

Department of Legislative Services
Maryland General Assembly
2015 Session

FISCAL AND POLICY NOTE

Senate Bill 35
Finance

(Senator Brochin, *et al.*)

Baltimore County - Miscellaneous Business Licenses - Fees

This bill alters licensing fees that persons in Baltimore County must pay to engage in various types of commercial enterprises.

Fiscal Summary

State Effect: Minimal decrease in general fund revenues due to lower fees charged to certain persons in Baltimore County. General fund expenditures increase by approximately \$13,000 in FY 2016 for modifications to the electronic licensing system maintained by the Judiciary (Administrative Office of the Courts).

Local Effect: Revenues in Baltimore County decrease by approximately \$1.0 million annually due to the fee decreases in the bill. The amount may be less in FY 2016, depending on the timing of licensing activity. County expenditures are not directly affected. **This bill imposes a mandate on a unit of local government.**

Small Business Effect: Potentially meaningful. Licensing fees paid by many small businesses in Baltimore County decrease due to the bill.

Analysis

Bill Summary/Current Law: The bill reverses the fee alterations contained in Chapter 386 of 2011. The following license fees in Baltimore County are affected:

- licenses to keep a billiard table for commercial use;
- resident and nonresident construction licenses;
- licenses for garages where motor vehicles are stored for a fee;

- licenses to do business cleaning, dyeing, pressing, or laundering clothing;
- licenses to operate a business as a plumber or gas fitter;
- restaurant licenses;
- trader's licenses; and
- chain store licenses.

The licensing fees that may be charged by each county to persons operating certain types of businesses are set in State law. In Baltimore City, Baltimore County, and Cecil County, the amount of the fee charged for each type of license may vary somewhat from that charged in other counties – typically higher fees are charged in those jurisdictions. **Exhibit 1** displays the current and proposed fees for each type of license in Baltimore County. Under the bill, a \$10 fee for each billiard table in Baltimore County is reestablished. In every other case, the fees charged in Baltimore County are decreased to their previous levels (prior to Chapter 386).

Licenses are issued, and licensing fees are collected, by the Clerk of the Circuit Court for Baltimore County. Although the licenses are issued by the circuit court clerk, the Judiciary (Administrative Office of the Courts) maintains the central electronic licensing system for these licenses issued in the State. Baltimore County advises that it collected \$2.5 million in fiscal 2014 from the fees affected by the bill.

State Fiscal Effect: These licenses are issued by the Clerk of the Circuit Court for Baltimore County. In general, the county keeps 92% of the licensing fee revenue, the clerk's office retains 5% of the revenue, and 3% of the revenue reverts to the general fund. The decrease in most of the fees assessed by Baltimore County for the various business licenses results in a decrease in general fund revenue. However, because only 3% of the net decrease in revenue affects the general fund, the impact on State finances is expected to be minimal.

General fund expenditures increase by approximately \$13,000 in fiscal 2016 for modifications to the electronic licensing system maintained by the Judiciary (Administrative Office of the Courts).

Local Revenues: The Judiciary (Administrative Office of the Courts) advises that the *net* revenue increase for Baltimore County from Chapter 386 was approximately \$1.0 million annually. As the bill reverses the actions of that legislation – generally setting Baltimore County fees to statewide levels – revenues in Baltimore County decrease by approximately \$1.0 million annually. The revenue decrease may be less in fiscal 2016, depending on the timing of licensing activity.

Exhibit 1
Baltimore County Business Licensing Fees

<u>Type of License</u>	<u>Current Licensing Fees</u>	<u>Licensing Fees Under the Bill</u>
Billiard table license	None	\$10 per table
Resident construction license	\$40	\$15
Nonresident construction license	\$60 ¹	\$50 ¹
Garage license	\$6 for each 100 square feet of each garage	\$20 to \$200, depending on the size of the garage ²
Laundry business license	\$40 to \$250, depending on the number of individuals employed by the business	\$15 to \$100, depending on the number of individuals employed by the business
Plumber/gas fitter business license	\$40 ³	\$5 to \$15, depending on the size of the municipality within which the business is located ²
Restaurant license	\$50	\$10 to \$25, depending on the size of the municipality within which the business is located
Trader's license	\$20 to \$1,600, depending on the value of the business's stock-in-trade	\$15 to \$800, depending on the value of the business's stock-in-trade
Chain store license	\$12 to \$375, depending on the number of stores operated; must also obtain a trader's license	\$5 to \$150, depending on the number of stores operated; must also obtain a trader's license

¹An applicant for a nonresident construction license from another state must pay that state's construction license fee if it is higher than Maryland's fee.

²For each additional 5,000 square feet (or portion thereof) for garages with more than 10,000 square feet, the fee increases another \$50.

³An applicant for a nonresident plumber/gas fitter license from another state must pay that state's license fee if it is higher than Maryland's fee.

Source: Business Regulation Article, Laws of Maryland

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Baltimore County, Judiciary (Administrative Office of the Courts), Department of Legislative Services

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