



Liquor Board Licensing Fees and Structure Task Force

Sep 6, 2024

8:30am - 10:00am

Meeting Minutes

Attendance

Members: Amy Gowan(Chair), Delegate Nic Kipke, Senator Dawn Gile, Judy Hagner, Julie Hummer, Julianne Sullivan, Kim Lawson, Jayleen Fonseca, Anthony Clark, Alexis Jenkins, Amy Crone, Kyle Madden, Edward Aronson

Also in attendance were Jeff Kelly and Kelecia Jackson

Call to Order

Minutes for the Liquor Board Licensing Fees and Structure Task Force meeting held on September 6, 2024 at 8:30am, virtually by Zoom. The meeting was called to order at 8:31am by Amy Gowan.

Approved Minutes

Amy Gowan moved to approve minutes from the August 8, 2024 meeting. Delegate Nic Kipke approved. Julianne Sullivan seconded the motion. Motion passed.

Schedule Change

Changed next meeting to October 11 8:30am-10:00am

Alcohol, Tobacco and Cannabis Commission (ATCC) Presentation, Jeff Kelly

- Out of the 25 alcohol jurisdictions, (23 counties, Baltimore city, and Annapolis city) Anne Arundel and Baltimore City were required to submit their budget to the Comptroller for approval. Baltimore City introduced legislation to remove the requirement, now Anne Arundel County is the only one required to receive ATCC approval.
- Around January, Liquor Board staff submits a budget to ATCC for what is needed to operate for the next year. ATCC evaluates the budget to verify expenses are reasonable, appropriate, and align with previous years.
- Once done, ATCC issues a letter of approval for that budget.
- All revenues are collected by ATCC and Anne Arundel County Office of Finance bills ATCC quarterly. Since the bulk of the revenue is collected in April/May, at renewal time, most of the reimbursement occurs in the third quarter. After year-end closing is completed and ATCC knows what amount is left in Anne Arundel County's previous fiscal year, any remaining funds are returned.

Julie Hummer questioned if our process is the most efficient if we are the only County that does it this way, with added levels of bureaucracy.

Jeff Kelly - It is difficult to answer that, but as far as being additional bureaucracy, there is. The Liquor Board makes all of the deposits and ATCC receives all of the individual deposits and they have to record each deposit in their accounting system. On the other hand, there is less scrutiny now if the liquor board needs anything that they have already been approved for, they can get it. There was a trade off where there's more bureaucracy on ATCC's end and less on the liquor board with being able to purchase what they need, when they need it.

Amy Gowan asked if the ATCC has any role with other jurisdictions' budgets whether it is entirely hands off?

Jeff Kelly - Hands off. Anne Arundel County is the only one whose budget we approve and the only one whose finances we collect and reimburse.

Anthony Clark asked, what enforcement responsibilities does the AATC have that overlaps with the local boards?

Jeff Kelly - There are 3 tiers of alcohol distribution. First tier are manufacturers, Second tier are wholesalers, and third tier are retailers. In Maryland the local liquor boards license and regulate retailers and ATCC license manufacturers and wholesalers

When manufacturers or wholesalers have a problem, the ATCC team takes action. If a retailer has a problem, Anne Arundel County takes action. The General Assembly has also given ATCC authority to enforce on retailers, which overlaps and compliments the Liquor Board.

When a tier one or tier two have a problem, ATCC can charge criminally or administratively. However, when a retailer has a problem, the ATCC cannot charge. Rather they write a report and submit it to the local Liquor Board to evaluate and ATCC becomes witnesses.

County's role in annual budgeting, Kyle Madden/Darlene Flynn

The process for budget planning starts in the middle of December and the deadline for submission is the end of January. During this time, the Budget office meets with the Liquor Board to go over their budget request to the state and build the budget. The budget then gets loaded in the Budget Office financial system. The state's deadline is right after the Budget Office's deadline.

1. The budget gets sent to the state for approval
2. Then the budget is sent to the Budget Office
3. Then the budget is reviewed by the County Executive
4. Lastly, the budget ends with County Council Review

Any changes made by the state are incorporated into the county's financial budget system so it ties to the approval letter.

