

Department of Legislative Services
Maryland General Assembly
2014 Session

FISCAL AND POLICY NOTE
Revised

Senate Bill 657 (Montgomery County Senators)

Education, Health, and Environmental Affairs

Economic Matters

Montgomery County - Alcoholic Beverages - Beer, Wine and Liquor Licenses

This bill authorizes the Board of License Commissioners in Montgomery County to issue Class D beer, wine, and liquor licenses for on-premises consumption. The annual license fee is \$3,000. The bill establishes provisions relating to license requirements and inspections of licensed establishments. The bill also extends the time of day that holders of Class B-BWL and Class B-BWL (H-M) licenses may sell or provide alcoholic beverages.

The bill takes effect July 1, 2014.

Fiscal Summary

State Effect: None.

Local Effect: Montgomery County revenues increase by \$500 for each application due to the Montgomery County filing fee and by \$3,000 annually for each Class D beer, wine, and liquor license issued. Expenditures are not materially affected; Montgomery County can implement and enforce the bill with existing resources.

Small Business Effect: Potential meaningful.

Analysis

Bill Summary/Current Law:

Class D Beer, Wine, and Liquor License Established by the Bill

In order to obtain a Class D beer, wine, and liquor license, the owner must attest in a sworn statement that gross receipts from food sales in the establishment will be at least 40% of the total gross receipts from sales of food and alcoholic beverages combined from 10 a.m. to 9 p.m. on Sundays and 9 a.m. to 9 p.m. on all other days. To renew this type of license in Montgomery County, the owner of a restaurant or hotel must attest in a sworn statement that gross receipts from food sales in the establishment were at least 40% of the total gross receipts from sales of food and alcoholic beverages combined during the times noted above in the 12-month period preceding the application to renew the license.

The Montgomery County Board of License Commissioners must adopt regulations to conduct inspections to determine if the ratio is being met. The regulations must ensure (1) at least monthly physical inspections of the premises during the initial year of any licensee and (2) monthly statements submitted to the board by the licensee that show gross receipts from the sale of food and gross receipts from the sale of food and alcohol for the preceding month. If a licensee fails to meet this requirement for a specified period of time, the board has the authority to revoke the alcoholic beverages license. The board may require supporting data from the licensee to ensure the ratio is being met.

Hours of Sale

The bill also extends the time of day that holders of Class B-BWL and Class B-BWL (H-M) licenses may sell or provide alcoholic beverages, as shown in **Exhibit 1**. A holder of a Class D beer, wine, and liquor license may sell or provide alcoholic beverages during the same days and times, provided food is sold or made available for consumption during those hours.

Exhibit 1
The Bill's Changes to Hours of Sale For
Class B-BWL and Class B-BWL (H-M) Licenses

<u>Day of the Week</u>	<u>Current Law</u>	<u>The Bill</u>
Monday	9 a.m. to 1 a.m. the following day	9 a.m. to 2 a.m. the following day
Tuesday	9 a.m. to 1 a.m. the following day	9 a.m. to 2 a.m. the following day
Wednesday	9 a.m. to 1 a.m. the following day	9 a.m. to 2 a.m. the following day
Thursday	9 a.m. to 1 a.m. the following day	9 a.m. to 2 a.m. the following day
Friday	9 a.m. to 2 a.m. the following day	9 a.m. to 3 a.m. the following day
Saturday	9 a.m. to 2 a.m. the following day	9 a.m. to 3 a.m. the following day
Sunday	10 a.m. to 1 a.m. the following day (10 a.m. to 2 a.m. the following day when the following day is a specified federal holiday)	10 a.m. to 2 a.m. the following day (10 a.m. to 3 a.m. the following day when the following day is a specified federal holiday)

Source: Department of Legislative Services

Background: In fiscal 2013, 81 Class D beer and wine licenses, 510 Class B beer, wine, and liquor licenses, and 995 alcoholic beverage licenses were in effect in Montgomery County.

Local Revenues: Montgomery County requires a fee of \$500 for each application for any alcoholic beverages license, and the annual fee for a Class D beer, wine, and liquor license is \$3,000. Thus, Montgomery County revenues increase by \$500 for each license application submitted and by \$3,000 annually for each license issued. *For illustrative purposes*, if 10 businesses apply for and obtain Class D beer, wine, and liquor licenses, Montgomery county revenues increase by \$35,000 in the first year and \$30,000 annually thereafter.

Small Business Effect: Small businesses that possess a Class B-BWL or Class B-BWL (H-M) license may serve alcohol for an additional hour every day of the week. This additional time allows for additional sales of alcohol, resulting in a minimal revenue increase for these businesses. Additionally, small businesses such as bars and taverns that currently cannot operate in Montgomery County are able to open businesses by obtaining Class D beer, wine, and liquor licenses.

Additional Information

Prior Introductions: None.

Cross File: HB 463 (Montgomery County Delegation) - Economic Matters.

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

Fiscal Note History: First Reader - February 12, 2014
ncs/lgc Revised - Senate Third Reader - March 9, 2014

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