

Department of Legislative Services  
Maryland General Assembly  
2016 Session

**FISCAL AND POLICY NOTE**  
**Third Reader - Revised**

Senate Bill 175

(Senator Astle)

Education, Health, and Environmental Affairs

Economic Matters

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**Anne Arundel County - Alcoholic Beverages - Disposition of Fees**

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This bill requires the Anne Arundel County Board of License Commissioners to remit all collected fees, including a specified \$200 administrative hearing fee, 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.

The bill takes effect July 1, 2016.

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**Fiscal Summary**

**State Effect:** The Comptroller's Office can handle the bill's requirements with existing resources. There is no net effect on general fund revenues.

**Local Effect:** Anne Arundel County revenues may decrease to the extent that the Comptroller's Office approves and pays board expenses that the county government would not have approved under current law. Potential increase in board expenditures.

**Small Business Effect:** None.

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**Analysis**

**Current Law/Background:** For alcoholic beverages licensing in Anne Arundel County, there is a \$200 nonrefundable fee for any administrative action that requires a hearing. This administrative fee must be paid to the Anne Arundel County Board of License

Commissioners. Applicable administrative actions can include the application for a new license, the transfer of a license, or the change of ownership of a majority interest in a license. The administrative fee must be used to cover board expenses in connection with its functions.

Unless otherwise specified by law, all alcoholic beverages license fees collected within a jurisdiction are remitted to the applicable local board of county commissioners, county fiscal officer, or Mayor and City Council of Baltimore. In Anne Arundel County, the Board of License Commissioners must remit all fees collected to the county government, and the county must use the money to pay the salaries and expenses of the board and its employees, with the approval of the State Comptroller. Any additional fee revenue may be used by the county for general purposes.

**Local Fiscal Effect:** According to the Anne Arundel County *Comprehensive Annual Financial Report* (CAFR) for fiscal 2015, the Board of License Commissioners brought in \$1,040,062 in revenues and had \$697,871 in expenditures in that year. The balance (\$342,191) was remitted to the Anne Arundel County general fund.

However, the Office of Legislative Audits indicated in a recent Performance Audit Report that the Anne Arundel County government restricted the board's authorized expenditures for legal services below the amounts approved by the Comptroller's Office in fiscal 2015 and 2016, which according to the legal counsel for the General Assembly, was contrary to State law. The budgeted amounts for legal services that were reduced by the county government totaled \$35,000 in fiscal 2015 and \$112,400 in fiscal 2016. According to the Office of Legislative Audits, the legal fees for fiscal 2015 were eventually paid by the county government; however, currently the board is precluded from obtaining contractual legal services in fiscal 2016.

Pursuant to this bill, the approved expenses for the Anne Arundel County Board of License Commissioners would be paid by the Comptroller's Office thus preventing the county government from restricting payment of approved board expenses. Accordingly, the bill may result in increased board expenditures and decreased fee revenue that is remitted to the county's general fund in future years.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** HB 238 (Delegate Sophocleus) – Economic Matters

**Information Source(s):** Anne Arundel County, Department of Legislative Services  
(Office of Legislative Audits), Department of Legislative Services

**Fiscal Note History:** First Reader - February 18, 2016  
kb/hlb Revised - Senate Third Reader - March 17, 2016

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