

Department of Legislative Services
Maryland General Assembly
2014 Session

FISCAL AND POLICY NOTE
Revised

Senate Bill 1079

(Senator Mathias)

Education, Health, and Environmental Affairs

Economic Matters

Worcester County - Alcoholic Beverages Licenses

This bill authorizes the Worcester County Board of License Commissioners to issue a Class D beer, wine, and liquor license within the corporate limits of the towns of Berlin and Snow Hill.

The bill takes effect July 1, 2014.

Fiscal Summary

State Effect: None.

Local Effect: Minimal increase in local revenues from license fees (\$3,750 for a Class D beer, wine, and liquor six-day license and \$4,250 for a Class D beer, wine, and liquor seven-day license), 75% of which goes to the respective municipality and 25% of which goes to Worcester County. Worcester County can monitor licenses with existing resources. Retail sales at the county dispensary may decrease.

Small Business Effect: Minimal overall, but potential meaningful for Class D beer, wine, and liquor license holders within the corporate limits of the towns of Berlin and Snow Hill who obtain the license and have sales in excess of the license fee.

Analysis

Current Law: The Worcester County Board of License Commissioners may only issue a Class D beer, wine, and liquor license within:

- the corporate limits of Ocean City;

- the boundary lines of the tenth taxing district;
- the area bounded by U.S. Route 50 to the south, Turville Creek and Herring Creek to the east, St. Martin River to the north, and Maryland Route 589 to the west;
- the area bounded by Maryland Route 589 to the north and east, U.S. Route 50 to the south, and U.S. Route 113 to the west; and
- from the intersection of Maryland Route 589 and U.S. Route 50, an area bounded by a line that extends 1,500 feet south of U.S. Route 50, east to the boundary of the tenth taxing district, north along the tenth taxing district boundary to U.S. Route 50, and west to the intersection of Maryland Route 589 and U.S. Route 50.

The annual Class D beer, wine, and liquor license fee is \$3,750 for a six-day license and \$4,250 for a seven-day license. Seven-day license holders may sell beer, wine, and liquor on-sale and off-sale. All license fees must go to the county's general fund; however, if the licensed premises are in a municipal corporation, 75% of the fees must go to that municipal corporation.

Background: In general, most Maryland jurisdictions permit the sale of alcoholic beverages through a three-tier system in which retail alcoholic beverages licensees (first tier) purchase alcoholic beverages from licensed Maryland wholesalers (second tier) who purchase alcoholic beverages from licensed manufacturers and import companies (third tier). In some counties, including Worcester County, the counties operate dispensary systems that act as the second-tier wholesalers for retail alcoholic beverages licensees in their respective jurisdictions. In Worcester County, the sale of alcoholic beverages is regulated by the Worcester County Department of Liquor Control. An alcoholic beverages licensee in the county, beginning on July 1, 2014, may elect to purchase wine and liquor from a licensed wholesaler in addition to or instead of from the department of liquor control by providing written notice to the department.

There are 29 Class D beer, wine, and liquor licenses in Worcester County.

Local Fiscal Effect: Worcester County revenues increase by \$938 for each new Class D beer, wine, and liquor six-day license issued and by \$1,063 for each new Class D beer, wine, and liquor seven-day license issued within the corporate limits of the towns of Berlin and Snow Hill. The towns' revenues increase by \$2,812 for each new Class D beer, wine, and liquor six-day license issued and by \$3,187 for each new Class D beer, wine, and liquor seven-day license issued within its corporate limits. Although the number of licenses that are issued as a result of the bill is unknown, Worcester County estimates issuing two additional Class D beer, wine, and liquor six-day licenses in the Town of Berlin and one additional Class D beer, wine, and liquor seven-day license in the Town of Snow Hill. If two six-day licenses are issued in the Town of Berlin and one seven-day

license is issued in the Town of Snow Hill, revenues increase by \$11,750, \$5,625 of which goes to the Town of Berlin and \$3,188 of which goes to the Town of Snow Hill.

Because Worcester County operates a dispensary system, retail sales at the dispensary may decrease from competition by Class D beer, wine, and liquor licensees in the corporate limits of the towns of Berlin and Snow Hill.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Worcester County, Town of Berlin, Comptroller's Office, Department of Legislative Services

Fiscal Note History: First Reader - March 13, 2014
ncs/lgc Revised - Senate Third Reader - March 26, 2014
Revised - Updated Information - May 7, 2014

Analysis by: Heather N. Ruby

Direct Inquiries to:
(410) 946-5510
(301) 970-5510