

HOUSE BILL 1170

A2

4r1983

By: **Delegate James**

Introduced and read first time: February 7, 2014

Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Harford County – Alcoholic Beverages – Residency Requirements**

3 FOR the purpose of altering certain residency requirements for certain business
4 applicants for alcoholic beverages licenses in Harford County; altering a
5 requirement that a certain applicant for certain alcoholic beverages licenses
6 own a certain percentage of a certain business, subject to a certain exception;
7 making certain stylistic and conforming changes; and generally relating to
8 alcoholic beverages in Harford County.

9 BY repealing and reenacting, with amendments,
10 Article 2B – Alcoholic Beverages
11 Section 9–101(a), (b), (c), and (k)
12 Annotated Code of Maryland
13 (2011 Replacement Volume and 2013 Supplement)

14 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
15 MARYLAND, That the Laws of Maryland read as follows:

16 **Article 2B – Alcoholic Beverages**

17 9–101.

18 (a) **(1)** A license may not be issued to a partnership, to a corporation, or to
19 a limited liability company, but only to individuals authorized to act for a partnership,
20 corporation, or limited liability company who shall assume all responsibilities as
21 individuals, and be subject to all of the penalties, conditions and restrictions imposed
22 upon licensees under the provisions of the Tax – General Article that relate to the
23 alcoholic beverage tax and the provisions of this article. If the application is made for a
24 partnership, the license shall be applied for and be issued to all the partners as

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 individuals, all of whom shall have resided in the city or county in which the place of
2 business is located for at least 2 years prior to the application.

3 **[(1)] (2)** (i) In Montgomery County, if the application is made for
4 a partnership, the license shall be applied for and issued to at least 2 general partners
5 as individuals, at least one of whom is a registered voter of the county where the
6 application is made and resides there at the time of the application. If there is only one
7 general partner, the license shall be issued to that partner as an individual, if that
8 partner is a registered voter of the county where the application is made and resides
9 there at the time of application.

10 (ii) 1. In Baltimore County, if the application is made for a
11 partnership, the license shall be applied for and issued to at least two general partners
12 as individuals, at least one of whom is a registered voter of any county of the State or
13 of the City of Baltimore and resides there at the time of application.

14 2. If there is only one general partner, the Board of
15 License Commissioners shall issue the license to that partner as an individual, if the
16 partner is a registered voter of any county or of the City of Baltimore and resides there
17 at the time of the application.

18 3. The provisions of this subparagraph may not be
19 construed to waive any of the requirements under §§ 9–102, 9–102.2, and 9–301 of this
20 article.

21 **[(2)] (3) (I) [In Harford County, the applicant shall be a bona fide**
22 **resident of Harford County for at least 1 year before filing the application and shall**
23 **remain a resident as long as the license is in effect. The applicant is not required to be**
24 **a registered voter] THIS PARAGRAPH APPLIES TO AN APPLICANT IN HARFORD**
25 **COUNTY WHO ACTS ON BEHALF OF A PARTNERSHIP, AN ASSOCIATION, A**
26 **LIMITED LIABILITY COMPANY, A SOLE PROPRIETORSHIP, OR A CLUB OR**
27 **CORPORATION, WHETHER INCORPORATED OR UNINCORPORATED.**

28 **(II) AN APPLICANT WHO APPLIES FOR A CLASS B**
29 **RESTAURANT OR CLASS D TAVERN LICENSE SHALL BE A RESIDENT OF THE**
30 **STATE FOR AT LEAST 1 YEAR BEFORE FILING THE APPLICATION AND SHALL**
31 **REMAIN A RESIDENT AS LONG AS THE LICENSE IS IN EFFECT.**

32 **(III) AN APPLICANT WHO APPLIES FOR A LICENSE OTHER**
33 **THAN A CLASS B RESTAURANT OR CLASS D TAVERN LICENSE SHALL BE A**
34 **RESIDENT OF HARFORD COUNTY FOR AT LEAST 1 YEAR BEFORE FILING THE**
35 **APPLICATION AND SHALL REMAIN A RESIDENT AS LONG AS THE LICENSE IS IN**
36 **EFFECT.**

1 **[(3)] (4)** In Prince George's County, if an application is made for a
2 sole proprietorship or partnership, the license shall be applied for and issued to all
3 partners as individuals, all of whom shall have resided in Prince George's County for
4 at least 2 years prior to the application, are registered voters in Prince George's
5 County, and shall continue to be bona fide residents of Prince George's County as long
6 as the license is in effect.

7 **[(4)] (5)** (i) 1. In Frederick County, if an alcoholic beverages
8 license application is made for a partnership, the license shall be applied for and
9 issued to 3 individuals.

10 2. None of the 3 individuals need to be partners.
11 However, all 3 individuals shall be authorized in writing to act for the partnership by
12 making application for and becoming holders of the license for partnership.

13 3. Of the 3 individuals, 1 shall be a registered voter at
14 the time of application and prior thereto and be a resident of Frederick County for at
15 least 2 years prior to making application.

