

Department of Legislative Services
Maryland General Assembly
2016 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 931
Economic Matters

(Delegate Carr, *et al.*)

Alcoholic Beverages - Warehouse Shopping Clubs - Beer or Wine Licenses

This bill authorizes a local licensing board to issue a Class A (off-sale) beer license, wine license, or beer and wine license for use in conjunction with or on the premises of an eligible warehouse shopping club. An eligible warehouse shopping club must have at least 120,000 square feet of retail and storage area, be located in an enterprise zone, and be within 10 miles of the State border. A license holder may not operate a gasoline service station or allow a gasoline service station to be operated on or adjacent to the licensed premises. A license holder may only sell beer or wine by the case.

The bill takes effect July 1, 2016.

Fiscal Summary

State Effect: The bill does not materially affect State tax revenues relating to the sale and consumption of alcoholic beverages.

Local Effect: Local licensing revenues may increase beginning in FY 2017 to the extent additional Class A beer licenses, wine licenses, or beer and wine licenses are issued. Local expenditures are not materially affected.

Small Business Effect: Minimal. Small businesses that sell beer or wine may experience a decrease in beer and wine sales as a result of increased competition from warehouse shopping clubs.

Analysis

Current Law: Except by way of renewal, or as otherwise provided, a Class A, Class B, or Class D alcoholic beverages license may not be granted, transferred, or issued to, or for use in conjunction with, or upon the premises of any chain store, supermarket, or discount house. A discount house does not include a licensee who sells at discount prices.

The Enterprise Zone Tax Credit program, established in 1982, is intended to encourage economic growth within economically distressed areas of the State and to increase employment of the chronically unemployed. The Secretary of Commerce may only designate an area as an enterprise zone if it is in a priority funding area and satisfies at least one criterion related to economic distress.

Background: The Department of Commerce has a [map of the State's enterprise zones](#), which shows enterprise zones in Baltimore City and Allegany, Baltimore, Caroline, Cecil, Dorchester, Garrett, Harford, Montgomery, Prince George's, Somerset, Washington, Wicomico, and Worcester counties.

There are currently 51 Class A beer licenses, 13 Class A wine licenses, and 452 Class A beer and wine licenses issued in the State.

Local Revenues: Local licensing revenues may increase beginning in fiscal 2017 to the extent additional Class A beer licenses, wine licenses, or beer and wine licenses are issued. However, since a warehouse shopping club must be in an enterprise zone and within 10 miles of the State border, the Department of Legislative Services assumes few warehouse shopping clubs would be eligible for a Class A license.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Dorchester, Garrett, and Montgomery counties; Maryland Association of Counties; Comptroller's Office; Department of Legislative Services

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