

Department of Legislative Services
Maryland General Assembly
2014 Session

FISCAL AND POLICY NOTE

House Bill 248
Economic Matters

(Charles County Delegation)
Education, Health, and Environmental Affairs

Charles County - Alcoholic Beverages - Beer, Wine and Liquor Licenses

This bill increases various Class B alcoholic beverages license fees in Charles County by restructuring the county's existing Class B alcoholic beverages licensing scheme. Under the bill, the Charles County Board of License Commissioners may issue a Class B-R (restaurant) on-sale beer, wine, and liquor license, a Class B-RB (restaurant/bar) on-sale beer, wine, and liquor license, a Class B-T (tavern) on-sale beer, wine, and liquor license, a Class B-N (nightclub) on-sale beer, wine, and liquor license, and a Class B-H (hotel) on-sale beer, wine, and liquor license. The bill also renames a Class BLX license to a Class B-BLX (luxury restaurant) on-sale beer, wine, and liquor license and specifies that the Board of License Commissioners issues the license and that the license fee is annual. The Board of License Commissioners may adopt regulations to implement these provisions.

The bill takes effect July 1, 2014.

Fiscal Summary

State Effect: None.

Local Effect: Charles County revenues increase by approximately \$8,800 annually beginning in FY 2015 due to the increases in license fees. County expenditures are not affected.

Small Business Effect: Minimal impact on small businesses that are Class B alcoholic beverages license holders due to their license fees increasing between \$100 and \$500 annually beginning in FY 2015.

Analysis

Bill Summary:

Class B-R (Restaurant) On-sale Beer, Wine, and Liquor License

A Class B-R (restaurant) on-sale beer, wine, and liquor license authorizes the sale and consumption of beer, wine, and liquor at a restaurant that is primarily engaged in the sale of food and nonalcoholic beverages for consumption on the premises and contains a dining room with facilities for preparing and serving meals. A license holder may not have a bar on the premises of the restaurant or provide live entertainment. In addition to the current annual license fee of \$360, a license holder must pay \$200 annually if the license holder provides outdoor table service.

Class B-RB (Restaurant/Bar) On-sale Beer, Wine, and Liquor License

A Class B-RB (restaurant/bar) on-sale beer, wine, and liquor license authorizes the sale and consumption of beer, wine, and liquor at a restaurant that is primarily engaged in the sale of food and nonalcoholic beverages for consumption on the premises, contains a dining room with facilities for preparing and serving meals, and contains a bar. In addition to an annual license fee of \$460, a license holder must pay \$200 annually if the license holder provides live entertainment and \$200 annually if the license holder provides outdoor table service.

Class B-T (Tavern) On-sale Beer, Wine, and Liquor License

A Class B-T (tavern) on-sale beer, wine, and liquor license authorizes the sale and consumption of beer, wine, and liquor at a restaurant or bar that is primarily engaged in selling and serving alcoholic beverages, on a drink-by-drink basis, and has a seating capacity of less than 100 people, as determined by the State Fire Marshal. In addition to an annual license fee of \$460, a license holder must pay \$200 annually if the license holder provides live entertainment and \$200 annually if the license holder provides outdoor table service.

Class B-N (Nightclub) On-sale Beer, Wine, and Liquor License

A Class B-N (nightclub) on-sale beer, wine, and liquor license authorizes the sale and consumption of beer, wine, and liquor at a nightclub that is primarily engaged in selling and serving alcoholic beverages, on a drink-by-drink basis, and has a seating capacity of more than 100 people, as determined by the State Fire Marshal. In addition to an annual license fee of \$610, a license holder must pay \$200 annually if the license holder provides live entertainment.

Class B-H (Hotel) On-sale Beer, Wine, and Liquor License

A Class B-H (hotel) on-sale beer, wine, and liquor license authorizes the sale and consumption of beer, wine, and liquor in a hotel common area for a premises that is primarily engaged in the day-to-day rental of hotel rooms. In addition to the existing annual license fee of \$360, a license holder must pay \$200 annually if the license holder provides live entertainment and \$200 annually if the license holder provides outdoor table service.

Current Law: A Class B-R (restaurant) on-sale beer, wine, and liquor license, a Class B-RB (restaurant/bar) on-sale beer, wine, and liquor license, a Class B-T (tavern) on-sale beer, wine, and liquor license, a Class B-N (nightclub) on-sale beer, wine, and liquor license, and a Class B-H (hotel) on-sale beer, wine, and liquor license do not exist in Charles County. However, restaurants, restaurant/bars, taverns, nightclubs, and hotels may obtain Class B beer, wine, and liquor licenses.

The Charles County Board of License Commissioners may issue a Class B beer, wine, and liquor license to a hotel or restaurant to sell alcoholic beverages at retail on the premises, and the annual license fee is \$360. Additionally, the board may issue a Class BLX license (for a fee of \$2,400) to a luxury-type restaurant that has a seating capacity of at least 150 people and a minimum capital investment of \$550,000 for the dining room facilities and kitchen equipment; a Class B-B&B (bed and breakfast) license (for a fee of either \$25 or \$50 annually, depending on the number of bedrooms) to an establishment that has rooms for sleeping accommodations for a specified period of time and no dining facilities that are open to the general public; and a Class B-Stadium (baseball stadium) license (for a fee of \$2,200 annually) to the owner of any professional team franchise or a private concessionaire that is under contract with Charles County or a professional baseball team franchise.

Background: As of August 2013, there are 50 Class B beer, wine, and liquor (on-sale) licenses in Charles County.

Local Revenues: The bill increases Class B alcoholic beverages license fees in Charles County. Assuming the number of licensees remains constant, and that there are no changes regarding the number of licenses that provide live entertainment or outdoor table service, the increase in alcoholic beverages licensing fees generates an additional \$8,800 in local revenues annually beginning in fiscal 2015, as shown in **Exhibit 1**.

Exhibit 1
Additional Estimated Revenue from Charles County Class B License Fee Increases

<u>Class</u>	<u>Number</u>	<u>Fee</u>	<u>Additional Revenue from Fees</u>	<u>Revenue from Live Entertainment</u>	<u>Revenue from Outdoor Seating</u>	<u>Total</u>
B-R (restaurant)	10	\$360	-	-	-	-
B-RB (restaurant/bar)	28	460	\$2,800	\$2,000	\$800	\$5,600
B-T (tavern)	4	460	400	800	200	1,400
B-N (nightclub)	4	610	1,000	800	-	1,800
B-H (hotel)	3	360	-	-	-	-
B-BLX (luxury restaurant)	1	2,400	-	-	-	-
Total	50		\$4,200	\$3,600	\$1,000	\$8,800

Source: Department of Legislative Services

Small Business Effect: Assuming the number of licensees remains constant, the bill impacts 36 businesses by causing them to pay higher license fees. Restaurant/bars and taverns' license fees increase by up to \$500 annually, while nightclubs' license fees increase by up to \$450 annually.

Additional Information

Prior Introductions: None.

Cross File: None.

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

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