

Department of Legislative Services
Maryland General Assembly
2020 Session

FISCAL AND POLICY NOTE
Third Reader

House Bill 145

(Frederick County Delegation)

Economic Matters

Education, Health, and Environmental Affairs

Frederick County - Alcoholic Beverages - Repeal of Quota for Class B Licenses

This bill repeals the quota on the number of Class B (on-sale) beer and Class B (on-sale) beer and wine licenses the Frederick County Board of License Commissioners may issue in an election district. **The bill takes effect July 1, 2020.**

Fiscal Summary

State Effect: None.

Local Effect: Local revenues may be affected as discussed below. Frederick County can monitor additional licenses with existing resources.

Small Business Effect: Minimal overall, but potential meaningful for a small business in Frederick County that obtains a Class B license under the bill.

Analysis

Current Law: The Frederick County Board of License Commissioners may not issue more than one license in each of the following classes, per every 4,000 individuals or major fraction in an election district, based on the most recent federal census:

- Class A (off-sale) beer license;
- Class B (on-sale) beer license;
- Class A (off-sale) beer and wine license;
- Class B (on-sale) beer and wine license; and
- Class A (off-sale) beer, wine, and liquor license.

The Class B (on-sale) beer license authorizes the license holder to sell beer at a hotel or restaurant for on-premises consumption. The annual license fee is \$130. The Class B (on-sale) beer and wine license authorizes the license holder to sell beer and wine at a hotel or restaurant for on-premises consumption. The annual license fee is \$160.

Class B Beer, Wine, and Liquor License

The Class B beer, wine, and liquor license is not subject to the same licensing quota as discussed above. The license authorizes a hotel or restaurant to sell beer, wine, and liquor for consumption where meals are prepared and served. The license authorizes a restaurant to sell alcoholic beverages for off-premises consumption, under specified conditions. The annual license fee is \$1,500 for a restaurant and \$2,000 for a hotel.

Background: In fiscal 2019, there were 336 alcoholic beverage licenses issued in Frederick County, 189 of which were Class B licenses. There were 6 Class B beer licensees, 32 Class B beer and wine licenses, and 151 Class B beer, wine, and liquor licenses issued in the county. Frederick County advises that, under the bill, some license holders may apply for a different type of Class B license than they currently hold.

Local Effect: For illustrative purposes only, a restaurant that currently holds a Class B beer, wine, and liquor license may wish to obtain a Class B (on-sale) beer and wine license instead. This change could result in a reduction of \$1,340 in local revenues. Similarly, Frederick County revenues may increase if more licenses are issued under the bill. Each additional Class B (on-sale) beer license will increase revenues by \$130, and each additional Class B (on-sale) beer and wine license will increase revenues by \$160. It is unclear how this bill will affect the number of Class B licenses issued in Frederick County.

Additional Information

Prior Introductions: None.

Designated Cross File: SB 215 (Senators Young and Hough) - Education, Health, and Environmental Affairs.

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

Fiscal Note History: First Reader - February 3, 2020
an/tso Third Reader - March 5, 2020

Analysis by: Amberly Holcomb

Direct Inquiries to:
(410) 946-5510

(301) 970-5510