

Department of Legislative Services
Maryland General Assembly
2005 Session

FISCAL AND POLICY NOTE

Senate Bill 574

(Senator Colburn)

Education, Health, and Environmental Affairs

Economic Matters

Wicomico County - Alcoholic Beverages - Dispensary Reserve Fund

This bill repeals the limit on funds that the Wicomico County Liquor Control Board may maintain in its reserve fund and instead requires that the amount maintained in the reserve fund be approved by the Wicomico County Council.

Fiscal Summary

State Effect: None.

Local Effect: Wicomico County revenues could decrease to the extent that the county council approves a reserve fund amount above the current \$300,000 limit. Expenditures would not be affected.

Small Business Effect: None.

Analysis

Current Law: The Wicomico County Liquor Control Board is authorized to maintain a reserve fund of up to \$300,000, including the inventory of stock. Any net profits above the reserve fund amount must be remitted to the county on a quarterly basis.

Background: In general, most Maryland jurisdictions permit the sale of alcoholic beverages through a three-tier system in which retail alcoholic beverages licensees purchase alcoholic beverages from licensed Maryland wholesalers who purchase alcoholic beverages from licensed manufacturers and import companies. In Montgomery, Somerset, Wicomico, and Worcester counties, however, the counties

operate dispensary systems through which they act as the wholesalers for retail alcoholic beverages licensees in their respective districts.

In fiscal 2004, the Wicomico County Liquor Control Board operated two stores with net profits of \$384,989.

Local Revenues: Wicomico County currently receives the net profits from its dispensaries after the reserve fund has been maintained and all debts have been paid. Therefore, any increase in the reserve fund amount could potentially mean a decrease, by the same amount, in the revenues the county receives from the dispensaries. The county advises that initially, the reserve fund limit would be set at \$500,000. However, if the county uses an increase in the reserve fund to purchase a larger quantity of stock for its dispensaries, profits from these dispensaries could potentially increase as well.

Additional Information

Prior Introductions: None.

Cross File: HB 162 (Delegate Cane, *et al.*) – Economic Matters.

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

Fiscal Note History: First Reader - March 4, 2005
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