

Department of Legislative Services  
 Maryland General Assembly  
 2012 Session

FISCAL AND POLICY NOTE

Senate Bill 113 (Chair, Education, Health, and Environmental Affairs  
 Committee)(By Request - Departmental - Agriculture)

Education, Health, and Environmental Affairs Environmental Matters

Weights and Measures - Registration Fees

This departmental bill alters annual registration fees for certain scales and motor fuel dispenser meters used for commercial purposes. More specifically, the bill increases the per device fee for certain devices and establishes a new \$50 fee per business location for two devices. The bill also increases the maximum fee per business location for certain scales; eliminates the maximum fee per business location for retail motor fuel dispenser meters of under 20 gallons per minute; and decreases the per device fee for those dispenser meters.

The bill takes effect July 1, 2012.

Fiscal Summary

**State Effect:** Special fund revenues increase by \$292,900 annually beginning in FY 2013 due to the bill’s changes to the registration fees. The bill does not require additional expenditures.

(in dollars)	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
SF Revenue	\$292,900	\$292,900	\$292,900	\$292,900	\$292,900
SF Expenditure	-	-	-	-	-
Net Effect	\$292,900	\$292,900	\$292,900	\$292,900	\$292,900

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

**Local Effect:** None.

**Small Business Effect:** The Maryland Department of Agriculture (MDA) has determined that this bill has minimal or no impact on small business (attached). Legislative Services generally concurs with this assessment as discussed below.

## Analysis

**Bill Summary/Current Law:** The bill alters annual registration fees for certain scales and motor fuel dispenser meters used for commercial purposes as shown in **Exhibit 1**.

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### Exhibit 1 Registration Fee Alterations Under SB 113

<u>Scale/Meter</u>	<u>Fee Under Current Law</u>	<u>Fee Under SB 113</u>
Scales with a capacity of up to 100 lbs	\$20 per scale (maximum of \$325 per business location)	\$20 per scale, plus \$50 per business location (maximum of \$375 per business location)
Scales with a capacity of more than 100 lb, up to 2,000 lbs	\$50 per scale	\$60 per scale
Scales with a capacity of more than 2,000 lbs	\$75 per scale	\$100 per scale
Vehicle scales	\$225 per scale	\$250 per scale
Retail motor fuel dispenser meter of under 20 gallons per minute	\$15 per meter (maximum of \$375 per business location)	\$12.50 per meter, plus \$50 per business location (no maximum)
Retail motor fuel dispenser meter of 20 gallons per minute or more	\$35 per meter	\$45 per meter

Source: Department of Legislative Services

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The Weights and Measures Section within MDA inspects weighing and measuring devices and prepackaged commodities to ensure honest and accurate transactions between consumers and businesses. Weights and measures used for commercial purposes generally must be registered, and an applicant for registration must pay a registration fee. Annual registration fees are specified in statute for various types of weights and measures. Fee revenue is credited to the Weights and Measures Fund, which is used to defray the expenses associated with the program. At the end of a fiscal year, any unspent or unencumbered balance in the fund remains in the fund and does not revert to the general fund.

**Background:** The Weights and Measures Section's 18 field inspectors are responsible for inspecting and ensuring the accuracy of approximately 60,000 weighing and measuring devices at 7,100 businesses throughout the State; conducting price verification audits and package inspections at nearly 700 businesses; and investigating 500 to 700 consumer complaints each year.

The weights and measures registration fees were established in statute in 1992 (Chapter 136), some at their current levels. A number of the fees were increased, and one additional fee was established, in 2005 (Chapter 349). In 2011, the maximum fees per business location for scales with a capacity of up to 100 pounds and retail motor fuel dispenser meters of under 20 gallons per minute were increased from \$225 to \$325 and from \$275 to \$375, respectively (Chapter 589). MDA indicates that the 2011 increases were a short-term solution agreed to by MDA and impacted industry groups to provide sufficient funding for one more year, with an understanding that MDA and the industry groups would reconvene to identify a long-term funding solution. MDA indicates that it has been meeting with industry groups and that this bill reflects an agreement with those groups to provide sufficient funding for the next five years or more.

