

Department of Legislative Services
 Maryland General Assembly
 2004 Session

FISCAL AND POLICY NOTE

Senate Bill 54 (Chairman, Education, Health, and Environmental Affairs Committee)
 (By Request – Departmental – Agriculture)
 Education, Health, and Environmental Affairs

Department of Agriculture - Weights and Measures - Fees

This departmental bill increases annual registration fees for various weights and measures and establishes an annual registration fee for a point-of-sale system connected to a weighing or measuring device.

Fiscal Summary

State Effect: Special fund revenue increase of \$256,600 annually beginning in FY 2005 due to an increase in current registration fees and the establishment of one new fee. The bill would not require additional expenditures.

(in dollars)	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
SF Revenue	\$256,600	\$256,600	\$256,600	\$256,600	\$256,600
Expenditure	\$0	\$0	\$0	\$0	\$0
Net Effect	\$256,600	\$256,600	\$256,600	\$256,600	\$256,600

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect

Local Effect: None.

Small Business Effect: The Maryland Department of Agriculture (MDA) has determined that this bill will have a meaningful impact on small business (attached). Legislative Services concurs with this assessment but notes a minor difference in the revenue estimate.

Analysis

Bill Summary/Current Law: The annual registration fee for point-of-sale systems connected to weighing or measuring devices (generally, scanner scales at supermarket check-out counters) would be \$75. Current registration fees would be increased as shown in **Exhibit 1**.

Exhibit 1

Changes to Current Annual Registration Fees for Specified Weights and Measures

<u>Weight/Measure</u>	<u>Current Fee</u>	<u>Proposed Fee</u>
scales – capacity up to 100 pounds	\$14 (max. per location, \$175)	\$20 (max. per location, \$275)
scales – capacity 100 to 2,000 pounds	\$40	\$50
vehicle scales	\$150	\$225
grain moisture meter	\$50	\$100
bulk petroleum fuel meter – 20 to 150 gallons per minute	\$35	\$75
bulk petroleum fuel meter – 150 gallons or more per minute	\$70	\$75
liquefied petroleum gas meter – ¾ inch diameter or less*	\$50	\$75

*Under the bill, the fee for a liquefied petroleum gas meter of ¾ inch diameter or less would be changed to be the same as the fee for a liquefied petroleum gas meter of greater than ¾ inch diameter.

Background: The Weights and Measures Section of MDA inspects and certifies the accuracy of measuring and weighing devices in the State to ensure that fairness and equity persist in all commercial transactions involving determination of quantity. In 1992, when the State was faced with a revenue shortage, a special fund was established to help defray program operating expenses. Revenue for the fund comes from registration fees covering approximately 60,000 weighing and measuring devices paid by the 7,589 locations where such devices are used commercially within the State. Current fees generate approximately \$961,500 annually. The fees have not been increased since the special fund was established.

MDA advises that the current registration fees no longer cover program costs and that additional special fund revenue is needed to maintain current service levels. MDA has 20 inspector positions to carry out field operations. According to MDA, staffing levels have been reduced by more than 50% since fiscal 1988 due to cost containment guidelines. MDA reports that any further reductions in staffing levels would compromise the

integrity of the program. At current staffing levels, MDA requires up to two years to inspect each device in all but the most rural areas of the State.

MDA advises that it has reviewed the existing fee schedule and compared those fees with the actual time spent by field staff to conduct the required inspections. The proposed fee increases are based on that review. In addition, the new fee would cover the cost of continuing to inspect point-of-sale systems connected to weighing and measuring devices.

The fiscal 2004 budget for the Weights and Measures Program includes \$1.3 million in special funds and approximately \$480,000 in general funds.

State Fiscal Effect: Special fund revenues to the Weights and Measures Fund within MDA would increase by an estimated \$256,592 annually beginning in fiscal 2005 (\$204,092 from increases in existing fees and \$52,500 from the establishment of a registration fee for point-of-sale systems), as shown in **Exhibit 2**.

Exhibit 2
Annual Revenues Generated Under SB 54

<u>Weight/Measure</u>	<u>Current Annual Revenues</u>	<u>Additional Revenues Generated Under SB 54</u>
scales – capacity up to 100 pounds	\$157,794	\$74,762
scales – capacity 100 to 2,000 pounds	57,120	14,280
vehicle scales	102,750	51,375
grain moisture meter	6,050	6,050
bulk petroleum fuel meter – 20 to 150 gallons per minute	41,685	47,640
bulk petroleum fuel meter – 150 gallons or more per minute	27,090	1,935
liquefied petroleum gas meter – ¾ inch diameter or less	16,100	8,050
point-of-sale system connected to a weighing or measuring device	N/A	52,500
Total	\$408,589	\$256,592

The estimated increases in revenue generated by increasing existing fees are based on the number of devices registered with MDA as of June 27, 2003. Based on recent

experience, it is assumed that the number of registered devices will remain relatively constant in the out-years.

The estimated revenue that would be generated as a result of establishing an annual registration fee for a point-of-sale system connected to a weighing or measuring device assumes that the \$75 fee would be assessed per location, not per device. MDA estimates that this fee would apply to approximately 700 locations. Legislative Services notes that, if the fee were assessed on each device at every location, the fee would apply to an estimated 8,779 devices, generating approximately \$658,425 annually.

Although the bill does not require additional expenditures, MDA advises that it will use the revenues generated under the bill to maintain existing staff, replace aging equipment, and perform curtailed inspections in order to maintain adequate service levels.

Additional Information

Prior Introductions: HB 206 of 2001 and HB 220 of 1999 would have removed maximum fee restrictions for registering specified weights and measures. HB 140 of 2000 would have increased the registration fees for all weights and measures by 10%. All three bills received unfavorable reports from the House Environmental Matters Committee.

Cross File: None.

Information Source(s): Maryland Department of Agriculture, Department of Legislative Services

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ncs/ljm

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