

Department of Legislative Services
Maryland General Assembly
2018 Session

FISCAL AND POLICY NOTE
Enrolled

House Bill 178

(Montgomery County Delegation)

Economic Matters

Education, Health, and Environmental Affairs

Montgomery County Alcohol Modernization Act of 2018
MC 4-18

This bill makes numerous changes to the alcoholic beverages law in Montgomery County, as discussed below. **The bill takes effect July 1, 2018.**

Fiscal Summary

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

Local Effect: Montgomery County revenues increase to the extent that the bill results in additional licenses being issued. Any additional enforcement activity can be handled using existing resources.

Small Business Effect: Meaningful.

Analysis

Bill Summary/Current Law: The bill's major changes include (1) allowing county-owned dispensaries to sell wine in refillable containers and beer in refillable and nonrefillable containers; (2) allowing certain licenses to be used in conjunction with a bowling alley or billiard hall; (3) allowing Class B beer, wine, and liquor licenses to be issued anywhere in the county; (4) expanding the hours of sale for many types of license; and (5) authorizing a pharmacy to use and dispense alcoholic beverages that are not purchased from the county. The changes are discussed in detail below.

Bowling Alley, Billiard Hall, and Restaurant Restrictions

Under current law, many types of licenses are prohibited from being issued in conjunction with, or on the premises of, a bowling alley, billiard hall, drugstore, or a restaurant located in those establishments. Similarly, the licenses are prohibited from being issued for premises that have a passageway providing direct public access to those establishments. *Under the bill*, this prohibition is repealed for Class B beer and Class B beer and wine licenses with respect to bowling alleys and billiard halls.

Under current law, a Class H beer and wine license and a Class D license may not be issued for use (1) in conjunction with, on the site of, or to a restaurant in a drugstore or (2) in an establishment with a passageway providing direct public access to a drugstore. *Under the bill*, this prohibition is repealed and related conforming changes are made. In addition, the bill repeals the requirement that a Class H license may only be issued to a restaurant or bowling alley if the gross receipts from the sale of alcohol do not exceed the gross receipts from the sale of food.

Class B Beer, Wine, and Liquor Licenses

Under current law, a Class B beer, wine, and liquor license may only be issued for use at a hotel or restaurant located in the second, third, fourth, sixth, seventh, eighth, ninth, tenth, or thirteenth election districts; however, the restaurant or hotel may not be located in Poolesville or Kensington. The licensed business must maintain food sales equal to at least 40% of food and alcohol sales combined. During the initial license year, the licensee must submit monthly statements to the board demonstrating that the ratio is being maintained.

Under the bill, the board of license commissioners is authorized to issue a Class B beer, wine, and liquor license to a restaurant or hotel located anywhere in the county.

Class B-BWL (H-M) Beer, Wine, and Liquor Licenses and Specialty Licenses

Under current law, the board may issue a Class B-BWL (H-M) beer, wine, and liquor license to the owner of a hotel or motel that (1) is in a building at least three stories tall that was originally constructed for hotel purposes; (2) has a capital investment of at least \$500,000; and (3) contains a passenger elevator, at least 100 rooms to accommodate the public, and a dining room that can seat at least 125 patrons. *Under the bill*, each of these requirements is repealed, and instead, the board may issue the license to the owner of a hotel or motel that contains at least five rooms to accommodate the public.

Culinary School Beer and Wine Licenses

Under current law, a culinary school beer and wine license may only be approved by a unanimous vote of the board. *The bill* alters this to require only a majority vote to approve the license.

Application Identification Requirements

Under current law, in order to obtain an alcoholic beverages license, not including a temporary license, the licensee must submit an application. The application must contain recent photos and fingerprints for the licensee and the person actively in charge of the business conducted under the license. *The bill* allows the photo submitted with the application to be a copy of a government-issued photo.

Employment of Underage Individuals Regarding Alcoholic Beverages

Under current law, in the State, someone who is at least 18 years old may be employed in the sale of beer and wine, and someone who is at least 21 years old may be employed in the sale of liquor. Additionally, in Montgomery County, someone may only make an off-site retail delivery of alcoholic beverages if he or she is at least 21 years old or 18 years old and accompanied by a supervisor who is at least 21 years old.

Under the bill, in Montgomery County someone who is at least 18 years old may also be employed in the sale of liquor. Additionally, someone who is at least 18 years old may make an off-site retail delivery without supervision.

Hours of Sale

The bill expands the hours of sale for alcoholic beverages for the following types of licenses: (1) Class B beer; (2) Class C beer; (3) Class D beer; (4) Class H beer; (5) Class B beer and wine; (6) Class B-K beer and wine; (7) Class C beer and wine; (8) Class D beer and wine; (9) Class H beer and wine; (10) Class A-TP beer, wine, and liquor; (11) Class B beer, wine, and liquor; (12) Class B-K beer, wine, and liquor; (13) Class B-BWL (H-M) beer, wine, and liquor; (14) Class C beer, wine, and liquor; and (15) Class BWL Community Performing Arts Facility.

Other Provisions

Under current law, a pharmacist or pharmacy may not use or dispense alcoholic beverages unless they were purchased from the Montgomery County Department of Liquor Control. *The bill* repeals this prohibition and related penalty provisions.

Under current law, if there are alcoholic beverages present in a vehicle, a person may not have a smoke screen or other device to prevent the arrest or seizure of the vehicle or an occupant. *The bill* repeals this provision.

Local Revenues: Montgomery County revenues increase to the extent that additional alcoholic beverages licenses are issued as a result of the bill. Specifically, the bill allows Class B licenses to be issued for use anywhere in the county and allows licenses to be issued for use in bowling alleys and billiard halls, which is likely to lead to additional licenses being issued. In Montgomery County, annual license fees vary depending on the type of license but generally range from \$400 to \$2,500, and a fee of \$600 must be submitted with each application for an alcoholic beverages license.

Small Business Effect: Allowing licenses to be issued for additional types of businesses and throughout the entire county is likely to result in additional small businesses opening. Additionally, expanding the hours of sale for retailer licensees may lead to increased sales for new and existing small businesses.

Additional Information

Prior Introductions: None.

Cross File: None.

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

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