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SB0895

March 26, 2024

TO: Members of the House Economic Matters Committee

FROM: Nina Themelis, Director of Mayor's Office of Government Relations

RE: Senate Bill 895 – Baltimore City – Alcoholic Beverages – Licensing Fees

POSITION: SUPPORT

Chair Wilson, Vice Chair Crosby, and Members of the Committee, please be advised that the Baltimore City Administration (BCA) **supports** Senate Bill (SB) 895.

SB 895 changes the City's ability to regulate the sale, storage, and distribution of retail alcoholic beverages effectively. This legislation, inspired by the attached memorandum from the Baltimore City Department of Finance, proposes an overdue adjustment to Liquor License fees that have remained unchanged since 2008 and, in some instances, since 2001.

The City of Baltimore imposes over 2,000 fees to fund the provision of essential city services, guided by the User Fee Policy that aim for cost recovery that reflects the service delivery's total cost. Specifically, the Board of Liquor License Commissioners for Baltimore City, with an operating budget of \$2.9 million in Fiscal 2024, anticipates revenue of \$1.9 million from the issuance, transference, and renewal of licenses. This revenue, however, falls short of covering the actual costs, projecting a \$1.0 million operating deficit.

SB 895 seeks to address this shortfall by updating the fee schedule to reflect inflation since 2008 and adjusting fees to align with policy goals and the City's fiscal health. The recommendation includes a slightly higher increase for Class A (package goods) Licenses than Class B (restaurant) Licenses. This adjustment aims to prevent disincentivizing restaurant openings over liquor stores, considering the latter's lower overhead and resilience during the pandemic.

The additional revenue generated will support the creation of new Liquor Board Inspector positions, enhancing our ability to oversee compliance city-wide, every day and evening. This expansion is crucial for a comprehensive regulatory approach, moving beyond the current triage system focused on specific areas and reactive 311 responses.

This legislation is not merely a fiscal adjustment, but a strategic investment in Baltimore's health, safety, and economic vitality. It ensures our regulatory framework keeps pace with inflation and reflects the current economic landscape, thereby strengthening our city's oversight and enforcement capabilities as inspectors are assigned to work with Baltimore City's Social Club Task Force.

This legislation will empower Baltimore City to enhance our regulatory functions, promote responsible business operations, and contribute to the City's overall well-being. For these reasons, the BCA respectfully requests a favorable report on SB 895.