

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE
Revised

House Bill 878 (Montgomery County and Prince George's County Delegations)
Economic Matters Referred to Economic and Environmental Affairs

City of Takoma Park - Alcoholic Beverages
(Unification Issues - II)
MC/PG 22A-97

This amended bill provides for the transfer of alcoholic beverages licenses in the Prince George's County portion of the City of Takoma Park to the Montgomery County portion. The bill creates licenses in Montgomery County that are similar to existing licenses in the Prince George's County portion of the city. The new licenses and their annual license fees are: (1) one Class H-TP beer license (\$400); (2) one Class D-TP beer and light wine license (\$400); (3) one Class A-TP beer, wine, and liquor license (\$750); and (4) one Class C-TP beer, wine, and liquor license (\$1,000). The Prince George's County Board of License Commissioners must certify a list of licensees in the city that became a part of Montgomery County on July 1, 1997. The Montgomery County Board of License Commissioners must issue Class - TP licenses to those certified licensees. The board cannot charge any license fees until May 1, 1998. The Prince George's County license remains valid in every sense, except that it does not apply to the licensed premises to which the Class - TP license applies; it is an open-location license.

Class - TP licensees must purchase all alcoholic beverages from the Montgomery County Department of Liquor Control. The Montgomery County Department of Health and Human Services may not charge an annual fee to the Class - TP licenses until January 1, 1998.

The bill is effective July 1, 1997.

Fiscal Summary

State Effect: None.

Local Effect: Montgomery County revenues would increase by a minimal amount, while Prince George's County revenues would decrease by a minimal amount. No effect on expenditures.

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

Fiscal Analysis

Local Revenues: Under the City of Takoma Park unification, four alcoholic beverages licenses would be transferred from the existing Prince George's County portion to the Montgomery County portion. Annually, the licenses generate \$2,100 in fees for Prince George's County. Since the licenses would be renewed in May 1997, it is assumed that in fiscal 1998 the county would remit the equivalent of ten months of license fees to Montgomery County upon transfer of the licenses. As a result, Prince George's County revenues would decrease by \$3,850 in fiscal 1998. This estimate reflects the remission of a portion of the fiscal 1997 license fees (\$1,750) to Montgomery County and the loss of the fiscal 1998 license fees (\$2,100). Thereafter, the county would lose \$2,100 annually.

However, this decrease could be offset if the licensees open up another establishment or transfer the open-location license to another holder.

Assuming that the four holders of the existing licenses in the Prince George's County portion would not have to pay an application fee, Montgomery County revenues would increase by \$4,300 in fiscal 1998. This estimate reflects the collection of the portion of fiscal 1997 license fees from Prince George's County (\$1,750) and the collection of the fiscal 1998 license fees (\$2,550). Thereafter, revenues would increase by \$2,550. Montgomery county revenues would also increase due to the sale of alcoholic beverages to the four new licensees. The increase cannot be reliably estimated.

Montgomery County revenues would also increase beginning with fiscal 1999 due to the annual inspection fees charged by the county's Department of Health and Human Services. The annual fees are either \$110 for establishments with commercially packaged goods or \$300 for establishments with take-out or deli-style food.

Small Business Effect: The bill transfers four alcoholic beverages licenses from Prince George's County to Montgomery County. All of the licensees are small businesses. Beginning in May 1998, three licensees would experience a minimal increase in costs due to the additional license fees and health inspection fees in Montgomery County. The Class A-TP licensee would not be impacted since the license fee is the same. Since the licensees must purchase all alcoholic beverages from the Montgomery County Department of Liquor Control, their costs could be impacted depending upon the difference in the cost of purchasing alcoholic beverages from existing wholesalers and the liquor control department. Although the difference cannot be reliably estimated, it would be minimal. Wholesalers that currently supply alcoholic beverages to these retailers would experience a decline in sales.

The bill also allows the Prince George's County license to which the Class - TP license applies to be an open-location license. Thus, these licensees could benefit from the creation of a new establishment in Prince George's County. Similarly, if the licensee transfers the license to another business, that business would benefit.

Information Source(s): Montgomery and Prince George's counties, Department of Fiscal Services

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Analysis by: Thomas Himler
Reviewed by: John Rixey

Direct Inquiries to:
John Rixey, Coordinating Analyst
(410) 841-3710
(301) 858-3710