16 4. The names of all of the partners shall be stated on the
17 application.

18 (ii) If a corporation, partnership, or limited liability company is
19 a partner of the partnership for which application is being made, the applicants shall
20 state on the application:

21 1. The name of any owner of more than 33 percent of the
22 stock in the corporate partner;

23 2. The name of any owner of more than 33 percent of
24 ownership interest of the partnership partner; or

25 3. The name of any member with more than a 33 percent
26 interest in the limited liability company partner.

27 **[(5)] (6)** (i) This paragraph **[(5)]** applies only to licenses issued by
28 the State Comptroller.

29 (ii) If a license application is made for a partnership, the license
30 shall be issued to three individuals, each of whom shall qualify as follows:

31 1. An individual general partner; or

32 2. When a general partner is a corporation, an officer of
33 the corporation as an individual.

1 (iii) If less than three general partners or corporate officers exist,
2 then a license may be issued to all of the general partners or officers qualified under
3 subparagraph (ii)2 of this paragraph.

4 (iv) In each instance under this paragraph, at least one of the
5 applicants shall be:

6 1. A resident of the State for at least 2 years preceding
7 the filing of the applications; and

8 2. A registered voter of the State.

9 (v) This paragraph may not be construed to waive any of the
10 requirements under § 9–102 of this article.

11 **[(6)] (7)** (i) This paragraph applies only in Wicomico County.

12 (ii) 1. If a stadium beer and light wine license application is
13 made for a partnership, the license shall be applied for and issued to three individuals.

14 2. None of the three individuals need be partners.
15 However, all three individuals shall be authorized in writing to act for the partnership
16 by making application for and becoming holders of the license for the partnership.

17 3. Of the three individuals, one shall be a registered
18 voter at the time of application and for 1 year prior to then and be a resident of
19 Wicomico County for at least 2 years prior to making application.

20 4. The names of all of the partners shall be stated on the
21 application.

22 (iii) If a corporation, partnership, or limited liability company is
23 a partner of the partnership for which application is being made, the applicants shall
24 state on the application:

25 1. The name of any owner of more than 33 percent of the
26 stock in the corporate partner;

27 2. The name of any owner of more than 33 percent of
28 ownership interest of the partnership partner; or

29 3. The name of any member with more than 33 percent
30 interest in the limited liability company partner.

31 (b) **(1)** If the application is made for a corporation, or a club, whether
32 incorporated or unincorporated, the license shall be applied for by and be issued to
33 three of the officers of that corporation or club, as individuals, for the use of the

1 corporation or club, at least one of whom shall be a registered voter and taxpayer of
2 the county or city, or State of Maryland when the application is filed with the
3 Comptroller, and shall also have resided therein, at least two years prior to the
4 application.

5 **(2)** The application shall also set forth the names and addresses of all
6 of the officers of the corporation or club and shall be signed by the president or vice
7 president, as well as by three officers to whom the license shall be issued. The
8 application for every license shall disclose the name and address of the corporation,
9 partnership or association, as well as the name and address of the applicant.

10 **(3)** For an application for any Class E, Class F or Class G license, the
11 application may be made by any three officers or employees residing in this State, duly
12 authorized by the corporation to apply for the license.

13 **(4)** The provisions of this subsection with reference to an applicant
14 being a registered voter, taxpayer or resident of the State of Maryland do not apply
15 when three principal officers of a corporation make application for a Class G license.

16 **(5)** This section [does]:

17 **(I)** **DOES** not apply to “racetrack licenses” or to “beach and
18 amusement park licenses” issued in Anne Arundel County; **AND**

19 **(II)** **SUBJECT TO SUBSECTION (A)(3) OF THIS SECTION,**
20 **APPLIES TO A LICENSE ISSUED IN HARFORD COUNTY.**

21 **(6)** In the case of a corporation where there are less than three officers
22 or directors of the corporation, all officers or directors shall make the application as
23 provided in this section.

24 **(7)** In the event there are no officers or directors of a close corporation,
25 at least one stockholder may make the application as provided in this section, if there
26 is an affirmative vote of the stockholders holding a majority of the stock.

27 (c) (1) (i) Except as provided in [subparagraph] **SUBPARAGRAPHS**
28 **(ii) AND (III)** of this paragraph, if the application is made for a limited liability
29 company, the license shall be applied for by and be issued to 3 of the authorized
30 persons of that limited liability company, as individuals, for the use of the limited
31 liability company, at least 1 of whom shall be a registered voter and taxpayer of the
32 county or city, or the State when the application is filed with the Comptroller, and
33 shall also have resided there at least 2 years before the application.

34 (ii) In Baltimore City, an authorized person of a limited liability
35 company who holds an alcoholic beverages license for the use of the limited liability

1 company that was granted on or before June 1, 2012, need not be a registered voter in
2 Baltimore City.

