

Department of Legislative Services
Maryland General Assembly
2016 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

House Bill 1071
Economic Matters

(Cecil County Delegation)
Education, Health, and Environmental Affairs

Cecil County - Alcoholic Beverages - Licenses

This bill authorizes the Comptroller to issue a Class 7 micro-brewery license to a holder of a Class B beer, wine, and liquor (BWL) (on-sale) license or a Class D BWL license in Cecil County. The hours and days of sale are the same as those of a Class D license. For a holder of a Class D BWL license that also holds a Class 7 micro-brewery license, the board may determine the required ratio of gross receipts from the sale of food to the gross receipts from the sale of alcoholic beverages. The bill also repeals the authority of the Cecil County Board of License Commissioners to issue a Class B BWL license to the owner of a hotel that meets specified requirements, but retains the authority to issue a Class B BWL license to a restaurant.

The bill takes effect July 1, 2016.

Fiscal Summary

State Effect: General fund revenues increase by \$500 annually for each Class 7 micro-brewery license issued in Cecil County beginning in FY 2017. Alcoholic beverages and sales tax revenues may also increase by a minimal amount. Expenditures are not materially affected.

Local Effect: The bill is not anticipated to materially affect Cecil County finances or operations.

Small Business Effect: Minimal overall, but potential meaningful positive impact for any small business that applies for and obtains a license under the bill.

Analysis

Current Law:

Micro-brewery License

Class 7 micro-brewery (on- and off-sale) licenses are issued by the Comptroller's Office for use in 24 jurisdictions – Allegany, Anne Arundel, Baltimore, Calvert, Caroline, Carroll, Charles, Dorchester, Frederick, Garrett, Harford, Howard, Kent, Montgomery, Prince George's, Queen Anne's, St. Mary's, Somerset, Talbot, Washington, Wicomico, and Worcester counties; Baltimore City; and the City of Annapolis. In general, the license is issued only to a holder of a Class B beer, wine, and liquor (on-sale) license that is issued for use on the premises of a restaurant with limited exceptions. The annual license fee is \$500.

Class 7 micro-brewery licensees may sell up to 4,000 barrels of beer to customers for consumption on the premises and may collectively brew, bottle, or contract for up to 22,500 barrels of malt beverages each calendar year. License holders in the 24 jurisdictions also have an off-sale privilege to sell beer brewed under the license to customers for consumption off the licensed premises in refillable containers that are sealed by the licensee at the time of each refill.

Class B Beer, Wine, and Liquor License

Generally, a Class B BWL license may be issued to a hotel or restaurant that meets specified qualifications. In Cecil County, a Class B BWL license may be issued to the owner of a hotel that is in a building at least three stories tall that was originally constructed for hotel purposes, has a capital investment of at least \$500,000, and has at least one passenger elevator. The hotel is required to have at least 100 rooms and a dining room with facilities for preparing and serving regular meals for at least 125 individuals. The annual license fee is \$750. The license authorizes the holder to sell beer, wine, and liquor at a hotel *or restaurant* at retail at the place described in the license, for on- or off-premises consumption.

Class D Beer, Wine, and Liquor License

In the State, a Class D BWL license authorizes the license holder to sell or provide beer, wine, and liquor for on- or off-premises consumption as specified on the license. Commonly, such licenses are issued for use in a bar or tavern, and a license may not be issued for any drugstore.

In Cecil County, a Class D BWL license authorizes the license holder to sell beer, wine, and liquor at retail at the place described in the license for on-premises consumption. On Sunday, a license holder may only sell beer and wine for off-premises consumption. The annual license fee is \$750.

A holder of a Class D BWL license may sell beer, wine, and liquor Monday through Saturday from 6 a.m. to 2 a.m. the following day, and on Sunday from 1 p.m. to 2 a.m. the following day. Sunday sale privileges require the license holder to pay an additional \$500 fee.

Background: In fiscal 2015, there were 90 Class B BWL licenses and no Class D BWL licenses issued for use in Cecil County.

State Fiscal Effect: General fund revenues from license fees increase by \$500 annually for each Class 7 micro-brewery license issued by the Comptroller. Alcoholic beverages and sales tax revenues may increase minimally from additional alcohol being produced and sold by micro-breweries. Any increase in tax revenues cannot be reliably estimated and depends on the amount of product brewed; however, it is not anticipated to be significant. The sales tax on alcoholic beverages is 9%. Revenues from these taxes and licensing fees are deposited into the general fund.

Additional Information

Prior Introductions: None.

Cross File: SB 958 (Cecil County Senators) - Education, Health, and Environmental Affairs.

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

Fiscal Note History: First Reader - February 17, 2016
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