MDA advises that, currently, 86% of the program's revenue from device registration fees is used for salaries and benefits and is not sufficient to pay operating expenses and replace essential vehicles and related equipment. In addition, staffing levels of the program have been reduced in past years to stay within cost-containment guidelines; inspection rates have decreased; and noncompliance has increased.

MDA does not intend to hire additional staff with the additional fee revenue generated under the bill. Initially, a majority of the additional revenue is expected to be used for equipment replacement. The nature of the work of the Weights and Measures Program is dependent on vehicles and specialized test equipment. MDA indicates that it will replace the equipment over successive years with the increased revenue anticipated as a result of the bill. As each year passes and equipment replacement is accomplished, the increased revenue is expected to be used more and more to cover increasing personnel costs.

The proposed fiscal 2013 State budget includes a total of \$1.9 million for the Weights and Measures Program, consisting of \$1.5 million in special funds and \$414,000 in general funds. Field inspection activity is funded solely with special funds generated from device registration fees. The portion of the budgeted special funds accounting for field inspection activity is \$1.3 million, \$1.1 million of which accounts for field inspector salaries and benefits. The proposed budget does not account for the additional revenue that would be generated under the bill's changes.

**State Fiscal Effect:** Overall, special fund revenues from weights and measures registration fees increase by an estimated \$292,863 annually beginning in fiscal 2013 due

to the bill's changes. This estimate is based on information from the Weights and Measures Section on business locations and the number of devices registered at each business location. **Exhibit 2** shows the overall revenue impact of the bill due to the new \$50 per business location fees; the increase in the per device fee for some devices; and the changes to the per device fee and maximum fee per business location applicable to retail motor fuel dispensers of less than 20 gallons per minute.

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**Exhibit 2**  
**SB 113 Estimated Annual Revenue Impacts**

<b>Fee Change(s)</b>	<b>Revenue Increase/(Decrease)</b>
New \$50 per business location fee for:	\$293,800
<ul style="list-style-type: none"> <li>• Scales, 0-100 lbs<sup>1</sup> (approx. 3,760 locations)</li> <li>• Retail Motor Fuel Disp., &lt;20 gallons per minute (gpm) (approx. 2,120 locations)</li> </ul>	
Increase in per device fees for:	52,395
<ul style="list-style-type: none"> <li>• Scales, &gt;100-2,000 lbs (from \$50 to \$60)</li> <li>• Scales, &gt;2,000 lbs (from \$75 to \$100)</li> <li>• Vehicle Scales (from \$225 to \$250)</li> <li>• Retail Motor Fuel Disp., ≥20 gpm (from \$35 to \$45)</li> </ul>	
Reduction in per device fee and elimination of maximum fee per business location for:	(53,333)
<ul style="list-style-type: none"> <li>• Retail Motor Fuel Disp., &lt;20 gpm (from \$15 to \$12.50, maximum fee per business location eliminated)</li> </ul>	
<b>Overall Increase in Annual Fee Revenues</b>	<b>\$292,863</b>

<sup>1</sup>The per business location maximum fee is also increased for scales with a capacity of up to 100 pounds, from \$325 to \$375, but this essentially just allows the business locations that are already at the current maximum of \$325 to pay the additional \$50 per business location fee along with other business locations under the current maximum.

Source: Maryland Department of Agriculture; Department of Legislative Services

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The bill does not require additional expenditures; however, the additional fee revenue generated under the bill is expected to be used to maintain the program's current level of service and for needed vehicle and related equipment replacement, as discussed above.

**Small Business Effect:** Legislative Services generally concurs with MDA's assessment of the small business impact of the bill as minimal or none, noting, however, that the bill does increase annual fees for small businesses regulated by the Weights and Measures Section, albeit by relatively modest amounts. MDA indicates there are an estimated 5,200 businesses with registered weights and measures devices and a significant but unknown number are small businesses. MDA also notes that all businesses benefit from having an effective weights and measures program to ensure integrity, fairness, and uniformity in the marketplace for transactions that require accurate measurement.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Maryland Department of Agriculture, Department of Legislative Services

**Fiscal Note History:** First Reader - February 3, 2012  
mm/lgc

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ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

TITLE OF BILL: Weights and Measures – Registration Fees

BILL NUMBER: SB 113

PREPARED BY: Maryland Department of Agriculture

PART A. ECONOMIC IMPACT RATING

This agency estimates that the proposed bill:

  X   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.