

Department of Legislative Services  
 Maryland General Assembly  
 2006 Session

FISCAL AND POLICY NOTE

House Bill 1533 (Delegates Gordon and Patterson)  
 Ways and Means

Alcoholic Beverage Tax - Distribution of Revenues to Local Jurisdictions

This bill requires that a portion of State alcoholic beverage taxes be shared with county governments. The Comptroller must distribute to the counties on a quarterly basis, the net alcoholic beverage tax revenue attributable to: (1) 4.5 cents for each gallon or 1.1889 cents per liter of beer sold or delivered to a retail dealer in a county; and (2) 50 cents for each gallon or 13.21 cents per liter of distilled spirits sold or delivered to a retail dealer in a county.

The bill takes effect July 1, 2006.

Fiscal Summary

**State Effect:** General fund revenues would decrease by approximately \$9.3 million in FY 2007 and by \$9.9 million in FY 2011. Future year decreases reflect the current revenue forecast. No effect on expenditures.

(\$ in millions)	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
GF Revenue	(\$9.3)	(\$9.5)	(\$9.6)	(\$9.7)	(\$9.9)
Expenditure	\$0	\$0	\$0	\$0	\$0
Net Effect	(\$9.3)	(\$9.5)	(\$9.6)	(\$9.7)	(\$9.9)

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

**Local Effect:** County revenues would increase by \$9.3 million in FY 2007 and by \$9.9 million in FY 2011. Future year increases reflect the current revenue forecast. No effect on expenditures.

**Small Business Effect:** None.

## Analysis

**Current Law:** Alcoholic beverage tax revenues are distributed to the State's general fund. **Exhibit 1** shows the current tax rates and the estimated alcoholic beverage tax revenues for fiscal 2007.

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### Exhibit 1 Alcoholic Beverage Tax Revenues Fiscal 2007

<u>Alcoholic Beverage</u>	<u>Tax Per Gallon</u>	<u>Estimated Revenues</u>
Distilled Spirits	\$1.50	\$13,717,000
Wine	0.40	4,999,000
Beer	0.09	<u>9,507,000</u>
<b>Total</b>		<b>\$28,223,000</b>

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**Background:** Chapter 1 of the First Special Session of 1992 repealed the distribution of beer tax and distilled spirits tax revenue to the counties.

**State Fiscal Effect:** The bill requires that one-half of beer tax revenues and one-third of distilled spirits tax revenues be distributed to the counties on a proportional basis according to the amount of beer and distilled spirits that were sold or delivered to a retail dealer in the county. As a result general fund revenues would decrease by approximately \$9.3 million in fiscal 2007. Future year decreases reflect the current alcoholic beverage tax forecast from the Board of Revenue Estimates.

**Exhibit 2** shows the distribution of beer deliveries for fiscal 2005, the current general fund forecast for beer tax collections, and the resulting revenue decrease. **Exhibit 3** shows the distribution of distilled spirits deliveries for fiscal 2005, the current general fund forecast for tax on distilled spirits, and the resulting revenue decrease. **Exhibit 4** shows the total general fund revenue decrease for fiscal 2007 through 2011.

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### Additional Information

**Prior Introductions:** None.

**Cross File:** None.

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

**Fiscal Note History:** First Reader - March 20, 2006  
mll/hlb

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**Exhibit 2**  
**Estimated State Revenue Decrease and Local Revenue Increase – Beer Tax**  
**Fiscal 2007 through 2011**  
**(\$ in Thousands)**

<b>County</b>	<b>Share of Deliveries</b>	<b>FY 2007</b>	<b>FY 2008</b>	<b>FY 2009</b>	<b>FY 2010</b>	<b>FY 2011</b>
Allegany	2.0%	\$95.1	\$95.7	\$96.4	\$97.1	\$97.8
Anne Arundel	11.0%	522.9	526.5	530.2	533.9	537.7
Baltimore City	13.3%	632.2	636.6	641.1	645.6	650.1
Baltimore	14.0%	665.5	670.1	674.8	679.6	684.3
Calvert	1.7%	80.8	81.4	81.9	82.5	83.1
Caroline	0.7%	33.3	33.5	33.7	34.0	34.2
Carroll	3.0%	142.6	143.6	144.6	145.6	146.6
Cecil	2.8%	133.1	134.0	135.0	135.9	136.9
Charles	2.5%	118.8	119.7	120.5	121.4	122.2
Dorchester	0.8%	38.0	38.3	38.6	38.8	39.1
Frederick	4.2%	199.6	201.0	202.5	203.9	205.3
Garrett	0.7%	33.3	33.5	33.7	34.0	34.2
Harford	4.1%	194.9	196.3	197.6	199.0	200.4
Howard	3.5%	166.4	167.5	168.7	169.9	171.1
Kent	0.5%	23.8	23.9	24.1	24.3	24.4
Montgomery	9.1%	432.6	435.6	438.6	441.7	444.8
Prince George's	13.4%	637.0	641.4	645.9	650.4	655.0
Queen Anne's	1.1%	52.3	52.7	53.0	53.4	53.8
St. Mary's	2.0%	95.1	95.7	96.4	97.1	97.8
Somerset	0.4%	19.0	19.1	19.3	19.4	19.6
Talbot	0.8%	38.0	38.3	38.6	38.8	39.1
Washington	3.1%	147.4	148.4	149.4	150.5	151.5
Wicomico	2.2%	104.6	105.3	106.0	106.8	107.5
Worcester	3.0%	142.6	143.6	144.6	145.6	146.6
General Fund Revenue Decrease:		(\$4,748.7)	(\$4,782.0)	(\$4,815.5)	(\$4,849.1)	(\$4,883.1)
Current General Fund Estimate:		\$9,507.0	\$9,573.5	\$9,640.6	\$9,708.0	\$9,776.0

