

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE

House Bill 674 (Montgomery County Delegation)
Economic Matters

Montgomery County - Alcoholic Beverages
(Dispensary System)
MC 615-96

This bill terminates the alcoholic beverages dispensary system in Montgomery County and the Department of Liquor Control. The retail dispensary system terminates on October 1, 1997, while the wholesale dispensary system terminates on October 1, 2000. However, the dispensary system is to remain in operation until the General Assembly enacts a comprehensive legislation that creates a rational system of alcoholic beverages licenses in the county. After termination, the Department of Liquor Control must liquidate the entire alcoholic beverages stock and distribute any profits. Any reserve funds after the liquidation of the system must be deposited in the county's general fund.

Fiscal Summary

State Effect: None.

Local Effect: Montgomery County revenues would decrease as discussed below. Expenditures would not be affected.

Fiscal Analysis

Local Revenues: Currently, the net profits of the Montgomery County dispensary system are remitted annually to the county's general fund. In fiscal 1995, the system remitted \$10.9 million in net profits to the county's general fund. Of this amount, approximately \$3.5 million was from the retail dispensary system and \$7.4 million was from the wholesale dispensary system. Based on fiscal 1995 data, county revenues would decrease by an estimated \$2.6 million in fiscal 1998 due to the termination of the retail dispensary system on October 1, 1997. This estimate reflects the termination of the system for 75% of the year.

Annually, the county would lose approximately \$3.5 million from the termination of the retail dispensary system. Under the bill, the wholesale dispensary system terminates on October 1, 2000. As a result, county revenues would decrease by an additional \$5.6 million in fiscal 2001. This estimate reflects termination of the system's operations for 75% of the year. Annually, the county would lose \$7.4 million from the termination of the wholesale dispensary system.

After the dispensary system terminates, the entire stock must be liquidated and any profits distributed. Since the liquidation would not occur until fiscal 2001, the amount of liquidation proceeds cannot be reliably estimated at this time.

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

Fiscal Note History: First Reader - February 28, 1996

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