

Department of Legislative Services
 Maryland General Assembly
 2017 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

House Bill 929

(Delegate Beitzel)

Economic Matters

Education, Health, and Environmental Affairs

Garrett County - Alcoholic Beverages - Licenses and Sunday Sales

This bill makes several changes to the licensing requirements for alcoholic beverages in Garrett County. Specifically, the bill (1) adds Sunday off-sales privileges for Class A beer, wine, and liquor and Class BDR (deluxe restaurant) beer, wine, and liquor license holders; (2) adds Sunday on-sale privileges for holders of a Class B license, Class B&B license, Class BDR license, Class B resort license, Class C license, and multiple day or multiple event licenses; (3) extends the Sunday hours of sale of specified licenses from 1 p.m. through 10 p.m., to 10 a.m. through midnight; (4) authorizes the Comptroller to issue a Class 9 limited distillery license to a holder of a Class B license with on-sale privileges for beer, wine, and liquor, and an off-sale privilege for beer in Garrett County; and (5) makes additional changes pertaining to the eligibility, privileges, hours of sale, and application procedure for specified licenses.

The bill takes effect July 1, 2017.

Fiscal Summary

State Effect: General fund revenues increase by \$500 annually for one Class 9 limited distillery license issued as a result of the bill, beginning in FY 2018. Alcoholic beverages and sales tax revenues may also increase by a minimal amount. The Comptroller’s Office can issue additional licenses with existing resources.

(in dollars)	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
GF Revenue	\$500	\$500	\$500	\$500	\$500
Expenditure	0	0	0	0	0
Net Effect	\$500	\$500	\$500	\$500	\$500

Note: () = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease

Local Effect: Garrett County can handle enforcement with existing resources. Revenues are not affected.

Small Business Effect: Potentially meaningful in Garrett County. The bill's expansion of Sunday on-sale and off-sale privileges, authorization for a Class 9 limited distillery license, and extension of operating hours could result in a significant increase in alcoholic beverage sales for affected licensees.

Analysis

Bill Summary/Current Law:

Sunday Sales

In Garrett County, Sunday sales of alcohol are authorized for certain alcoholic beverages license holders in election districts 11 and 15, as well as any other election district or precinct of an election district in which the voters, in a referendum authorized by law, approved Sunday sales. Chapters 590 and 591 of 2016 established numerous 7-day alcoholic beverages licenses within the county. The bill serves to make additional clarifying changes to indicate that the affected alcoholic beverages licenses for which 7-day alcoholic beverages licenses were created by the Acts are authorized for Sunday sales.

Sunday On-sales Permit: The bill repeals specified facilities requirements for the on-sale Sunday permit and authorizes Sunday sales of alcoholic beverages for on-premises consumption provided that the underlying license includes an on-sale privilege. The bill repeals the existing \$250 annual license fee and the \$250 new issuance fee for the Sunday sales permit for specified licenses.

Additional Provisions

Class BDR (Deluxe Restaurant) Beer and Wine License: Under existing law, Class B beer and wine, and Class B beer, wine, and liquor license holders are eligible for the Class BDR beer and wine license. The bill removes the eligibility of a Class B beer, wine, and liquor license holder to apply for the Class BDR beer and wine license and adds the eligibility of a Class B beer license holder.

Class B Beer, Wine, and Liquor License (Hotels, Motels, Restaurants): The bill authorizes a Class B beer, wine, and liquor license holder for hotels, motels, and restaurants to sell beer for off-premises consumption in addition to its on-sale privileges. Current law

authorizes a license holder to sell beer for off-premises consumption only if the holder is authorized under a catering option to sell beer, wine, and liquor for on-premises consumption along with food, at events catered by the license holder in the county, but located off the licensed premises.

Class BDR (Deluxe Restaurant) Beer, Wine, and Liquor License: The bill adds the eligibility of Class B beer and wine license holders for the Class BDR (deluxe restaurant) beer, wine, and liquor license. Class B beer, wine, and liquor and Class B resort beer, wine, and liquor license holders are already eligible for the license under existing law. The bill also alters specified facilities requirements for the license. Under the bill, the license holder is authorized to sell beer, wine, and liquor for on-premises consumption and beer for off-premises consumption and includes a catering option.

