



THE PRINCE GEORGE'S COUNTY GOVERNMENT

Office of Audits and Investigations

June 2, 2020

MEMORANDUM

TO: Robert J. Williams, Jr.
Council Administrator

William M. Hunt
Deputy Council Administrator

THRU: Josh Hamlin
Senior Legislative Budget and Policy Analyst

FROM: Warren E. Burris, Sr.
Senior Legislative Budget and Policy Analyst

RE: Policy Analysis and Fiscal Impact Statement
CB-18 -2020 Repeal of License Requirements for Going Out of Business Sales

CB-17-2020 (sponsored by: Council Chair Turner by Request of the County Executive)
Assigned to Committee of the Whole (COW)

For the purpose of repealing provisions of the County Code pertaining to requiring a license to promote a "Going Out of Business" Sale.

Fiscal Summary

Direct Impact:

Expenditures: Minimal

Revenues: Minimal

Indirect Impact:

None

Legislative Summary

CB-18-2020, sponsored by Council Chair Turner, was presented on May 18, 2020 and referred to the Committee of the Whole. CB-18-2020 would repeal the license requirements for business owners when promoting “Going Out of Business” sales.

Background/Current Law:

Division 3 of Subtitle 14 of the County Code currently requires a license for business owners to promote “Going Out of Business” Sales. Applications for licenses are made to the Director of the Department of Permitting, Inspections, and Enforcement (DPIE),¹ accompanied with a \$10 application fee.² The current law outlines the protocols for application, appeals process, information regarding of sale location, and protocols for denials, suspensions and exemptions.

Policy Analysis

- *Potential Benefits of Repealing of License Requirements*

As the DPIE begins to revamp its permitting processing, the Department has been looking to streamline and repeal any outdated license requirements to ensure a more efficient and fair system for residents and businesses operating in the County. In reviewing the license for “Going Out of Business” sales, it was determined that there are only approximately five (5) applications per year. Applying a cost-benefit analysis using the \$10 application fee, the cost of enforcement greatly outweighs the dollar amount for the application. Thus, repeal of the requirements would result in a small cost savings in the amount that enforcement costs exceed application fee revenue.

- *Potential Costs of Repealing License Requirements*

Repealing the license requirements for “Going Out of Business Sales” would eliminate County regulation of these sales. The requirement was put in place in 1974 and has not been substantially amended since then. As such, the application fee amount has not changed in over 45 years. The reasons for the implementation of the requirement may no longer be present and given the small number of such sales licensed each year, it may be appropriate to eliminate the requirement. If the license requirement is not repealed, the Council may wish to consider increasing the amount of the application fee. However, a fee increase may be subject to voter approval under Section 813 of the County Charter, as this license does not appear to be one of the exempted licenses or permits under §813(d)(1).

Fiscal Impact:

Direct Impact

There would likely be a negligible positive fiscal impact as a result of the enactment of CB-18-2020, to the extent that enforcement costs exceed license application revenues.

¹ Code §14-121

² Code §14-124

Indirect Impact

There would be no apparent indirect fiscal impact a result of the enactment of CB-18-2020.

Appropriated in the Current Fiscal Year Budget

No.

Resource Personnel

DPIE Staff
Council Administration

Issues for Committee Consideration

NA