

Department of Legislative Services
Maryland General Assembly
2014 Session

FISCAL AND POLICY NOTE
Revised

House Bill 144
Economic Matters

(Montgomery County Delegation)

Education, Health, and Environmental Affairs

Montgomery County - Alcoholic Beverages - Class B Beer, Wine and Liquor
Licenses
MC 12-14

This bill removes specified geographic and time-related restrictions that must be met to obtain additional Class B beer, wine, and liquor licenses in Montgomery County. The bill also removes specified seating and alcohol advertising restrictions applicable to this type of license. The bill also authorizes the Montgomery County Board of License Commissioners to issue and renew a Class B beer, wine, and liquor license to an *operator* of a hotel or restaurant under the same requirements that an *owner* of a hotel or restaurant must meet to obtain and renew the license. Finally, the bill standardizes the annual license fee for all Class B beer, wine, and liquor licenses issued in Montgomery County at \$2,500.

The bill takes effect July 1, 2014.

Fiscal Summary

State Effect: None.

Local Effect: Overall, Montgomery County license fee revenues likely increase minimally due to the bill's changes, as discussed below. Expenditures are not materially affected.

Small Business Effect: Minimal overall. Potential meaningful for small businesses that seek to obtain multiple Class B beer, wine, and liquor licenses in excess of the current limitations.

Analysis

Bill Summary: Except under specified circumstances, a person may hold a maximum of 10 Class B beer, wine, and liquor licenses in Montgomery County. The bill removes provisions that limit a holder of a Class B beer, wine, and liquor license in Montgomery County from obtaining additional licenses unless the license is for specified enterprise zones, cities, or business areas. The bill also removes provisions that limit the number of additional Class B beer, wine, and liquor licenses that may be obtained based on the amount of time a license holder has held his or her other licenses.

Current Law: Generally, only one alcoholic beverages license may be issued to a single licensee, and no more than one license may be issued for the same premises, with specified exceptions.

In Maryland, a Class B beer, wine, and liquor license allows a restaurant or hotel to sell alcoholic beverages for consumption on the premises or elsewhere. The Montgomery County Board of License Commissioners may only issue a Class B beer, wine, and liquor license if it is located in the second, third, fourth, sixth, seventh, eighth, ninth, tenth, or thirteenth election districts. Unless specifically authorized by law, a license cannot be issued for restaurants or hotels in the towns of Poolesville, Takoma Park, or Kensington. Unless otherwise specified by law, a license cannot be issued to any business located in Barnesville, Kensington, Laytonsville, Washington Grove, or Takoma Park.

Although State law generally limits the number of alcoholic beverage licenses that may be issued to a single license holder, in Montgomery County, additional Class B beer, wine, and liquor licenses may be obtained under specified conditions. However, a licensee may not hold more than 10 such licenses altogether. Seven of these 10 licenses must be located in specified geographic locations. The other three are not restricted by location.

A license holder may not serve alcohol at any bar, counter without seats, or room other than the dining area, and a cocktail area may not exceed 25% of the seats available in the dining area, excluding banquet and private party facilities. A license holder may not advertise the sale of alcoholic beverages on signs visible from the exterior of the building, except to display a menu.

Annual license fees are \$2,500 for all location-restricted licenses and the first two unrestricted licenses. The annual license fee for the third unrestricted license is \$5,000.

Background: As of fiscal 2013, there were a total of 510 Class B beer, wine, and liquor licenses issued in Montgomery County.

Local Revenues: Overall, the net impact of the bill's changes is likely a minimal increase in Montgomery County license fee revenues.

Montgomery County license fee revenues *decrease* by an estimated \$10,000 annually due to the decrease in the license fee from \$5,000 annually to \$2,500 annually for each third license not restricted by location that is issued to a single licensee. The county reports that there are currently four businesses that possess this type of license.

Montgomery County revenues *increase* due to the elimination of various limitations on the timeframe and location in which additional Class B beer, wine, and liquor licenses may be obtained. For every new license issued, revenues increase by \$3,000 in the first year (\$2,500 annual license fee plus \$500 filing fee) and \$2,500 annually thereafter. Although the number of additional licenses issued under the bill is unknown, the increase in revenues from additional licenses is anticipated to more than offset any decrease in revenues due to the change in the license fee described above.

Additional Information

Prior Introductions: None.

Cross File: SB 307 (Montgomery County Senators) - Education, Health, and Environmental Affairs.

Information Source(s): Montgomery County, Department of Legislative Services

Fiscal Note History: First Reader - February 12, 2014
mm/lgc Revised - House Third Reader - March 12, 2014

Analysis by: Richard L. Duncan

Direct Inquiries to:
(410) 946-5510
(301) 970-5510