

Department of Fiscal Services  
Maryland General Assembly

FISCAL NOTE

House Bill 800 (Delegate Stull)  
Economic Matters

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**Trader's License Fees - Stock-In-Trade - Exemption for United States and State  
Flags and Decorative Flag Pins**

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This bill excludes any United States flags and State flags, as well as any decorative pins representing those flags, from the value of a trader's license applicant's stock-in-trade for the purpose of determining license fees.

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**Fiscal Summary**

**State Effect:** Indeterminate reduction in general fund revenues beginning in FY 1998 as discussed below. Expenditures would not be affected.

**Local Effect:** Indeterminate reduction in local revenues beginning in FY 1998 as discussed below. Expenditures would not be affected.

**Small Business Effect:** Minimal effect on small businesses as discussed below.

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**Fiscal Analysis**

**Background:** A trader's license fee is based on the amount of a trader's stock-in-trade; these fees are outlined in *Maryland Code Annotated* Business Regulation Article §17-1808. For purposes of determining a trader's license fee, the value of a trader's stock-in-trade (inventory) is determined by the Department of Assessments and Taxation (DAT). DAT then provides the Comptroller with the assessment of a trader's inventory and the clerks of the courts, under the administrative direction of the Comptroller, issue licenses and collect the appropriate fees.

**State Effect:** The clerks of the courts collect trader's license fees and retain a percentage of those fees as general fund revenues. Providing an exemption for United States flags and State flags, as well as any decorative pins representing those flags, from the value of a trader's stock-in-trade could reduce the amount of trader's license fees that are collected, thus reducing collection fees for the clerks of the courts. It is known that at least one business owner with a substantial inventory of flags and flag-related items would be affected by this bill; the extent to which this could affect other businesses is unknown. Any specific reduction in the amount of fees collected cannot be reliably determined at this time. No additional expenditures would be expected for DAT, the Comptroller, or the clerks of the courts to administer the exemption allowed under this bill.

**Local Revenues:** The clerks of the courts collect trader's license fees, retain a percentage of the fees, and pass the remaining revenues on to local governments. Trader's license fees collected for businesses located in unincorporated areas are county revenues while fees collected from businesses in incorporated areas are municipal revenues. A reduction in license fees paid would decrease revenues for any affected local jurisdictions.

**Small Business Effect:** A trader's license fee is based on the value of a trader's inventory. Small businesses that have substantial inventories of flags and decorative flag pins could realize a reduction in their trader's license fees.

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**Information Sources:** Department of Assessments and Taxation; Comptroller of the Treasury (Revenue Administration Division); Department of Labor, Licensing, and Regulation; Department of Fiscal Services

**Fiscal Note History:** First Reader - February 25, 1997

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