

Department of Legislative Services
Maryland General Assembly
2010 Session

FISCAL AND POLICY NOTE

House Bill 615 (Delegate Love)
Economic Matters

Anne Arundel County - Board of License Commissioners - Annual Budget

This bill requires the Anne Arundel County government to accept and not alter an annual budget of the Board of License Commissioners that the Comptroller approves.

Fiscal Summary

State Effect: None.

Local Effect: The authority of the Anne Arundel County government to alter the budget of one of the county board's will be eliminated. The fiscal impact will depend on the sufficiency of the budget that is approved by the Comptroller; however, it may be significant. **The bill imposes a mandate on a unit of local government.**

Small Business Effect: None.

Analysis

Current Law: The Anne Arundel County Board of License Commissioners submits its annual budget to the Comptroller for approval. The Anne Arundel County Charter also establishes that the head of each board of the county government must provide an annual budget to the county budget officer. The county executive may amend the budget proposals, except for the budget request of the legislative branch. Not later than 60 days prior to the end of the fiscal year, the county executive must submit to the county council the proposed county budget for the ensuing fiscal year.

Background: The board of license commissioners is responsible for administering and enforcing alcoholic beverages laws, as well as controlling and issuing liquor licenses.

Inspectors visit and inspect all licensed establishments at least twice per year to assure compliance with the rules and regulations governing the sale of alcoholic beverages at retail establishments in Anne Arundel County.

The board of license commissioners is appointed by the Governor with the advice and consent of the Senate, and operates under the authority of the Comptroller. The board consists of three commissioners. There are 3 full-time staff, an attorney, and 20 part-time inspectors. The board's fiscal 2010 approved budget totals \$637,400 as shown in **Exhibit 1**.

Exhibit 1
Anne Arundel County Board of License Commissioners
Comparative Statement of Expenditures

	<u>Actual</u> <u>FY 2008</u>	<u>Original</u> <u>FY 2009</u>	<u>Adjusted</u> <u>FY 2009</u>	<u>Approved</u> <u>FY 2010</u>
Personal Services	\$540,700	\$530,300	\$530,300	\$543,500
Contractual Services	62,416	57,600	96,600	57,600
Supplies & Materials	32,793	23,500	31,500	23,500
Business & Travel	7,817	12,800	12,800	12,800
Capital Outlay	101	0	0	0
Total	\$643,827	\$624,200	\$671,200	\$637,400

Local Fiscal Effect: Because the bill prohibits the county government from altering the annual budget of the board of license commissioners, it is assumed that this eliminates the discretion of the county executive to amend the budget proposal and the discretion of the county council, who is responsible for appropriating the funds of the budget. Accordingly, the county government's ability to correct any miscalculations in the budget or limit the expenditures of one of the county boards will be eliminated. Anne Arundel County advises that it is not uncommon for the budget of the board of license commissioners that is approved by the Comptroller to be underfunded, particularly in regards to actual personnel costs. Consequently, the county government will not be able to make adjustments to the board's budget to correct for any potential shortfalls. In addition, Anne Arundel County indicates that the expenditures for the board of license commissioners have increased 34% between fiscal 2005 and 2010, in contrast to a general county expenditure increase (excluding education and debt service) of 22% for the same time period. Pursuant to this legislation, the county government will not be able

to limit board expenditures once the budget has been approved by the Comptroller. This prohibition may result in higher county expenditures.

Currently, the salaries and expenses of the board of license commissioners are paid from the fees collected by the board, with any additional revenue being devoted to the county's general fund. Anne Arundel County indicates that revenues attributed to the board of license commissioners are generally \$200,000 higher than the board's expenditures, as shown in **Exhibit 2**. Accordingly, the county generally realizes revenue of approximately \$200,000 from the board's operations. If the Comptroller approves a budget for the board of license commissioners that has board expenditures equal to that of expected revenue, county revenues to the general fund will decrease.

Exhibit 2
Anne Arundel County Board of License Commissioners
Revenues from Alcoholic Beverages Licenses and Board Expenditures

	<u>Actual</u> <u>FY 2008</u>	<u>Original</u> <u>FY 2009</u>	<u>Adjusted</u> <u>FY 2009</u>	<u>Approved</u> <u>FY 2010</u>
License Fees	\$793,527	\$786,800	\$780,000	\$832,000
Board Expenditures	643,827	624,200	671,200	637,400
Difference	\$149,700	\$162,600	\$108,800	\$194,600

Additional Information

Prior Introductions: None.

Cross File: SB 549 (Senators Astle and DeGrange) – Education, Health, and Environmental Affairs.

Information Source(s): Anne Arundel County, Department of Legislative Services

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mpc/hlb

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