

Department of Legislative Services
Maryland General Assembly
2015 Session

FISCAL AND POLICY NOTE

House Bill 1061
Economic Matters

(Delegate Barkley, *et al.*)

Alcoholic Beverages - Issuance of Class A Licenses

This bill increases to two the number of Class A alcoholic beverages licenses that may be issued to an individual for specified purposes. The bill limits to one the number of Class A licenses that may be issued for the use of an establishment that derives less than 85% of revenue from the sale of alcoholic beverages. Additionally, the bill clarifies that, with a specified exception, no more than one license may be issued in any *single* county or Baltimore City to any *individual*.

The bill takes effect July 1, 2015.

Fiscal Summary

State Effect: The bill does not materially affect State tax revenues relating to the sale and consumption of alcoholic beverages.

Local Effect: Local licensing revenues may increase beginning in FY 2016 to the extent additional Class A alcoholic beverages licenses are issued. The amount of the increase depends on the number of licenses issued. In jurisdictions where the maximum number of authorized licenses have already been issued, local licensing revenues are not affected. Local expenditures are not materially affected.

Small Business Effect: Potential meaningful. To the extent small businesses are able to obtain additional alcoholic beverages licenses, additional sales and profits may be realized. However, other businesses may be negatively affected if they lose sales to new licensees.

Analysis

Current Law: Except by way of renewal, or as otherwise provided, no more than one license may be issued in any county or Baltimore City to any person or for the use of any partnership, corporation, unincorporated association, or limited liability company in Baltimore City or any county.

Except by way of renewal, or as otherwise provided, no more than one Class A, Class C, or Class D alcoholic beverages license may be issued to any individual in Maryland for the use of (1) that individual in this State or (2) any partnership, corporation, unincorporated association, or limited liability company in this State.

Background: Retail alcoholic beverages licenses are issued by Baltimore City, the 23 counties, and the City of Annapolis. **Exhibit 1** shows the number of retail licenses, by class, issued for fiscal 2014.

Local Revenues: Local licensing revenue may increase beginning in fiscal 2016 to the extent additional Class A alcoholic beverages licenses are issued. The amount of the increase depends on the number of licenses issued. In jurisdictions where the maximum number of authorized licenses have already been issued, local licensing revenues are not affected.

Additional Information

Prior Introductions: SB 888 of 2014, a similar bill, received a hearing in the Senate Education, Health, and Environmental Affairs Committee, but no further action was taken. Another similar bill, HB 404 of 2013, received an unfavorable report by the House Economic Matters Committee.

Cross File: Although SB 300 (Senators Feldman and Conway - Education, Health, and Environmental Affairs) is designated as a cross file, it is not identical.

Information Source(s): Comptroller's Office, Department of Legislative Services

Fiscal Note History: First Reader - February 20, 2015
md/lgc

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Exhibit 1
Alcoholic Beverage Retail Licenses Issued
Fiscal 2014

<u>License Type</u>	<u>Licenses Issued</u>
Class A – Off-sale:	
Beer	50
Wine	0
Beer and Wine	447
Beer, Wine, and Liquor	1,075
<i>Total A Licenses</i>	<i>1,572</i>
Class B – On- or Off-sale (Hotels and Restaurants)	
Beer	19
Wine	0
Beer and Wine	545
Beer, Wine, and Liquor	2,820
<i>Total B Licenses</i>	<i>3,384</i>
Class C – On-sale (Clubs)	
Beer	3
Wine	0
Beer and Wine	44
Beer, Wine, and Liquor	524
<i>Total C Licenses</i>	<i>571</i>
Class D – On- or Off-sale (Taverns and On-sale Generally)	
Beer	52
Wine	0
Beer and Wine	277
Beer, Wine, and Liquor	662
<i>Total D Licenses</i>	<i>991</i>
Caterers – On- or Off-sale	
Beer, Wine, and Liquor	63
Class BD-7 – On- or Off-sale	
Beer, Wine, and Liquor (Baltimore City)	451
Total	7,032
<u>Summary by Alcoholic Beverages</u>	
Beer	124
Wine	0
Beer and Wine	1,313
Beer, Wine, and Liquor	5,595
Total	7,032

Source: *Alcohol and Tobacco Tax Annual Report, Fiscal 2014, Comptroller of Maryland*
