>	<u>Guilty Dispositions</u>	<u>Violations</u>	<u>Guilty Disposition</u>
<u>District Court</u>				
Counterfeiting of Private Instruments/Documents	469	11	365	6
Possession of Private Instruments/Documents	363	26	361	25
<u>Circuit Courts</u>				
Counterfeiting of Private Instruments/Documents	182	10	60	7
Possession of Private Instruments/Documents	125	19	58	20

Source: Maryland Judiciary

Other Impacts of the Bill

The bill is not anticipated to materially affect the operations or finances of the Office of the Public Defender, the Judiciary, and the Department of Public Safety and Correctional Services. Any expense reimbursements for task force members are assumed to be minimal and absorbable within existing budgeted resources.

Additional Information

Recent Prior Introductions: Similar legislation has been introduced within the last three years. See HB 1419 of 2024.

Designated Cross File: None.

Information Source(s): Howard and Prince George's counties; Maryland State Commission on Criminal Sentencing Policy; Judiciary (Administrative Office of the Courts); Office of the Public Defender; Department of State Police; Department of Budget and Management; Department of Public Safety and Correctional Services; Department of Legislative Services

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