

Department of Legislative Services  
Maryland General Assembly  
2016 Session

FISCAL AND POLICY NOTE  
First Reader

House Bill 1366  
Economic Matters

(Delegate Barkley, *et al.*)

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Alcoholic Beverages - Issuance of Class A Licenses

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This bill increases to two the number of Class A alcoholic beverages licenses that may be issued to an individual in the State for specified purposes. The bill limits to one the number of Class A licenses that may be issued for the use of an establishment that derives less than 85% of revenue from the sale of alcoholic beverages. Additionally, the bill clarifies that generally no more than one license may be issued in a single jurisdiction to any individual or for the use of specified entities.

The bill takes effect July 1, 2016.

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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 alcoholic beverages licenses are issued. The amount of the increase depends on the number of licenses issued. In jurisdictions where the maximum number of authorized licenses have already been issued, local licensing revenues are not affected. Local expenditures are not materially affected.

**Small Business Effect:** Potential meaningful. To the extent small businesses are able to obtain additional alcoholic beverages licenses, additional sales and profits may be realized. However, other businesses may be negatively affected if they lose sales to new licensees.

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## Analysis

**Current Law:** Except as otherwise provided, no more than one license may be issued in any county or Baltimore City to any person or for the use of any partnership, corporation, unincorporated association, or limited liability company in Baltimore City or any county.

Except as otherwise provided, no more than one Class A, Class C, or Class D alcoholic beverages license may be issued to any individual in Maryland for the use of (1) that individual in this State or (2) any partnership, corporation, unincorporated association, or limited liability company in this State.

**Background:** Retail alcoholic beverages licenses are issued by Baltimore City, the 23 counties, and the City of Annapolis. **Exhibit 1** shows the number of retail licenses, by class, issued for fiscal 2015.

**Local Revenues:** Local licensing revenue may increase beginning in fiscal 2017 to the extent additional Class A alcoholic beverages licenses are issued. The amount of the increase depends on the number of licenses issued. In jurisdictions where the maximum number of authorized licenses have already been issued, local licensing revenues are not affected.

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## Additional Information

**Prior Introductions:** A similar bill, HB 1061 of 2015, received a hearing from the House Economic Matters Committee but was withdrawn.

**Cross File:** None.

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

**Fiscal Note History:** First Reader - February 17, 2016  
min/hlb

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**Exhibit 1**  
**Alcoholic Beverage Retail Licenses Issued**  
**Fiscal 2015**

<u>License Type</u>	<u>Licenses Issued</u>
Class A – Off-sale:	
Beer	47
Wine	0
Beer and Wine	448
Beer, Wine, and Liquor	1,062
<b><i>Total A Licenses</i></b>	<b><i>1,557</i></b>
Class B – On- or Off-sale (Hotels and Restaurants)	
Beer	26
Wine	0
Beer and Wine	546
Beer, Wine, and Liquor	3,049
<b><i>Total B Licenses</i></b>	<b><i>3,621</i></b>
Class C – On-sale (Clubs)	
Beer	3
Wine	37
Beer and Wine	32
Beer, Wine, and Liquor	507
<b><i>Total C Licenses</i></b>	<b><i>579</i></b>
Class D – On- or Off-sale (Taverns and On-sale Generally)	
Beer	56
Wine	0
Beer and Wine	271
Beer, Wine, and Liquor	636
<b><i>Total D Licenses</i></b>	<b><i>963</i></b>
Caterers – On- or Off-sale	
Beer, Wine, and Liquor	48
Class BD-7 – On- or Off-sale	
Beer, Wine, and Liquor (Baltimore City)	444
<b>Total</b>	<b>7,212</b>
<b><u>Summary by Alcoholic Beverages</u></b>	
Beer	132
Wine	37
Beer and Wine	1,297
Beer, Wine, and Liquor	5,746
<b>Total</b>	<b>7,212</b>

Source: *Alcohol and Tobacco Tax Annual Report, Fiscal 2015, Comptroller of Maryland*