

Department of Legislative Services

2020 Legislative Session
Local Government Fiscal Estimate of Legislation

CONTACT INFORMATION AND GENERAL INSTRUCTIONS

Please fill in the yellow-shaded cells below:

Bill number:

HB1319

Cross file:

Bill title:

City of Salisbury - Alcoholic Beverages - Local Regulation and Control

Local government:

Wicomico County - (wic / 269)

Prepared by:

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Date:

2/14/20

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1. Describe the impact of this proposed legislation on your government (operations, revenues, expenditures, etc.). If there is no impact, please briefly explain why.

Under current legislation, Wicomico Liquor Control Board operates three stores and a dispensary. This proposed legislation could impact wholesale sales which contributes approximately \$400,000 in profits, as well as \$100,000 in overhead costs each year. The Wicomico Liquor Control Board contributes its profits under an agreed formula to Wicomico County. For fiscal year ending June 30, 2019 that amount was \$738,800. A decrease in profits would severely impact the revenues to the county. In addition, the decrease in sales volume would impact their purchasing power. The decrease would make the stores less competitive with stores in Delaware just eight miles from Salisbury. Our competition is already impacted by the 9% sales tax in Maryland compared to 0% sales in Delaware.

2. Please indicate whether the proposed legislation will affect small businesses in your jurisdiction, and if it will, please provide any information you may have which could be useful in determining the economic impact on small businesses.

This proposed legislation could impact other small businesses outside the city of Salisbury and Wicomico County would be operated under two different sets of rules.

3. Analysis of estimated increase (or decrease) in government revenues. Please estimate below any anticipated increase (or decrease) in revenues resulting from this legislation. Please be aware of any delayed effective dates in the bill or other factors that may cause revenue increase/decreases to begin in later years.

Source	<u>FY 2021</u>	<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2024</u>	<u>FY2025</u>
<u>Wicomico County</u>					
<u>Liquor Control</u>					
<u>Estimates- Decrease in Revenues</u>	2.0M	2.0M	2.0M	2.0M	2.0M
Total \$	2.0M	2.0M	2.0M	2.0M	2.0M

Please explain how the above estimated increase(s) or decrease(s) were arrived at, including any calculations and/or assumptions made. Please also explain any variation if the revenue increase(s)/decrease(s) are not constant.

B. Other Operating Expenses

	<u>FY 2021</u>	<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2024</u>	<u>FY2025</u>
Technical/Special Fees, Grants & Subsidies					
Communications- Phone, Postage					
Travel, Food, Auto Operations, Fuel & Utilities					
Contractual Services					
Supplies					
Equipment – Replacement					
Land & Structures, Fixed Charges					
Other (Please Specify) Overhead Contribution loss					
Subtotal \$	100,000	100,000	100,000	100,000	100,000
Total Expenditures \$	100,000	100,000	100,000	100,000	100,000

On Page 3, Please Provide brief descriptions/breakdowns of the above “Other Operating Expenses.”

Please explain below any additional calculations or assumptions made in estimating the “Other Operating Expenses” that will help us to understand the amounts and timing of the expenses.

4b) The decrease in revenues would decrease the gross profit contributed to the fixed overhead expense in rent, utilities, etc. We estimate that it would be approximately \$100,000.

C. Operating Expense Descriptions/Breakdowns

Please provide below a short description of the specific purpose of each listed under 4B. If any amount(s) listed under 4B represent(s) a total of multiple expenses, provide a breakdown of the fiscal 2021 amount with a short description of each expense (for example, if \$2,500 is listed for communications – Phone, Postage, a statement such as “\$1,500 for cellphone charges for two new inspectors and \$1,000 for postage for mailings to permittees to notify them of changes to inspection requirements.”)

These are based on the revenues generated from city establishments. We realize that this is an estimate but we believe the proposed legislation as written would have a significant impact on revenues.

EXPENDITURES

4. Analysis of estimated increase (or decrease) in government expenditures. Please estimate below any anticipated increase (or decrease) in expenditures resulting from this legislation. Please be aware of any delayed effective dates in the bill or other factors that may cause expenditure increases/decreases to begin in later years.

A. Salaries & Wages

<u>Personnel Classifications</u>	<u>#</u>	<u>FY2021</u>	<u>FY 2022</u>	<u>FY2023</u>	<u>FY 2024</u>	<u>FY2025</u>
	(of Positions)					
<u>Decrease in Staff</u>	<u>3 to 5</u>					
<u>Decrease in Salaries</u>	<u> </u>	100,000	100,000	100,000	100,000	100,000
Total Salaries & Wages:		100,000	100,000	100,000	100,000	100,000
Fringe Benefits @ <u>27%</u> of Salaries & Wages:		27,000	27,000	27,000	27,000	27,000
Subtotal \$		127,000	127,000	127,000	127,000	127,000

Please provide an explanation of the need for the number and type of any personnel listed above, including (1) what specific provision(s) of the bill necessitate additional staff; (2) what the duties of each type of employee will be; and (3) why existing personnel cannot absorb the additional work. Please also clarify the wage/salary rate and % fringe rate (if differing rates apply) for each personnel classification.

4a) We believe the decrease in wholesale revenue would demand that certain positions be eliminated. We estimated them to three to five employees would be terminated.

Fiscal 2021 Expenditures

Technical/Special Fees, Grants & Subsidies

Description/breakdown: \$0

Communications – Phone, Postage

Description/breakdown: Telephone \$13,000

Travel, Food, Auto Operations, Fuel & Utilities

Description/breakdown: Utilities \$36,000

Contractual Services

Description/breakdown:

Credit Card Fees \$107,000

Professional Services \$39,500

Supplies

Description/breakdown: Store and Office \$81,300

Equipment – Replacement

Description/breakdown: \$0

Equipment – Additional

Description/breakdown: \$0

Land & Structures, Fixed Charges

Description/breakdown: Rent & Repairs \$227,000

Other (Please Specify)

Description/breakdown: Insurance \$28,000

License & Taxes \$6,000