

Department of Legislative Services
Maryland General Assembly
2003 Session

FISCAL AND POLICY NOTE

House Bill 560 (Delegates Bozman and Conway)
Economic Matters

Worcester County - Alcoholic Beverages - License Fees

This bill repeals the Worcester County Commissioners' authority to regulate alcoholic beverages license fees and makes the fees that are codified in Article 2B effective until altered by the General Assembly. The bill also decreases, from 75% to 50%, the percentage of alcoholic beverages license fees generated by Class D beer, wine, and liquor licenses in a municipality that must be returned to the municipality. The bill also makes technical corrections to restrictions of where a Class D beer, wine, and liquor license may be issued.

The bill is effective on June 1, 2003.

Fiscal Summary

State Effect: Granting authority to the General Assembly to change alcoholic beverage license fees in Worcester County would not affect State finances.

Local Effect: Worcester County revenues would decrease by approximately \$158,700 annually beginning in FY 2004. Ocean City revenues would decrease by approximately \$71,000 annually beginning in FY 2004. Revenues in Berlin, Pocomoke, and Snow Hill would decrease by approximately \$1,200 annually in each town beginning in FY 2004. County and municipal expenditures would not be affected.

Small Business Effect: Minimal. Small businesses that hold alcoholic beverages licenses would be positively impacted by paying lower license fees.

Analysis

Current Law: The Worcester County Commissioners regulate the alcoholic beverages license fees in the county. Changes in alcoholic beverages license fees become effective with the passage and approval of the county budget. All alcoholic beverages license fees must go to the county's general fund; however, if the licensed premises are in a municipal corporation, 75% of the fees go to that municipal corporation.

Background: Chapter 692 of 1985 granted prevailing authority to the Worcester County Board of License Commissioners to set license fees without General Assembly approval. No other jurisdiction has the authority to set alcoholic beverages license fees without General Assembly approval.

The procedure for changing alcoholic beverage license fees with the passage and approval of the county budget has been in place since fiscal 1986, but the updated license fees have not been codified in Article 2B of the Annotated Code of Maryland since fiscal 1991. The fee for every active class of alcoholic beverages license in Worcester County has been increased at least once since fiscal 1991. **Exhibit 1** shows the current fiscal 2003 and codified license fees of available alcoholic beverages licenses in Worcester County.

Worcester County may issue a Class I beer, wine, and liquor license in restricted areas in Ocean City, but has not done so. Worcester County may also issue a special beer and wine festival license, but the Board of License Commissioners has the authority to set the license fee.

Local Fiscal Effect: As shown in Exhibit 1, revenue generated by alcoholic beverages license fees in Worcester County would decrease by approximately \$233,275 beginning in fiscal 2004, of which \$158,712 is county revenue and \$74,563 is municipal revenue. **Exhibit 2** shows the projected revenue loss for each municipality in the county.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Worcester County, Department of Legislative Services

Fiscal Note History: First Reader - February 28, 2003
lc/hlb

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**Exhibit 1
Licenses Subject to Renewal Fees in Worcester County**

License Class	License Type	# of Licenses as of 7/02	Current License Fee FY 2003	License Fee Codified in Art. 2B	Difference in Fee	Total Loss of Revenue
Class A b	6-day	0	\$462.50	\$225.00	\$237.50	\$0
Class A b	7-day	1	\$525.00	\$250.00	\$275.00	\$275
Class A b, w	6-day	0	\$625.00	\$250.00	\$375.00	\$0
Class A b, w	7-day	61	\$700.00	\$300.00	\$400.00	\$24,400
Class B b	6-day	0	\$537.50	\$275.00	\$262.50	\$0
Class B b	7-day	2	\$625.00	\$350.00	\$275.00	\$550
Class B b, w	6-day	0	\$650.00	\$300.00	\$350.00	\$0
Class B b, w	7-day	44	\$750.00	\$400.00	\$350.00	\$15,400
Class B b, w, l	6-day	2	\$2,425.00	\$1,750.00	\$675.00	\$1,350
Class B b, w, l	7-day	131	\$3,300.00	\$2,500.00	\$800.00	\$104,800
Class C b	7-day	0	\$375.00	\$150.00	\$225.00	\$0
Class C b, w	6-day	0	\$450.00	\$200.00	\$250.00	\$0
Class C b, w, l	6-day	13	\$800.00	\$500.00	\$300.00	\$3,900
Class C b, w, l	7-day	4	\$1,150.00	\$750.00	\$400.00	\$1,600
Class D b	6-day	0	\$612.50	\$325.00	\$287.50	\$0
Class D b	7-day	0	\$725.00	\$450.00	\$275.00	\$0
Class D b, w	6-day	0	\$675.00	\$350.00	\$325.00	\$0
Class D b, w	7-day	13	\$800.00	\$500.00	\$300.00	\$3,900
Class D b, w, l	6-day	0	\$3,925.00	\$3,000.00	\$925.00	\$0
Class D b, w, l	7-day	30	\$4,425.00	\$3,500.00	\$925.00	\$27,750
Class I b, w, l	6-day	0	\$2,500.00	\$2,500.00	\$0.00	\$0
Class I b, w, l	7-day	0	\$3,500.00	\$3,500.00	\$0.00	\$0
Sub-Total		301				\$183,925
Renewal Fees		301	\$175	\$125	\$50	\$15,050
Sub-Total						\$15,050

Licenses Not Subject to Renewal Fees in Worcester County

Caterer's License	7-day	2	\$500	\$100	\$400	\$800
One Day Race Track License	7-day	(see note)	\$35,000	\$1,500	\$33,500	\$33,500
Sub-Total						\$34,300
Grand Total						\$233,275

Note: b = beer, w = wine, l = liquor

Note: Only one racetrack license in 1991; the annual fee was \$1,500.

Note: The fee for the one day race track license in 2003 is \$100 per day of racing.

Note: There were 350 days of racing in fiscal 2002.

Exhibit 2

**Municipal Revenue Generated in Fiscal 2003 and 2004
and Share of Municipal Revenue Loss in Fiscal 2004**

Municipality	Number of Licenses	License Class and Type	Revenue Generated in FY 03	Revenue Generated in FY 04	Total Revenue Loss	Municipal Share	Total Municipal Loss
Berlin	2	Class B b, w, l (7-day)	\$6,600	\$5,000	\$1,600	0.75	\$1,200
					\$1,600		\$1,200
Ocean City	99	Class B b, w, l (7-day)	\$326,700	\$247,500	\$79,200	0.75	\$59,400
	25	Class D b, w, l (7-day)	\$110,625	\$87,500	\$23,125	0.50	\$11,563
					\$102,325		\$70,963
Pocomoke	2	Class B b, w, l (7-day)	\$6,600	\$5,000	\$1,600	0.75	\$1,200
					\$1,600		\$1,200
Snow Hill	2	Class B b, w, l (7-day)	\$6,600	\$5,000	\$1,600	0.75	\$1,200
					\$1,600		\$1,200
Total					\$107,125		\$74,563

Note: b = beer, w = wine, l = liquor