

Department of Legislative Services
Maryland General Assembly
2015 Session

FISCAL AND POLICY NOTE
Revised

House Bill 801
Economic Matters

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

Washington County - Alcoholic Beverages - Conversion of Class P Licenses

This bill repeals the authority of the Washington County Board of License Commissioners to issue a Class P pouring license and makes conforming changes. Instead, the board is authorized to issue a Class B (on-sale) license of any type, countywide, to a restaurant that meets specified requirements, including having annual gross sales of food and nonalcoholic beverages greater than gross sales of alcoholic beverages. Licenses issued under these provisions are not subject to population ratio quota requirements.

The annual fees for a Class B (on-sale) license are (1) \$50 for a beer license; (2) \$200 for a beer and light wine; and (3) \$750 for a beer, wine, and liquor license. The annual fees for a Class B (on- and off-sale) license, which are altered by the bill are (1) \$350 for a beer license; (2) \$400 for a beer and light wine license; and (3) \$1,000 for a beer, wine, and liquor license. The annual license fee for a Sunday sale license remains at \$250.

The bill takes effect July 1, 2015.

Fiscal Summary

State Effect: None.

Local Effect: The bill results in a negligible net decrease in Washington County revenues due to the bill's (1) transition of Class P licenses to Class B (on-sale) licenses and (2) alteration of fees for Class B licenses. Review and consideration of any Food Alcohol Ration Reports submitted as a result of the bill can be handled with existing resources.

Small Business Effect: Minimal.

Analysis

Bill Summary: On May 1, 2016, all Class P licenses convert to an equivalent Class B (on-sale) license, unless the board determines that the Class P license should convert to a Class D (on-sale) license instead. Converted license holders must provide, if requested, a Food Alcohol Ration Report covering two quarters of the previous 12-month period to ensure compliance with the bill's annual gross sales requirement. If an applicant for a Class B (on-sale) license did not hold a Class B (on-sale) license in the previous 12-month period, the applicant must, on request from the board, attest in a sworn statement, that the applicant will comply with this requirement.

Current Law: In Washington County, the "population ratio quota" means one alcoholic beverages license for every 1,000 individuals, excluding individuals detained or confined in a correctional facility, residing in the election district where the license will be issued as determined by the last federal population census. A "restaurant" means an establishment that is in a permanent building, regularly sells and serves food to the general public, has a seating capacity of at least 75 persons, and annually has gross sales of food and nonalcoholic beverages that exceed its annual gross sales of alcoholic beverages.

Except for a Class B (on-sale) alcoholic beverages license issued to a restaurant and any license renewed or transferred for the same premises, an alcoholic beverages license may not be issued within an election district if the number of licenses exceeds the population ratio quota. The Washington County Board of License Commissioners, however, may issue additional licenses regardless of the population ratio quota if it determines that there is a public need for the issuance of a license, including government sanctioned economic revitalization.

The Washington County Board of License Commissioners may issue a Class P pouring license, which authorizes the license holder to sell alcoholic beverages for consumption on the premises. Restaurants generally are issued a Class P license. The annual fee for a Class P license is (1) \$350 for a beer license; (2) \$400 for a beer and wine license; (3) \$750 for a beer, wine, and liquor license; and (4) \$250 for a Sunday sale license.

The annual fees for a Class B (on- and off-sale) license are (1) \$50 for a beer license; (2) \$200 for a beer and light wine license; (3) \$1,000 for a beer, wine, and liquor license; and (4) \$250 for a Sunday sale license.

Background: Washington County advises that there are currently zero Class B beer licenses; 4 Class B beer and light wine licenses; and 20 Class B beer, wine, and liquor licenses in effect in the county. Furthermore, there are currently 5 Class P beer; 9 Class P beer and wine; and 55 Class P beer, wine, and liquor licenses in effect in the county. In fiscal 2014, there were 1,151 residents per liquor license in the county.

Additional Information

Prior Introductions: None.

Cross File: SB 750 (Washington County Senators) - Rules.

Information Source(s): Comptroller's Office, Washington County, Department of Legislative Services

Fiscal Note History: First Reader - February 18, 2015
md/lgc Revised - House Third Reader/Updated Information - March 24, 2015

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