Class B Resort Beer, Wine, and Liquor License: The bill authorizes a Class B resort beer, wine, and liquor license holder to sell beer for off-premises consumption at a hotel, motel, or restaurant. Existing law authorizes the license holder to exercise the same privileges as a holder of a regular Class B hotel and restaurant beer, wine, and liquor license, which generally authorizes the sale of beer for off-premises consumption only to license holders with a catering option.

Beer Festival License: The bill authorizes a holder of a beer festival license issued for a location at which Sunday sales are allowed, to begin Sunday sales at 10 a.m. instead of 1 p.m.

Wine Festival License: The bill alters the eligibility for the wine festival license from a holder of *any* type of Class C license, to a person that is eligible to hold a Class C multiple day or multiple event license.

Class C Multiple Day Beer License; Beer and Wine License; and Beer, Wine, and Liquor License: The bill specifies that these licenses may be issued to a club.

Class C Per Diem Beer, Wine, and Liquor License: The bill authorizes the holder of a Class C per diem beer, wine, and liquor license to purchase beer, wine, or liquor from a *retailer* in addition to the existing privilege, which allows a license holder to purchase beer and wine only from a *wholesaler*.

Criminal History Records Check: Generally, a local licensing board is authorized to apply to the central repository for a State and national criminal history records check for each applicant for a license. Garrett County *requires* a criminal history records check for applicants who are renewing a license. Under the bill, the requirement *may* apply to applicants who seek to renew a license.

Days and Hours of Sale – Beer Licenses: The bill establishes the days and hours of sale for a Class B beer license holder who may sell beer on Monday through Saturday from 6 a.m. to 2 a.m. the following day. The bill also clarifies that the Sunday hours of sale for Class A, Class B, and Class D licenses are from 10 a.m. to midnight in specified election districts.

Limited Distillery License

Chapter 308 of 2016 authorized the Comptroller to issue a Class 9 limited distillery license to a Class B BWL license holder or a Class D BWL license holder in any jurisdiction in the State if the Class B BWL or Class D BWL license authorizes sales for both on- and off-premises consumption. Prior to this change, a Class 9 limited distillery license could only be issued to the holder of a Class D BWL license in Worcester County for use on the licensed premises.

A Class 9 limited distillery license authorizes the user to distill, rectify, bottle, or sell no more than 100,000 gallons of brandy, rum, whiskey, alcohol, and neutral spirits under specified conditions. The annual license fee is \$500.

A holder of a Class 9 limited distillery license may establish and operate a plant in Maryland for distilling, rectifying, and bottling brandy, rum, whiskey, alcohol, and neutral spirits if the holder meets specified conditions. A license holder may (1) acquire bulk alcoholic beverages from the holder of a distillery or rectifying license or from the holder of a nonresident dealer's permit; (2) after acquiring an individual storage permit, store products manufactured on the licensed premises; (3) sell and deliver those products to specified entities; (4) sell the products at retail in a manner consistent with the underlying Class D license; (5) conduct guided tours of the licensed premises, as specified; and (6) serve not more than three one-half ounce samples of the products to persons who have attained the legal drinking age, participated in a guided tour of the premises, and are present in the portion of the premises used for the limited distillery operation.

State Revenues: General fund revenues from license fees increase by \$500 annually for one Class 9 limited distillery license issued by the Comptroller. Garrett County advises that only one restaurant meets the requirements for the limited distillery license in the county. Alcoholic beverages and sales tax revenues may increase minimally from additional liquor being produced and sold by the limited distillery. Any increase in tax revenues cannot be reliably estimated and depends on the amount of product distilled; however, it is not anticipated to be significant. The sales tax on alcoholic beverages is 9%, and the alcoholic beverages tax on distilled spirits is \$1.50 per gallon. If the distilled spirits contain a percentage of alcohol greater than 100 proof, an additional tax of 1.5 cents per gallon is added for each 1 proof over 100 proof. Revenues from these taxes and licensing fees are deposited into the general fund.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Garrett County; Department of Legislative Services

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