3 **(III) SUBJECT TO SUBSECTION (A)(3) OF THIS SECTION, THIS**
4 **PARAGRAPH APPLIES IN HARFORD COUNTY.**

5 (2) The application shall also set forth the names and addresses of
6 each of the authorized persons and shall be signed by the 3 authorized persons to
7 whom the license shall be issued.

8 (3) (i) The application for each license shall disclose the name and
9 address of the limited liability company and the name and address of the applicant.

10 (ii) Notwithstanding item (i) of this paragraph, in the case of an
11 application for Class E, Class F, or Class G license, the application may be made by
12 any 3 authorized persons or employees residing in the State, duly authorized by the
13 limited liability company to apply for the license.

14 (4) The provisions of this subsection with reference to an applicant
15 being a registered voter, taxpayer, or resident of the State do not apply when 3
16 members of a limited liability company make application for a Class G license.

17 (5) (i) **[Nothing in this section shall apply] THIS SECTION:**

18 **1. DOES NOT APPLY** to “racetrack licenses” or to “beach
19 and amusement park licenses” issued in Anne Arundel County; **AND**

20 **2. SUBJECT TO SUBSECTION (A)(3) OF THIS**
21 **SECTION, APPLIES TO A LICENSE ISSUED IN HARFORD COUNTY.**

22 (ii) In the case of a limited liability company in which there are
23 less than 3 authorized persons of the limited liability company, all authorized persons
24 shall make the application as provided in this section.

25 (k) In Harford County, if the application is made for a corporation, whether
26 incorporated or unincorporated or for a limited liability company:

27 (1) Application for the license shall be by and be issued to 3 of the
28 officers holding a pecuniary interest in the corporation or 3 of the authorized persons
29 holding a pecuniary interest in the limited liability company, as individuals, for the
30 use of the corporation or limited liability company, as the case may be.

31 (2) In addition to the provisions of paragraph (1) of this subsection, 1
32 of the applicants shall be **[a bona fide resident of the county and the license shall**
33 **remain valid only so long as the resident applicant remains a resident of the county]** **A**
34 **RESPONSIBLE OPERATOR OF THE LICENSED ESTABLISHMENT WHO HAS BEEN A**

1 RESIDENT OF THE STATE FOR AT LEAST 1 YEAR BEFORE FILING THE
2 APPLICATION AND REMAINS A RESIDENT AS LONG AS THE LICENSE IS IN
3 EFFECT.

4 (3) The [resident applicant] **RESPONSIBLE OPERATOR** shall:

5 (i) [Own] **EXCEPT AN APPLICANT FOR A CLASS B (BEER,**
6 **WINE AND LIQUOR) LICENSE, OWN** at least 25 percent of the total business[. Except
7 in the case of an applicant for a Class B (beer, wine and liquor) license, the resident
8 applicant shall own at least 10 percent of the total business];

9 (ii) Serve as manager or supervisor; and

10 (iii) Be physically present on the premises a substantial amount
11 of time on a daily basis.

12 (4) Paragraph (3) of this subsection relating to [resident applicants]
13 **THE RESPONSIBLE OPERATOR** applies to any license issued or transferred after July
14 1, 1984.

15 (5) The application for a license shall:

16 (i) Set forth the names and addresses of all the officers of the
17 corporation or authorized persons of the limited liability company;

18 (ii) Be signed by the president or vice president of a corporation
19 and the 3 officers of a corporation or the 3 authorized persons of a limited liability
20 company to whom the license is issued; and

21 (iii) Disclose the name and address of the corporation,
22 partnership, association, or limited liability company, as well as the names and
23 addresses of the applicants.

24 (6) (i) In the case of a corporation where there are less than 3
25 officers or directors of the corporation or in the case of a limited liability company
26 where there are less than 3 authorized persons, all officers or directors holding a
27 pecuniary interest in the corporation, or all authorized persons holding a pecuniary
28 interest in the limited liability company shall make the application.

29 (ii) In the case of a close corporation where there are no officers
30 or directors, 1 or more [resident,] majority stockholders may make the application as
31 provided for in this subsection.

32 (7) (i) In this paragraph "owner" means a person who has a real,
33 provable financial interest in the business and includes a stockholder or managerial
34 employee of the actual owner.

1 (ii) Stock ownership requirements do not apply to an applicant
2 for a Class B hotel or restaurant beer, wine and liquor license or a Class BNR beer,
3 wine and liquor license in which:

4 1. A majority of the shares of stock are owned or
5 controlled either directly or indirectly by 1 or more corporations whose shares of stock
6 are authorized for sale by the Securities and Exchange Commission of the United
7 States;

8 2. At least 1 of the licensees is a [resident operator]
9 **RESPONSIBLE OPERATOR** of the business conducted on the licensed premises and
10 that same individual is responsible for the day to day operation of the license;

11 3. All licensees, including the [resident applicant]
12 **RESPONSIBLE OPERATOR**, are named officers of the corporation; and

13 4. The residency requirement in effect at the time the
14 license is issued remains in effect as long as the license is in effect.

15 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
16 July 1, 2014.