

Department of Legislative Services
 Maryland General Assembly
 2009 Session

FISCAL AND POLICY NOTE

Senate Bill 64 (Chair, Budget and Taxation Committee)(By Request -
 Departmental - Comptroller)

Budget and Taxation

Ways and Means

Alcoholic Beverage Tax - Assessment and Appeals - Tax Procedures and Penalties

This departmental bill makes several changes to the administration of the State alcoholic beverage tax by (1) establishing an appeals process for persons who are subject to an alcoholic beverage tax assessment; (2) authorizing the Comptroller to alter or abate an alcoholic beverage tax assessment; and (3) increasing the maximum penalty for failure to pay the alcoholic beverage tax from 10% to 25% of the tax due. The appeals process established in the bill is similar to the process for other taxes collected by the Comptroller.

Fiscal Summary

State Effect: General fund revenues increase by \$30,000 in FY 2010 and by \$15,000 beginning in FY 2013. Expenditures are not affected.

(in dollars)	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
GF Revenue	\$30,000	\$25,000	\$20,000	\$15,000	\$15,000
Expenditure	0	0	0	0	0
Net Effect	\$30,000	\$25,000	\$20,000	\$15,000	\$15,000

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

Local Effect: None.

Small Business Effect: The Comptroller’s Office has determined that this bill has minimal or no impact on small business (attached). Legislative Services concurs with this assessment.

Analysis

Current Law: All taxes administered by the Comptroller, except the alcoholic beverage tax, are subject to an appeals process. Persons wishing to appeal an alcoholic beverage tax assessment must make the appeal to the Maryland Tax Court.

Within 30 days after the date on which a tax assessment notice is mailed, a person or governmental unit may submit to the tax collector: an application for revision of the assessment; or if the assessment is paid, a claim for refund. If a person or governmental unit fails to submit an application for revision or claim for refund within the time allowed, the assessment becomes final.

Upon receiving the application, the Comptroller (or designee) must promptly hold an informal hearing and act on the application. In addition, the Comptroller may assess any additional tax, penalty, and interest due. A notice of final determination must then be mailed to the person or governmental unit.

Notwithstanding a person's failure to file a timely application for revision or claim for refund of an assessment of the admissions and amusement tax, income tax, motor carrier tax, motor fuel tax, sales and use tax, or tobacco tax, the Comptroller (or designee) may issue an order decreasing or abating an assessment to correct an erroneous assessment.

The penalty for failure to pay appropriate alcoholic beverage taxes is an amount up to 10% of the tax due.

Background: The bill makes the administration and appeals process of the alcoholic beverage tax the same as for other taxes collected by the Comptroller, including, the admissions and amusement tax, boxing and wrestling tax, income tax, motor carrier tax, motor fuel tax, sales and use tax, and tobacco tax.

State Fiscal Effect: Increasing the maximum penalty for the nonpayment of the alcoholic beverage tax may increase general fund revenues by approximately \$30,000 in fiscal 2010 and by \$15,000 annually beginning in fiscal 2013. The estimate is based on approximately \$20,000 in penalties collected under current law and fewer persons avoiding payment of the tax each year due to the higher penalty.

Additional Information

Prior Introductions: None.

Cross File: None.

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

Fiscal Note History: First Reader - January 26, 2009
ncs/hlb

Analysis by: Michael Sanelli

Direct Inquiries to:
(410) 946-5510
(301) 970-5510

ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

TITLE OF BILL: Alcoholic Beverage Tax – Assessment and Appeals – Tax Procedures and Penalties

BILL NUMBER: SB 64

PREPARED BY: Comptroller of Maryland

PART A. ECONOMIC IMPACT RATING

This agency estimates that the proposed bill:

WILL HAVE MINIMAL OR NO ECONOMIC IMPACT ON MARYLAND SMALL BUSINESS

OR

WILL HAVE MEANINGFUL ECONOMIC IMPACT ON MARYLAND SMALL BUSINESSES

PART B. ECONOMIC IMPACT ANALYSIS

The proposed legislation will have no impact on small business in Maryland.