

Department of Legislative Services
 Maryland General Assembly
 2017 Session

FISCAL AND POLICY NOTE
Third Reader

House Bill 1327
 Economic Matters

(Delegate Lisanti, *et al.*)

Education, Health, and Environmental Affairs

Task Force on Local Alcoholic Beverages Regulation

This bill establishes the Task Force on Local Alcoholic Beverages Regulation to study the boards of license commissioners in the State. The purpose of the study is to (1) examine the governance, structure, appointment process, operations, and oversight of the local licensing boards; (2) compare the features of the boards with the local alcoholic beverages regulatory bodies of other states; and (3) consider best practices and the potential to strengthen the oversight of local alcohol regulation and enforcement in the State. The Comptroller must provide staff for the task force and the various State units and boards of license commissioners must cooperate with the task force in the work of the study. The task force must submit an interim report by December 31, 2017, and a final report by December 31, 2018, to the Governor and specified committees of the General Assembly.

The bill takes effect June 1, 2017, and terminates June 30, 2019.

Fiscal Summary

State Effect: General fund expenditures for the Comptroller’s Office increase by \$35,600 in FY 2018 for a part-time contractual administrator to assist the task force. Expenditures may be less to the extent that the various boards of license commissioners provide significant assistance to the task force as well. Revenues are not affected.

| (in dollars) | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 |
|----------------|------------|------------|---------|---------|---------|
| Revenues | \$0 | \$0 | \$0 | \$0 | \$0 |
| GF Expenditure | 35,600 | 29,000 | 0 | 0 | 0 |
| Net Effect | (\$35,600) | (\$29,000) | \$0 | \$0 | \$0 |

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

Local Effect: Local governments can handle the bill’s requirements using existing resources.

Small Business Effect: None.

Analysis

Bill Summary: In conducting the study, the task force must:

- examine the current structures of boards of license commissioners, the processes of their appointments, and the qualifications of members;
- examine the operations of the boards of license commissioners, the staffing of alcoholic beverages regulation and enforcement under the boards, and internal and external checks and balances relating to the operations of the boards;
- examine decision-making processes of the boards of license commissioners and avenues of administrative and judicial review of board actions;
- to the extent that other structures may be comparable or instructive, examine the structure, operations, and oversight of local alcoholic beverages regulation and enforcement in nearby states;
- develop recommendations to improve the structure, operations, and oversight of local alcoholic beverages regulation and enforcement in the State; and
- report those recommendations, including proposed legislation and regulatory changes, if appropriate, to implement the recommendations.

Current Law/Background: The boards of license commissioners in each county, Baltimore City, and the City of Annapolis are responsible for issuing alcoholic beverages licenses (the Comptroller's Office also issues some licenses) and generally administering the Alcoholic Beverages Article. In general, most Maryland jurisdictions authorize the sale of alcoholic beverages through a three-tier system in which retail alcoholic beverages licensees purchase alcoholic beverages from licensed Maryland wholesalers who purchase alcoholic beverages from licensed manufacturers and import companies.

State Expenditures: To conduct the necessary research and produce the required study, the Comptroller's Office may require additional staff. Therefore, general fund expenditures for the Comptroller's Office increase by \$35,565 in fiscal 2018 and \$29,045 in fiscal 2019 to hire a part-time contractual administrator to assist the task force. The estimate includes a salary, fringe benefits, one-time start-up costs, and operating expenses for the duration of the task force. The estimate also assumes a 30-day start-up delay, meaning that there is no cost in fiscal 2017.

| | <u>FY 2018</u> | <u>FY 2019</u> |
|---------------------------------|-----------------------|-----------------------|
| Salary and Fringe Benefits | \$30,612 | \$28,732 |
| Operating Expenses | <u>4,953</u> | <u>313</u> |
| Total State Expenditures | \$35,565 | \$29,045 |

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Comptroller's Office; Department of Legislative Services

Fiscal Note History: First Reader - February 15, 2017
mm/tso Third Reader - March 10, 2017

Analysis by: Richard L. Duncan

Direct Inquiries to:
(410) 946-5510
(301) 970-5510