

Department of Legislative Services
Maryland General Assembly
2012 Session

FISCAL AND POLICY NOTE
Revised

House Bill 919

(Prince George's County Delegation)

Economic Matters

Education, Health, and Environmental Affairs

**Prince George's County - Issuance, Transfer, and Renewal of Alcoholic Beverages
Licenses - Payment of Taxes
PG 302-12**

This bill prohibits the Prince George's County Board of License Commissioners from issuing or renewing an alcoholic beverages license unless the board is provided with verification from the Comptroller and Prince George's County that the applicant has: (1) paid all undisputed taxes payable to the Comptroller and the county; or (2) provided for satisfactory payment of such taxes. If a license application is made on the behalf of a corporation, club, or other entity, the tax payment verification requirements apply to undisputed taxes payable by each owner or principal of the entity. The bill authorizes the board to condition the issuance of a license for which a transfer has been approved on the same verifications.

The bill takes effect July 1, 2012.

Fiscal Summary

State Effect: Potential general and special fund revenue increase from additional individual income taxes, sales taxes, corporate income taxes, and other State tax revenues. Because the number of alcoholic beverages applicants and licensees who have undisputed overdue tax obligations to the State is unknown, a reliable estimate of such revenue increases cannot be made at this time.

Local Effect: Potential increase in county tax collections, including local income taxes, property taxes, and county admissions and amusement taxes. Because the number of alcoholic beverages applicants and licensees who have undisputed overdue tax obligations is unknown, a reliable estimate of such local revenue increases cannot be made at this time.

Small Business Effect: Potential meaningful.

Analysis

Current Law: In Prince George's County, an alcoholic beverages license application must be approved and the license for which application is made must be granted if at least three members of the board of license commissioners determine that:

- the granting of the license is necessary for the accommodation of the public;
- the applicant is a fit person to receive the license for which application is made;
- the applicant has not made a material false statement in the application;
- the applicant has not practiced fraud in connection with the application or the operation of the business;
- the operation of the business, if the license is granted, will not unduly disturb the peace of the residents of the neighborhood in which the place of business is to be located; and
- there are no other reasons, in the discretion of the board, why the license should not be issued.

If these findings are made by at least three members of the board, then the application must be approved and the board must issue its certificate of approval. The board is required to issue the license for which application is made upon presentation of the certificate and payment of the required fee to the county treasurer, and the board must maintain a record of licenses issued.

State Revenues: Requiring tax clearances before Prince George's County alcoholic beverage licenses can be issued or transferred would likely result in increases in general and special fund revenues from individual income taxes, sales taxes, corporate income taxes, and other State revenue sources. The extent of the revenue increase cannot be reliably estimated, as it depends on the number of transfers of alcoholic beverage licenses in the future and any outstanding liabilities of those to whom the licenses are transferred.

State Expenditures: According to the Comptroller's Office, Prince George's County is the only jurisdiction whose alcoholic beverage licensees do not go through a tax clearance for license renewals. Adding Prince George's County licensees to the existing process could be accomplished with existing budgeted resources.

It is noted that one requirement of the bill does not follow the existing clearance process – that tax clearances be obtained before licenses are issued. It is assumed that this requirement could be met with existing budgeted resources of the Comptroller.

Additional Information

Prior Introductions: None.

Cross File: None.

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

Fiscal Note History: First Reader - February 23, 2012
mm/hlb Revised - House Third Reader - March 19, 2012

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