

**Department of Fiscal Services**  
Maryland General Assembly

**FISCAL NOTE**

Senate Bill 758 (Senator Craig)  
Economic and Environmental Affairs

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**Alcoholic Beverages - Credit for Beer Sales (Regulation by Comptroller)**

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This bill requires the Office of the Comptroller to regulate credit beer sales from wholesalers to retailers in the following counties: Baltimore, Calvert, Carroll, Howard, and Montgomery. Any regulations adopted are not effective until October 1, 1998.

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**Fiscal Summary**

**State Effect:** \$28,500 general fund expenditure increase in FY 1999, including one-time equipment costs; future years reflect inflation and no equipment costs.

(in dollars)	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002
GF Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditures	0	28,500	25,200	26,200	27,200
Net Effect	\$0	(\$28,500)	(\$25,200)	(\$26,200)	(\$27,200)

*Note: ( ) - decrease; GF - general funds*

**Local Effect:** None.

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

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**Fiscal Analysis**

**Background:** Currently, the Comptroller's Office regulates wine and liquor credit sales between wholesalers and retailers on a statewide basis. One Office Clerk performs this function.

**State Expenditures:** There are 33 wholesalers in Baltimore, Calvert, Carroll, Howard, and Montgomery counties. In 1996 they delivered approximately 29.2 million gallons of beer to 1,950 retail alcoholic beverages licensees in those jurisdictions.

Although the regulations adopted by the Comptroller's Office would not be effective until October 1, 1998, it is expected that the Comptroller's Office would hire an Office Clerk I in July 1998. As a result, general fund expenditures could increase by an estimated \$28,502 in fiscal 1999. This estimate reflects the cost of hiring the clerk to regulate beer sales on credit in the five counties. It includes salaries, fringe benefits, one-time equipment costs, and ongoing operating expenses.

Salaries and Fringe Benefits	\$23,734
One-time Equipment Purchases	4,156
Other Operating Expenses	<u>612</u>
<b>Total FY 1999 State Expenditures</b>	<b>\$28,502</b>

Future year expenditures reflect (1) a salary with 3.5% annual increases and 3% employee turnover; (2) 2% annual increases in ongoing operating expenses; and (3) no equipment costs.

**Small Business Effect:** Currently, there are 33 wholesalers that sell beer to retailers in Baltimore, Calvert, Carroll, Howard, and Montgomery counties. In 1996 wholesalers delivered approximately 29.2 million gallons of beer to 1,950 retail licensees in these jurisdictions. Although the number of wholesalers and retailers that are small businesses is unknown, the vast majority would fall into that category. The bill requires the Comptroller's Office to regulate beer sales on credit from wholesalers to retailers. Small business wholesalers and retailers could be impacted depending upon the scope of the regulations. At this time, the impact cannot be determined, but it is assumed to be minimal.

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**Information Source(s):** Office of the Comptroller, Department of Fiscal Services

**Fiscal Note History:** First Reader - February 28, 1997  
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