

Department of Legislative Services
Maryland General Assembly
2018 Session

FISCAL AND POLICY NOTE
Third Reader

House Bill 501
Economic Matters

(Frederick County Delegation)

Education, Health, and Environmental Affairs

Frederick County - Alcoholic Beverages - Seating Requirement for Class B
Licenses

This bill lowers the minimum dining room seating capacity to 28 individuals from the existing minimum of 50, for the following Class B license holders in Frederick County: (1) a Class B luxury-type restaurant in the Ballenger (23rd) election district; (2) a Class B beer, wine, and liquor hotel or motel license; and (3) a Class B beer, wine, and liquor hotel or restaurant license. **The bill takes effect July 1, 2018.**

Fiscal Summary

State Effect: None.

Local Effect: Potential minimal increase in Frederick County revenues to the extent more businesses are eligible for and apply for the licenses specified in the bill. Frederick County can handle enforcement with existing resources.

Small Business Effect: Potentially meaningful, to the extent that more businesses would be eligible to apply for the Class B licenses specified in the bill.

Analysis

Current Law:

Class B License in the Ballenger (23rd) Election District: The Frederick County Board of License Commissioners is authorized to issue the license for use by a luxury-type restaurant that meets specified requirements. The board must define “luxury-type restaurant” by regulation. The license authorizes the sale of beer, wine, and liquor for on-premises

consumption Monday through Saturday, from 6 a.m. to 2 a.m. the following day; and on Sunday, from 10 a.m. to 2 a.m. the following day. The annual license fee is \$1,500.

Class B Beer, Wine, and Liquor Hotel or Motel License: The board may issue the license for use by a public hotel or motel that meets specified requirements.

The license authorizes the license holder to sell beer, wine, and liquor (1) by the individual drink at any place on the hotel or motel premises; (2) by the bottle at any place on the premises for a banquet, party, hospitality room, meeting, or a similar function; (3) for dinner in the restaurant portion of the premises, except customer may not remove from the premises any contents of a bottle sold that remains unused; and (4) by the bottle through room service to a registered patron in a hotel or motel room. Not more than two bottles may be sold through room service to any one customer in a 24-hour period. A bottle sold through room service may be removed from the premises by the customer on checking out from the hotel or motel.

The license holder may sell beer, wine, and liquor for on-premises consumption from 10 a.m. to 2 a.m. the following day or for a specific event that the board has approved, the hours for the event that are set by the board. For off-premises consumption, the hours of sale are from 1 p.m. to 2 a.m. the following day. The license holder may not sell beer, wine, or liquor at a bar or counter on Sunday. The annual license fee is \$2,000.

Class B Beer, Wine, and Liquor Hotel or Restaurant License: The license authorizes the sale of beer, wine, and liquor for on-premises consumption where meals are prepared and served, but prohibits sales for consumption anywhere else, including at a bar or counter. The license holder may sell beer, wine, and liquor for on-premises consumption from 10 a.m. to 2 a.m. the following day or for a specific event that the board has approved. For off-premises consumption, the hours of sale are from 1 p.m. to 2 a.m. the following day. The license holder may not sell beer, wine, or liquor at a bar or counter on Sunday.

The board may issue the license for use by a *restaurant* that meets specified requirements. The annual license fee is \$1,500.

The board may also issue the license for use by a *hotel* that meets specified requirements. The annual license fee is \$2,000.

Local Revenues: Local revenues increase minimally to the extent that additional licenses are issued by the board. Frederick County advises that the bill's changes will make more businesses eligible for the Class B licenses specified in the bill; however, there is no way to reliably estimate how many additional licenses will be issued.

Small Business Effect: As indicated above, the bill's lowering of the minimum seating capacity requirement would enable some small businesses in the county that do not qualify for the license under existing law to obtain the license.

Additional Information

Prior Introductions: None.

Cross File: SB 219 (Senators Young and Hough) - Education, Health, and Environmental Affairs.

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

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