

Department of Legislative Services
Maryland General Assembly
2016 Session

FISCAL AND POLICY NOTE
Enrolled - Revised

Senate Bill 561

(Senator Ferguson)

Education, Health, and Environmental Affairs

Economic Matters

Baltimore City - Alcoholic Beverages - Licenses

This emergency bill establishes a Class D beer license in Baltimore City and authorizes its issuance and transfer in a specified area. The bill also decreases the percentage of total daily receipts of a Class B beer, wine, and liquor license holder that must be from the sale of food from 65% to 51% and authorizes the Baltimore City Board of License Commissioners to issue a total of three Class C beer, wine, and liquor licenses in the fortieth and forty-sixth alcoholic beverages districts. The bill also extends the expiration date on licenses set to expire on April 30, 2016, until May 31, 2016. Any licenses renewed in 2016 under this provision expire on April 30, 2017. Finally, the bill alters the areas for which the board may transfer a license for use in buildings within 300 feet of a church or school.

Fiscal Summary

State Effect: None.

Local Effect: Baltimore City license revenue increases by \$5,000 in FY 2017 and annually by \$1,800 beginning in FY 2018. The Baltimore City Board of License Commissioners can handle enforcement with existing resources.

Small Business Effect: Minimal.

Analysis

Bill Summary: The Class D beer license may be issued to a holder of a Class 5 brewery license and authorizes the holder to sell beer brewed on the brewery premises at retail for consumption on premises. The board must establish the hours and days of sale allowable under the license, as well as the annual license fee. The Class D beer license may be transferred to the Port Covington area in the forty-sixth alcoholic beverages district that is bounded (1) on the west by Whetstone Way; (2) on the north by East Fort Avenue; (3) on the east by the CSX access way; and (4) on the south by East McComas Street.

The bill authorizes two Class C beer, wine, and liquor licenses in the 200 block of Holliday Street and in the 200 block of South Central Avenue in ward 3, precinct 3 of the forty-sixth alcoholic beverages district, and one Class C beer, wine, and liquor license in the 200 block of West Saratoga Street in ward 4, precinct 3 of the fortieth alcoholic beverages district.

The board is also authorized to transfer one Class B-D-7 license from the Mount Vernon area to a location just south of the Charles Village area that is bounded (1) on the west by Morton Street; (2) on the north by 21st Street; (3) on the east by North Charles Street; and (4) on the south by 20th Street.

The bill also expands the designated zone within which an existing license for use in a building within 300 feet of a church or school may be transferred to include the area near City Hall bounded (1) on the west by Holliday Street; (2) on the north by Saratoga Street; (3) on the east by Gay Street; and (4) on the south by Lexington Street. In addition, the bill modifies the northern boundary of an existing designated area in statute from “Fawn Street” to “Pratt Street.”

Current Law: Local licensing boards in the State must issue on-site consumption permits to Class 5 brewery license holders for the purpose of selling beer brewed at the brewery for on-premises consumption. Beer sales for on-premises consumption may not exceed 500 barrels. A local licensing board that does not issue a Class D beer license must establish an equivalent license and require the applicant to obtain that license before issuing a permit for on-site consumption. A local licensing board may charge a fee for the on-site consumption permit.

General Restrictions on New Licenses: In Baltimore City, new licenses for the sale of alcoholic beverages may not be issued in the fortieth, forty-first, forty-third, forty-fourth, forty-fifth, or forty-sixth alcoholic beverages districts. The board may issue:

- special one-day licenses;
- Class B beer, wine, and liquor restaurant licenses to bona fide restaurants having (1) a minimum capital investment, not including the cost of land and buildings, of

\$200,000 for restaurant facilities except in the forty-sixth alcoholic beverages district; (2) a minimum seating capacity of 75 persons; and (3) additional requirements for Class B beer, wine, and liquor licenses issued in the forty-sixth alcoholic beverages district, as specified;

- a Class C beer, wine, and liquor license in the forty-fifth alcoholic beverages district; or
- a Class B beer, wine, and liquor license in the forty-sixth alcoholic beverages district in a business planned unit development in ward 24, precinct 5 for up to three restaurants with (1) a minimum capital investment of \$700,000 for a restaurant; (2) a minimum seating capacity of 75 persons, but not more than 150; (3) average daily receipts of at least 65% from the sale of food; and (4) with the exception of the sale of refillable containers, does not sell for off-premises consumption.

The annual license fee in Baltimore City for a Class C beer, wine, and liquor license is \$550.

A Class B-D-7 beer, wine, and liquor license authorizes the holder to sell beer, wine, and liquor at retail for consumption on and off premises, at the location described in the license. The license may be issued if the board determines that the license is reasonably necessary for public convenience after considering the number of beer, wine, and liquor outlets in the area and their days of operation. The annual license fee is \$1,320.

Licenses Near Churches and Schools: The board may not transfer or issue a license for use in a building that is within 300 feet of a church or school except for:

- a Class B beer and wine license outside the forty-sixth Legislative District;
- a Class B beer, wine, and liquor license outside the forty-sixth Legislative District;
- a Class C beer and wine license; and
- a Class C beer, wine, and liquor license.

A license for use in a building within 300 feet of a church or school may be renewed or extended for the same building in the following designated zones:

- (1) on the west by High Street, on the north by Fawn Street, on the east by Central Avenue, and on the south by Eastern Avenue; or
- (2) on the west by West Cross Street and Amity Street, on the north by Clifford Street, on the east by Scott Street, and on the south by Carroll Street.

In the forty-fifth Legislative District, new Class A licenses of any type are prohibited for use in a building that is within 500 feet of a church or school.

Background: There are currently 24 Class 5 (brewery) manufacturer's licenses issued in the State, four are issued in Baltimore City. According to the Comptroller's *Alcohol & Tobacco Tax Report for Fiscal 2015*, Maryland brewers sold 6.2 million gallons of beer in fiscal 2015. Of this amount, 41% was sold to wholesalers, 6% was sold at the brewery, 52% was sold out of state, and 1% was either consumed on premises, sold through tours, or returned to the brewery.

Local Fiscal Effect: Assuming that the three Class C and one Class D licenses are issued by the board under the bill, local license fee revenue would increase by \$5,000 in fiscal 2017 and by \$1,800 annually beginning in fiscal 2018 as a result of the \$550 Class C beer, wine, and liquor license annual fee, the \$150 Class D Beer annual license fee, and an \$800 one-time application fee.

Additional Information

Prior Introductions: None.

Cross File: HB 1210 (Delegate Clippinger, *et al.* - Economic Matters) .

Information Source(s): Baltimore City, Department of Legislative Services

Fiscal Note History: First Reader - February 19, 2016
kb/hlb Revised - Senate Third Reader - April 5, 2016
Revised - Enrolled Bill - April 29, 2016

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