

Department of Legislative Services  
Maryland General Assembly  
2016 Session

FISCAL AND POLICY NOTE  
Third Reader - Revised

House Bill 1135  
Economic Matters

(Prince George's County Delegation)

Education, Health, and Environmental Affairs

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Prince George's County - Board of License Commissioners - Budget and Funding  
PG 308-16

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This bill requires the Prince George's County Executive and the County Council to recognize the Prince George's County Board of License Commissioners as a "public safety" agency for purposes of the annual budget. The county council is authorized to include in the annual budget up to \$50,000 for software and mobile device modernization.

The bill takes effect June 1, 2016.

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**Fiscal Summary**

**State Effect:** None.

**Local Effect:** Significant operational impact on Prince George's County government by directing general funds to a specific county agency. However, there is no net increase or decrease in general fund revenues or expenditures as discussed below.

**Small Business Effect:** None.

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**Analysis**

**Bill Summary:** The county executive and county council for Prince George's County are required to establish and distribute \$300,000 of revenue collected for license fees to an Alcoholic Beverages Capital Investment and Modernization Fund to be used by the board to purchase equipment and software for modernization. This special fund may not be used for additional staff or to raise the salaries of existing staff. The board must use the fund to

purchase mobile devices for enforcement staff and software and devices for data integration before the provisions related to the fund terminate on December 31, 2016.

**Current Law:** Using the revenue from fees collected by the board, the county council is required to pay for all the expenses of the board upon submission by the board of an annual budget. The county council must approve the salaries of board members, the salary of the attorney for the board, and any additional compensation for legal fees according to procedure in statute. The county council may pay for other expenses of the board at its discretion, including the salary of the board's administrator, the compensation of other personnel, and supplies. The balance of any remaining fees is remitted to the county general fund.

**Local Fiscal Effect:** Under existing law, revenues collected from the board's fees are deposited into the Prince George's County general fund. The county government then provides operating funds for the board from the general fund upon its approval of the board's annual budget. In fiscal 2015, the board collected \$1,728,350 in revenues from license fees, with operating costs and expenses totaling \$1,037,400. The balance (\$690,950) was remitted to the county's general fund.

#### *Recognizing Board as a Public Safety Agency*

Prince George's County advises that the public safety agency classification for budget purposes would minimize the effect of any mandatory budget cuts implemented by the county council. Agencies designated as "public safety" may have their annual budget allocation reduced by no more than 3%. The board of license commissioners is currently designated as a government affairs agency, which subjects it to significantly higher reductions. For example, the budget for the board of license commissioners was reduced by 10% in 2012.

Implementing this change in designation would require additional programming costs to update the county's internal systems applications, but the exact cost cannot be estimated at this time.

#### *Hardware/Software Modernization Funds*

Prince George's County advises that funds have been allocated for mobile devices under the county's new business enterprise system project scheduled to begin in July 2016. Upgraded devices and software will be provided under this program once field testing begins. Any purchases by the board of license commissioners as a result of the bill must be approved by the county's Enterprise Program Management Office prior to purchase to ensure equipment compatibility with the county's system.

Although the bill would not reduce overall county revenues or increase expenditures, Prince George's County alcoholic beverages license fee revenues would decrease by \$300,000 in fiscal 2017 as a result of the bill's requirement to fund the Alcoholic Beverages Capital Investment and Modernization Fund for use by the Prince George's County Board of License Commissioners. Future year expenditures may increase to the extent that the county council authorizes up to \$50,000 in the board's annual budget for software and hardware maintenance.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Prince George's County, Department of Legislative Services

**Fiscal Note History:** First Reader - February 19, 2016  
md/hlb Revised - House Third Reader - March 30, 2016

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