

Department of Legislative Services
Maryland General Assembly
2021 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

Senate Bill 944

(Senator Simonaire)

Education, Health, and Environmental Affairs

Economic Matters

Anne Arundel County - Alcoholic Beverages Licenses - Annual Fees

This emergency bill requires the Anne Arundel County Board of License Commissioners to reimburse each license holder in the county the entire amount of the annual license fee for any Class B, Class C, Class D, and Class H license for the 2020-2021 licensing period if funding is available from the balance of fees remitted to the county by the Comptroller, as specified. If the balance of fees remitted to the county by the Comptroller is not sufficient to reimburse each license holder in the county the entire amount of the annual license fee for any Class B, Class C, Class D, and Class H license for the 2020-2021 licensing period, the board is required to reimburse each license holder (1) a percentage of the annual license fee in proportion to the total amount of the balance of fees remitted to the county by the Comptroller and (2) for the following year, the remaining balance of the annual license fee that was not reimbursed during the previous fiscal year or a percentage of the annual license fee in proportion to the total amount of the balance of fees remitted to the county by the Comptroller.

Fiscal Summary

State Effect: None.

Local Effect: Anne Arundel County expenditures increase by up to approximately \$314,000 in FY 2022 to the extent funds are available under the bill, as discussed below. Local revenue is not affected. **This bill imposes a mandate on a unit of local government.**

Small Business Effect: Minimal overall, but potentially meaningful for small business license holders who are reimbursed license fees paid for the 2020-2021 licensing period.

Analysis

Current Law: Chapters 659 and 660 of 2016 required the Anne Arundel County Board of License Commissioners to remit all collected alcoholic beverages license fees to the Comptroller's Office, instead of to the Anne Arundel County government. The Comptroller's Office must use the collected fee revenue to approve and remit to the county the amount necessary to pay the salaries and benefits of the board and its employees and the amount necessary to pay the expenses of the board. The remaining balance must then be remitted to Anne Arundel County at the end of each fiscal year for the general purposes of the county.

Local Fiscal Effect: Anne Arundel County advises that before the onset of the COVID-19 pandemic, the board annually collected over \$1 million in license fee revenue and operated with a budget of approximately \$750,000. Each year, fee revenue in excess of the board's expenses is deposited in the county's general fund. Following the Governor's executive order extending certain licenses that would have otherwise expired during the state of emergency, fiscal 2020 board license fee revenue declined to just under \$350,000, which was less than half of the board's fiscal 2020 operating expenses. The county advises that license fee revenue has continued to lag in fiscal 2021 due to the pandemic. The board estimates that by the end of fiscal 2021, licensing fee revenues will be equal to operating expenses. Thus, it is unlikely funding will be available to reimburse license fees in fiscal 2021. To the extent fiscal 2022 funds are available to reimburse license holders under the bill, the board estimates that county expenditures increase by up to approximately \$313,720 in fiscal 2022 to reimburse specified license holders the license fees paid during the 2020-2021 licensing period.

Additional Information

Prior Introductions: None.

Designated Cross File: HB 1136 (Delegate Chisholm) - Economic Matters.

Information Source(s): Anne Arundel County; Department of Legislative Services

Fiscal Note History: First Reader - March 3, 2021
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