

Department of Legislative Services
Maryland General Assembly

FISCAL NOTE

Senate Bill 372 (Senators Ferguson and Munson)

Finance

Trader's License Fees - Stock-in-Trade - Exemption for United States and Maryland State Flags

This bill excludes any United States and Maryland flags from the value of stock-in-trade for the purpose of determining traders' license fees.

Fiscal Summary

State Effect: Minimal reduction in general fund revenues beginning in FY 1999 as discussed below. Expenditures would not be affected.

Local Effect: Minimal reduction in local revenues beginning in FY 1999 as discussed below. Expenditures would not be affected.

Small Business Effect: Minimal.

Fiscal Analysis

Background: A trader's license fee is based on the amount of a trader's stock-in-trade. For purposes of determining a trader's license fee, the value of a trader's stock-in-trade (inventory) is determined by the Department of Assessments and Taxation (SDAT). SDAT then provides the Comptroller with the assessment of a trader's inventory and the clerks of the courts, under the administrative direction of the Comptroller, issue licenses and collect the appropriate fees. The fees range from \$15 to \$2,125.

State Effect: The clerks of the courts collect trader's license fees and retain a percentage of those fees as general fund revenues. Providing an exemption for United States flags and Maryland flags from the value of a trader's stock-in-trade could reduce the amount of trader's license fees that are collected, thus reducing collection fees for the clerks of the courts. It is known that at least one business owner with a substantial inventory of flags and flag-related items would be affected by this bill; the extent to which this could affect other businesses is unknown. Any specific reduction in the amount of fees collected cannot be reliably determined at this time, but is expected to be minimal. No additional expenditures would be expected for SDAT, the Comptroller, or the clerks of the courts to administer the exemption allowed under this bill.

Local Revenues: The clerks of the courts collect trader's license fees, retain a percentage of the fees, and pass the remaining revenues on to local governments. Trader's license fees collected for businesses located in unincorporated areas are county revenues while fees collected from businesses in incorporated areas are municipal revenues. A reduction in license fees paid would decrease revenues for any affected local jurisdictions.

Information Source(s): Department of Assessments and Taxation, Comptroller of the Treasury (Bureau of Revenue Estimates), Department of Legislative Services

Fiscal Note History: First Reader - February 19, 1998

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