

Department of Legislative Services
Maryland General Assembly
2003 Session

FISCAL AND POLICY NOTE

House Bill 169
Appropriations

(Delegates Bozman and Conway)

Education, Health, and Environmental
Affairs

Worcester County - Liquor Control Board - Borrowing Limit

This bill increases from \$1 million to \$3 million the maximum aggregate amount of funds that may be borrowed by the Liquor Control Board of Worcester County.

The bill is effective June 1, 2003.

Fiscal Summary

State Effect: None.

Local Effect: Worcester County Liquor Control Board expenditures for debt service would increase.

Small Business Effect: Minimal.

Analysis

Current Law: The Liquor Control Board of Worcester County may not borrow more than \$1 million in aggregate at any time. Borrowed funds may amortize for a term not exceeding five years.

Liquor control boards may borrow a maximum of \$75,000 in Harford County, \$50,000 in Somerset County, and \$500,000 in Wicomico County.

Background: The Worcester County Liquor Control Board advises that total sales of approximately \$12 million are expected in fiscal 2003. The board also advises that the towns and municipalities are paid their share of profits from the sale of alcoholic beverages on June 1 of each year.

Most jurisdictions in Maryland operate in the three-tier system for alcoholic beverages. Licensed Maryland wholesalers purchase alcoholic beverages from manufacturers and import companies. In turn, retail alcoholic beverages licensees purchase alcoholic beverages from licensed Maryland wholesalers. However, Worcester, Montgomery, Somerset, and Wicomico counties operate a dispensary system and a liquor control board, as a function of local government. Accordingly, these counties act as the wholesaler for retail alcoholic beverages licensees in their respective jurisdictions.

Local Fiscal Effect: The Worcester County Liquor Control Board advises that the additional borrowing authority will enable the board to take advantage of bulk purchases and greater discounts directly from manufacturers. The board also advises that any debt incurred by the board is typically repaid within a year. Any increase in the board's debt service expenditures would depend on the amount of additional debt incurred, the term of debt, and the amount of time to repay the debt.

Additional Information

Prior Introductions: None.

Cross File: None.

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

Fiscal Note History: First Reader - February 3, 2003
mdf/hlb

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