

**Department of Legislative Services**  
Maryland General Assembly  
2016 Session

**FISCAL AND POLICY NOTE**  
**Third Reader - Revised**

Senate Bill 699

(Senators Young and Hough)

Education, Health, and Environmental Affairs

Economic Matters

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**Frederick County - Alcoholic Beverages - Theater and Entertainment Center License**

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This bill renames the Class C (Maryland Ensemble Theater) on-sale beer and wine license in Frederick County to be a Class C (theater) license and expands eligibility to include any theatre that seats 200 or fewer individuals per performance. The bill also renames the Class MEC (micro-brewery/entertainment center) license to be a Class EC (entertainment center) license and authorizes the board to issue the license to a person for use in conjunction with a Class B beer, wine, and liquor (BWL) license. The bill clarifies that a holder of a Class EC license may sell, for on-premises consumption, (1) malt beverages that are brewed in the license holder's micro-brewery, if the license holder also holds a Class 7 micro-brewery license, or (2) beer, wine, and liquor, if the license holder also holds a Class B BWL license.

The bill takes effect July 1, 2016.

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**Fiscal Summary**

**State Effect:** None.

**Local Effect:** To the extent that the bill results in additional applications for an issuance of alcoholic beverages licenses in Frederick County, revenues increase due to application fees, license fees, and renewal fees. Any increase in workload to review applications and monitor and enforce newly issued licenses can be covered by the additional fee revenue obtained.

**Small Business Effect:** Minimal. Theaters and entertainment centers that are newly eligible, and apply for, a license may realize an increase in sales as a result of the bill.

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## Analysis

### Current Law:

#### *Maryland Ensemble Theatre License*

The Class C (Maryland Ensemble Theatre) on-sale beer and wine license may only be issued for the Maryland Ensemble Theatre. The annual license fee is \$100. The license allows the holder to sell beer and wine for on-premises consumption from one hour before to one hour after a regular performance or a fundraiser performance for the benefit of the Maryland Ensemble Theatre. The president and two other officers of the Maryland Ensemble Theatre must sign the application for the license, and two of the signers must be residents of Frederick County.

#### *Micro-brewery/Entertainment Center License*

The board may issue a Class MEC (micro-brewery/entertainment center) license to a person for use in conjunction with a Class 7 micro-brewery license. The entertainment center license authorizes the license holder to sell, for on-premises consumption, malt beverages that are brewed in the license holder's micro-brewery. The annual license fee is \$1,500. Alcohol may be sold (1) Monday through Saturday, from 6:00 a.m. to 2:00 a.m. the following day, and (2) on Sunday, from 11:00 a.m. to 2:00 a.m. the following day. The entertainment center may (1) allow the playing of music and dancing and (2) contain rides, games, and one or more food service facilities, bars, or lounges.

#### *General Alcoholic Beverages Provisions*

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.

#### *Class B BWL License in Frederick County*

Generally, a Class B BWL license may be issued to a hotel or restaurant that meets specified size and assessed value criteria. The annual license fee for a restaurant is \$1,500, and the annual license fee for a hotel is \$2,000.

**Background:** Approximately six theaters in Frederick County meet the size requirement of the bill. There have been no Class MEC licenses issued in Frederick County. However, Frederick County advises that they are aware of two potential applicants for the Class EC license created under the bill.

**Local Fiscal Effect:** To the extent that the bill results in additional applications for and issuance of alcoholic beverages licenses in Frederick County, county revenues increase due to application filing fees (\$750), annual licensing fees (\$100 for each theater license, and \$1,500 for each EC license), and annual renewal fees (\$100). However, the number of individuals who will seek to obtain a license as a result of the bill, and any corresponding revenue increase, cannot be reliably estimated at this time. *For illustrative purposes only*, if two establishments apply for Class C theater licenses and two establishments apply for Class EC licenses, revenues increase under the bill by \$6,200 in the first year of licensure and by \$3,600 annually thereafter.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** HB 840 (Frederick County Delegation) - Economic Matters.

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

**Fiscal Note History:** First Reader - February 15, 2016  
min/hlb Revised - Senate Third Reader - March 17, 2016

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