



Liquor Board Licensing Fees and Structure Task Force

Nov 8, 2024

8:30am - 10:00am

Meeting Minutes

Attendance

Members: Amy Gowan(Chair), Judy Hagner, Julianne Sullivan, Kim Lawson, Jayleen Fonseca, Anthony Clark, Alexis Jenkins, Amy Crone, Kyle Madden, Edward Aronson

Also in attendance were Brian Kemmet for Councilmember Hummer, Spencer Dixon for Senator Gile and Kelecia Jackson

Call to Order

Minutes for the Liquor Board Licensing Fees and Structure Task Force meeting held on November 8, 2024 at 8:30am, virtually by Zoom. The meeting was called to order at 8:35am by Amy Gowan.

Approved Minutes

Kim Lawson moved to approve minutes. Julianne seconded the motion. Motion passed.

Justification for Maintaining Liquor Board Annual Fees Memo/ Cost estimates

Edward Aronson shared the Justification for Maintaining Current Liquor Board Annual Fees handout.

The Liquor Board found they generate a surplus of approximately \$150,000 each year that goes into the general fund. Due to the surplus, they have concluded that many of the things they would like to continue and future efforts can be covered by this surplus. The budget increase pending state approval would include the following:

1. Payroll Increase: \$60,000 (this includes \$31,000 in additional salaries \$29,000 for COLA and merit increases for five full-time employees)
2. AACo Police Department Compliance Checks: \$10,000 (Overtime Funding)
3. AACo Prevention Coalition (Alcohol Awareness Materials): \$3,000 (for assistance with materials, in addition to the \$1000 already budgeted for classes)
4. Liquor Board Database Infrastructure and Licensee Portal Development: \$43,000 (This includes about 180 support hours to build out the system)
5. Liquor Inspector Training: \$3,000 (for additional Liquor Inspector Training meetings which are currently held at the Double Tree hotel and virtually via Zoom)
6. Operational Costs: \$10,000 (includes expenses such as increased overhead for office supplies, maintenance and replacement of office tools and equipment, and professional service increases)

Grand Total : \$129,000

The following two items were removed from the base budget:

- \$5,000.00 for meeting costs.
- \$15,000.00 for legal notices

Amy Gowan asked if the licensing portal \$43,000 annual payment covers new technological advancements or existing technology already in place for ongoing maintenance? And whether any additional upgrades are needed moving forward?

Edward Aronson explained that the Liquor Board had an original contract for three years, which paid for the original database implementation to go live. Then, every year for two years they will need to budget for the support hours and to continue building out a more streamlined and interactive experience for licensees and the public.

The task force also discussed revenue fluctuations year-to-year given the fee based nature of the revenues and how such fluctuations impact the \$150,000 surplus projection. Edward Aronson explained that they generate revenue from application fees, new license fees, renewal fees, and violation hearings that lead to possible fines. The Liquor Board can count on annual fees but the rest are variable, most notably violations, which may not occur in a given year. Renewal fees and application fees are projected based on historical averages. Historical revenues hover around \$1.2M per year.

It was noted that from a public perception standpoint, it may appear that enforcement actions could be motivated by revenue. However, Edward Aronson suggested that violation fines are not factored in their projections.

Alcohol Awareness Classes

The task force discussed the alcohol awareness training program administered by the Anne Arundel Prevention Coalition. Task Force members noted a lack of response when contacting the agency and the need to seek classes elsewhere. Further, they raised concerns about whether a \$3000 increase would actually improve the situation and suggested online classes could be beneficial for licensees.

Proposed New Legislation:

The Liquor Board will be proposing two legislative changes this year related to personnel.

First, they are proposing to increase the Deputy Chief Inspector's hours from 5 to 10 per week, which would increase the salary from \$9,000 to \$18,000.

Second, they are proposing to change the pay scale of the Chief Inspector from a NR5 (\$35,318-63,445) to a NR15 (57,876 to 103,971) to ensure a competitive pay scale for future hiring and to be commensurate with current duties.

The Liquor Board is not considering any other legislative changes for the 2025 General Assembly session. However, they are planning to explore the possibility of a festival permit to address large

scale events that require additional public safety and health resources. They may also look to increase fees for one-day permits.

The Liquor Board is also planning to modernize entertainment permits as a future legislative effort, as these permits are reported to be confusing and outdated.

Anthony Clarke stated that some liquor license establishments don't want a dancing license because it's going to raise the insurance cost, rather want to host a cultural event.

Amy Crone mentioned that Cultivate and Craft, which is formerly Grow and Fortify, has been working on documenting a lot of these regulations, since they manage the Brew Association, the Distillers Association and the Wineries Association in Maryland. They may be a resource to assist and may already have a summary in terms of festival permits across the counties because they do events all across the State. Amy Crone offered to help connect Liquor Board staff to them.

Edward confirmed that the changes would not be implemented in the current legislative session, but would likely be considered for the 2026 session. The task force discussed the need for a vetting process for legislative changes.

Recommendation Discussion

The task force reviewed some draft recommendations related to survey requirements, for-profit producer/promoter permits, additional training and education materials for the public and county approval of the Liquor Board annual budget.

State Approval Process

The task force discussed a possible recommendation to transfer budget approval authority from the state to the county, which would require a legislative change. Since Anne Arundel is the only County that has a state approval process, it may be more straightforward to eliminate the invoice process. Kyle Madden from the County's Budget Office explained that the current process results in a revenue recording delay until the state sends it over once revenues are received. The task

force did not feel like they had sufficient information or time to recommend one process over the other and instead recommended that further study on this topic be conducted.

Comments and Questions

·The next meeting is December 6,2024 8:30 am -10 am. Amy Gowan will send a draft to everyone no later than Dec 1st and for review and edits. The task force will review as a group and finalize on Dec 6. and talk through any outstanding items.

Adjourn

Amy Gowan moved to adjourn the meeting. Meeting adjourned at 9:56AM.