

Department of Legislative Services
Maryland General Assembly
2005 Session

FISCAL AND POLICY NOTE

House Bill 356 (Delegates Bozman and Conway)
Economic Matters

Worcester County - Liquor Dispensaries - Alcoholic Beverages Purchases and Sales

This bill repeals the limit on the salary of officers who enforce laws relating to alcoholic beverages in Worcester County. Additionally, it authorizes the Worcester County Liquor Control Board to acquire alcoholic beverages from any source for resale. The county may sell alcoholic beverages to alcoholic beverages licensees, concurrently with retail sales.

The bill takes effect July 1, 2005.

Fiscal Summary

State Effect: None.

Local Effect: Potential increase in Worcester County revenues from the liquor control board due to lower overhead costs associated with purchasing alcoholic beverages from any source. Expenditures would not be affected.

Small Business Effect: None.

Analysis

Current Law: The Worcester County Liquor Control Board is only authorized to pay alcoholic beverage enforcement officers a salary of up to \$3,500 annually.

In general, liquor control boards are authorized to purchase alcoholic beverages from any licensed wholesaler or manufacturer, and holders of a nonresident dealer permit, provided

that the excise tax for alcoholic beverages has been paid. The Montgomery County Department of Liquor Control, however, is authorized to purchase alcoholic beverages from any source for resale.

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 beverage licensees in their respective districts.

For the fiscal year ending April 30, 2004, Worcester County operated six dispensary stores with net profits of approximately \$703,000.

Local Fiscal Effect: Worcester County advises that the \$3,500 salary limit for officers who enforce alcoholic beverage laws has not been observed for years, thus repealing it would not affect county finances.

Allowing the county to purchase alcoholic beverages from any source would permit it to buy inventory for its dispensaries at a lower price, thus cutting overhead purchasing costs. As required by law, half of net profits of the liquor control board is paid directly to the Worcester County Commissioners, and the other half is divided among the municipalities or housing communities in which the dispensaries are located, in proportion to the net profits on total sales of the dispensaries located in those areas. Buying inventory at a lower price could increase the net profits of the county liquor control board, meaning more net profits could be remitted to the county, municipalities, and housing communities.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Worcester County; *Alcohol and Tobacco Tax Annual Report – Fiscal 2004*, Comptroller’s Office; Department of Legislative Services

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