General category budget, Edward/Judy

Expenses and operating

Proposed budget was shared.

Staffing

Slideshow was shared

- 3 Board Members
- 1 Executive direction NR-17
- 1 Administrator NR-16
- 2 Secretaries NR-13
- Chief Inspector - NR-05
- Deputy Chief Inspector annual salary of \$9,000.00
- 18 part-time Inspectors annual salaries of \$7,000.00
- 1 Attorney annual salary of \$60,000.00

- Total staff budget is \$956,300.00

Comments and Questions

- Councilwoman Julie Hummer asked if efficiency wise, whether it would be better to have a few full time inspectors rather than 18 part time.
- Edward Aronson and Judy Hagner opined that the current system seems to be the most efficient and is working well. They also noted the need for more office space if staff were to be full time
- Delegate Nic Kipke discussed the increasing number of complaints from operators in his districts, which he attributed to the new format and system used by inspectors. He suggested that the system might be adding more bureaucratic burden on the inspectors and operators, rather than providing much value to public safety. He also mentioned that the subject had been a recurring issue in their work group and with elected officials. He

asked for examples of how the new system was protecting the public and adding value to the taxpayers of the county.

- Edward Aronson discussed the improvements in the inspection process for establishments. He explained that inspectors now use tablets with inspection forms, making the process easier for both the inspectors and licensees. The inspection results are emailed to licensees in real time. He also addressed the issue of outdoor service permits, stating that the process was relaxed during the Covid pandemic but has since been tightened up. He mentioned that the inspectors now have a baseline to compare establishments against, ensuring that any changes to outdoor services have been approved.
- Amy Gowan asked if the surveys and floorplans are required by OPZ or the Liquor Board.
- Edward Aronson replied that applications get submitted to the liquor board then sent to OPZ for approval. Once OPZ approved they set it onto a docket.
- Delegate Nic Kipke discussed the concerns raised by license holders about new requirements being placed on them that were not required previously. He raised concerns about requirements for surveys, which are costly.
- Edward clarified that the issue in question was specifically about outdoor service and that it was a one-time reset every year when the license was renewed. He also mentioned that there was no additional fee, except for the permit fee. He requested specific examples of establishments where the new burden was applied, as he was not aware of any changes. He also expressed interest in understanding the source of the new burden, suggesting it might be driven by county requirements. He encouraged anyone with questions to direct them to Amy for further clarification.
- Anthony Clark raised concerns about the Liquor Board's assumption of responsibility for other departments, such as fire and health inspections. He questioned the calibration of cleanliness inspections and the workload of the Liquor Board inspectors, suggesting that some responsibilities might be too much for them.
- Judy Hagner discussed the issue of establishments not adhering to safety codes and the consequences that should follow. She gave an example of a hotel that refused to allow a

fire inspector on their premises, but after a letter from the Liquor Board withholding their liquor license, they came into compliance within a week. She emphasized that if a department within the county is having trouble with the business, the establishment's liquor license should be withheld.

- Jayleen Fonseca discussed her recent experience with the Liquor Board and the county's approval process for her outdoor pavilion. She questioned the need to submit certain documents, such as articles of incorporation, which she believed were already in the system. She suggested potential efficiencies in the process, including digital sharing of paperwork
- Edward Aronson acknowledged Jayleen's input and assured her that they are considering ways to streamline the process for licensees.
- Jayleen Fonseca noted one of the years the budget was below the revenue, but the following year the budget was more than the revenue
- Edward Aronson explained the fluctuating budget and revenue figures. Judy expressed concern about the overages, stating that they have been hesitant to spend on certain items due to the fear of depleting funds allocated for other purposes. She mentioned that they were seeking additional funding to facilitate classes for licensees.
- Alexis Jenkins suggested conducting a survey to define the problem before attempting to find a solution. She also suggested we define what performance metrics are and what defines success.

Adjourn

Amy Gowan tabled the last item- cost Estimates for new programs and produces- to the next meeting and moved to adjourn the meeting. Julianne Sullivan seconded the motion. Motion passed. Meeting adjourned at 10:00AM.