

Department of Legislative Services
Maryland General Assembly
2015 Session

FISCAL AND POLICY NOTE

Senate Bill 704 (Senator Conway)
Education, Health, and Environmental Affairs

Alcoholic Beverages - Supermarkets - Class B and Class BLX Licenses

This bill exempts Class B or Class BLX (luxury restaurant) on-sale beer, wine, and liquor licenses issued on behalf of a supermarket or supermarket chain store that, as determined by the local licensing board, devotes a substantial portion of its operation to providing hot and cold food prepared in the supermarket for consumption in a designated dining area with seating for at least 50 customers and is equipped with a kitchen that meets specified requirements from specified alcoholic beverages issuance provisions. For these Class B or Class BLX licenses, only a bartender or table server is allowed to serve alcoholic beverages, and the sale and consumption of alcoholic beverages is limited to the designated dining area.

The bill takes effect July 1, 2015.

Fiscal Summary

State Effect: The bill does not materially affect State finances or operations.

Local Effect: To the extent that the bill results in additional applications for and issuance of alcoholic beverages licenses in local jurisdictions, local jurisdictions revenues increase due to application filing fees and annual license fees. Any increase in workload to review applications and monitor and enforce newly issued licenses can be covered by the additional fee revenue obtained.

Small Business Effect: Minimal overall, but potential meaningful for supermarkets that obtain an alcoholic beverages license under the bill.

Analysis

Bill Summary: The bill exempts Class B or Class BLX (luxury restaurant) on-sale beer, wine, and liquor licenses issued on behalf of a supermarket or supermarket chain store that meet specified requirements from the provision that, 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.

The bill exempts these specified Class B or Class BLX on-sale beer, wine, and liquor licenses from the provision that, except by way of renewal, or as otherwise provided, a Class A, Class C, or Class D alcoholic beverages license may not be granted, transferred, or issued to, or for use in conjunction with, or upon the premises of any chain store, supermarket, or discount house.

Additionally, for specified Class B or Class BLX on-sale beer, wine, and liquor licenses, the bill repeals the requirements that (1) the license must be applied for by and issued to three of the officers of that corporation or club as individuals; (2) at least one of the officers must be a registered voter and taxpayer of the county or city or State when the application is filed with the Comptroller; and (3) the officer must have also resided in the jurisdiction that the proposed license will be used in for at least two years prior to the application.

Current Law: State law prohibits an alcoholic beverages license from being issued to a partnership, corporation, or a limited liability company; a license may only be issued to individuals authorized to act for a partnership, corporation, or a limited liability company. The individual must assume all responsibilities for the license and, therefore, be subject to all penalties, conditions, and restrictions imposed on licensees by any applicable provisions of law. An applicant must have been a resident of a jurisdiction for two years before he or she may apply for any alcoholic beverages license in that jurisdiction.

If an application is made for a corporation or a club, the license must be applied for by and issued to three of the officers of that corporation or club as individuals; at least one of the officers must be a registered voter and taxpayer of the county or city or State when the application is filed with the Comptroller. The officer must have also resided in the jurisdiction that the proposed license will be used in for at least two years prior to the application.

Generally, no more than one alcoholic beverages license can be issued to any person, or for use of any partnership, corporation, unincorporated association, or limited liability company, in any local jurisdiction of the State except by way of renewal or where otherwise provided under provisions of law, and no more than one license can be issued for the same premises except where otherwise provided under law.

Except by way of renewal, or as otherwise provided, a Class A, Class C, or Class D alcoholic beverages license may not be granted, transferred, or issued to, or for use in conjunction with, or upon the premises of any chain store, supermarket, or discount house. A discount house does not include a licensee who sells at discount prices.

Background: Chapter 99 of 1962 prohibited the issuance, transfer, or grant of Class A, B, or D beer, wine, and liquor licenses, except by way of renewal, to chain stores, supermarkets, or discount houses. Chapter 991 of 1978 prohibited the issuance, transfer, or grant of Class A, B, or D beer; beer and wine; or beer, wine, and liquor licenses, except by way of renewal, to chain stores, supermarkets, or discount houses. The prohibitions did not affect current license holders in those establishments. In Maryland, a number of grandfathered licensees that are grocery stores or convenience stores remain that retained the privilege to sell beer and wine on their premises.

In fiscal 2014, there were 2,820 Class B beer, wine, and liquor licenses in effect in the State.

Local Fiscal Effect: To the extent that the bill results in additional applications for and issuance of alcoholic beverages licenses in local jurisdictions, revenues in local jurisdictions increase due to application filing fees and annual license fees. However, the number of individuals that will seek to obtain an alcoholic beverages license as a result of the bill, and any corresponding increase in filing and licensing fee revenue, cannot be reliably estimated at this time. Any increase in workload to review applications and monitor and enforce newly issued licenses can be covered by the additional fee revenue obtained.

Additional Information

Prior Introductions: None.

Cross File: Although HB 311 (Delegate Davis - Economic Matters) is designated as a cross file, it is different.

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

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