**Exhibit 3**  
**Estimated State Revenue Decrease and Local Revenue Increase – Distilled Spirits Tax**  
**Fiscal 2007 through 2011**  
**(\$ in Thousands)**

<b>County</b>	<b>Share of Deliveries</b>	<b>FY 2007</b>	<b>FY 2008</b>	<b>FY 2009</b>	<b>FY 2010</b>	<b>FY 2011</b>
Allegany	1.4%	\$64.0	\$65.4	\$66.7	\$68.1	\$69.6
Anne Arundel	10.7%	489.2	499.5	510.0	520.7	531.6
Baltimore City	14.7%	672.1	686.2	700.7	715.4	730.4
Baltimore	14.3%	653.8	667.6	681.6	695.9	710.5
Calvert	1.4%	64.0	65.4	66.7	68.1	69.6
Caroline	0.4%	18.3	18.7	19.1	19.5	19.9
Carroll	2.2%	100.6	102.7	104.9	107.1	109.3
Cecil	5.1%	233.2	238.1	243.1	248.2	253.4
Charles	3.1%	141.7	144.7	147.8	150.9	154.0
Dorchester	0.6%	27.4	28.0	28.6	29.2	29.8
Frederick	3.7%	169.2	172.7	176.4	180.1	183.8
Garrett	0.7%	32.0	32.7	33.4	34.1	34.8
Harford	3.1%	141.7	144.7	147.8	150.9	154.0
Howard	3.6%	164.6	168.1	171.6	175.2	178.9
Kent	0.5%	22.9	23.3	23.8	24.3	24.8
Montgomery	9.3%	425.2	434.2	443.3	452.6	462.1
Prince George's	15.0%	685.9	700.3	715.0	730.0	745.3
Queen Anne's	1.0%	45.7	46.7	47.7	48.7	49.7
St. Mary's	1.5%	68.6	70.0	71.5	73.0	74.5
Somerset	0.3%	13.7	14.0	14.3	14.6	14.9
Talbot	1.0%	45.7	46.7	47.7	48.7	49.7
Washington	2.7%	123.5	126.0	128.7	131.4	134.2
Wicomico	1.1%	50.3	51.4	52.4	53.5	54.7
Worcester	2.7%	123.5	126.0	128.7	131.4	134.2
General Fund Revenue Decrease:		(\$4,576.9)	(\$4,673.0)	(\$4,771.2)	(\$4,871.3)	(\$4,973.6)
Current General Fund Estimate:		\$13,717.0	\$14,005.1	\$14,299.2	\$14,599.4	\$14,906.0

**Exhibit 4**  
**Estimated State Revenue Decrease and Local Revenue Increase – Total**  
**Fiscal 2007 through 2011**  
**(\$ in Thousands)**

<b>County</b>	<b>FY 2007</b>	<b>FY 2008</b>	<b>FY 2009</b>	<b>FY 2010</b>	<b>FY 2011</b>
Allegany	\$159.1	\$161.1	\$163.1	\$165.2	\$167.3
Anne Arundel	1,012.1	1,026.1	1,040.2	1,054.7	1,069.3
Baltimore City	1,304.3	1,322.9	1,341.8	1,361.0	1,380.5
Baltimore	1,319.3	1,337.7	1,356.4	1,375.5	1,394.8
Calvert	144.8	146.7	148.7	150.6	152.7
Caroline	51.6	52.2	52.8	53.4	54.1
Carroll	243.2	246.3	249.5	252.7	256.0
Cecil	366.3	372.1	378.1	384.1	390.3
Charles	260.6	264.4	268.3	272.2	276.2
Dorchester	65.5	66.3	67.2	68.0	68.9
Frederick	368.8	373.8	378.8	383.9	389.1
Garrett	65.3	66.2	67.1	68.0	69.0
Harford	336.6	341.0	345.4	349.9	354.4
Howard	331.0	335.6	340.3	345.1	350.0
Kent	46.6	47.3	47.9	48.6	49.3
Montgomery	857.8	869.8	881.9	894.3	906.9
Prince George's	1,322.8	1,341.7	1,360.9	1,380.4	1,400.3
Queen Anne's	98.0	99.3	100.7	102.1	103.5
St. Mary's	163.7	165.8	167.9	170.1	172.3
Somerset	32.7	33.2	33.6	34.0	34.5
Talbot	83.8	85.0	86.2	87.5	88.8
Washington	270.8	274.4	278.1	281.9	285.7
Wicomico	154.9	156.7	158.5	160.3	162.2
Worcester	266.1	269.6	273.3	277.0	280.8
General Fund Revenue Decrease:	(\$9,325.7)	(\$9,455.0)	(\$9,586.6)	(\$9,720.5)	(\$9,856.7)
Current General Fund Estimate:	\$23,224.0	\$23,578.6	\$23,939.8	\$24,307.4	\$24,682.0