

Department of Legislative Services
Maryland General Assembly
2020 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

Senate Bill 69

(Senator Hayes)

Education, Health, and Environmental Affairs

Economic Matters

Baltimore City – Alcoholic Beverages – Class A, A-2, and A-7 Licenses –
Surveillance System

This bill (1) extends the date after which the Baltimore City Board of License Commissioners may no longer issue a Class A-7 license from July 1, 2020, to June 30, 2022, and makes a conforming change; (2) prohibits a Class A-7 license from being issued in the 43rd legislative district; (3) alters the hours of sale for a Class A-7 license to be from 10 a.m. to midnight; and (4) requires the holder of Class A beer, wine, and liquor (BWL) license, a Class A-2 BWL license, or Class A-7 BWL license to operate a digital surveillance system on the licensed premises. In consultation with the Baltimore Police Department (BPD), the board must adopt regulations relating to digital surveillance on or before December 31, 2020. **The bill takes effect July 1, 2020.**

Fiscal Summary

State Effect: None.

Local Effect: Baltimore City revenues increase minimally beginning in FY 2021 to the extent the board issues additional Class A-7 licenses as a result of the bill, as discussed below. Baltimore City can handle implementation and enforcement with existing resources.

Small Business Effect: Minimal. Specified license holders in Baltimore City may incur limited costs to comply with the bill's digital surveillance requirements.

Analysis

Bill Summary: The digital surveillance system required under the bill must be equipped with high-definition cameras that provide continuous, 24-hour video monitoring placed inside and outside the licensed establishment. The cameras must be placed in such a way that the exterior and interior of each entryway and the cash register or till is monitored. Video recorded from the surveillance system must be retained for at least 14 days. A license holder must post appropriate signage notifying individuals on the premises that they are being recorded.

Regulations adopted by the board under the bill must include specified requirements and other details. Among other things, the regulations must require that BPD may request video footage only in connection with a criminal investigation and that video footage obtained in violation of the requirement is inadmissible in a criminal proceeding. In addition, the regulations must include details on how and when the board will verify that an acceptable video surveillance system has been installed, and related penalties, and provide for the issuance of temporary waivers to license holders who purchased and installed noncompliant surveillance systems before October 1, 2020.

Beginning January 1, 2021, the holder of a Class A BWL license, a Class A-2 BWL license, or a Class A-7 BWL license applying for a license renewal must file with the renewal application an affidavit verifying compliance with the bill's digital surveillance requirements; a renewal application for a specified license is not complete unless it includes the required affidavit.

Current Law:

Class A-7 License

Chapter 537 of 2018 authorized the board to issue a Class A-7 beer, wine, and liquor license. The license authorizes the holder to sell, for off-premises consumption, beer, wine, and liquor at retail at the place described in the license on Monday through Sunday from 9 a.m. to 10 p.m. The annual license fee is \$1,500. A license holder who holds a valid Class B-D-7 license issued on or before July 1, 2018, may apply to the board to exchange the license for a Class A-7 license if the license holder first obtains approval by resolution of the Baltimore City Council. The board generally may not issue a Class A-7 license after July 1, 2020.

In addition, Chapter 537 specified that in the 46th legislative district, a Class B-D-7 license may be exchanged for a Class A-7 license only if the Class B-D-7 license was issued for an establishment operating in a planned use development. Chapters 676 and 677 of 2019 repealed this requirement and authorized, in the 46th legislative district, the transferee of a

Class B-D-7 license that is transferred from the 3600 block of Fleet Street to the 5600 block of Eastern Avenue to apply, by July 1, 2021, to the board to exchange the license for a Class A-7 license for use at the Eastern Avenue location.

Class A BWL License

A Class A BWL license authorizes the holder to sell beer, wine, and liquor at retail at the place described in the license. The license holder must deliver the beer, wine, or liquor in a sealed package or container that may not be opened or its contents consumed on the licensed premises. The annual license fee is \$858. Generally, the days and hours of sale are Monday through Saturday from 6:00 a.m. to midnight. In the area specified in the Park Heights Master Plan adopted by the city in 2006, the hours of sale are from 9:00 a.m. to 10:00 p.m.

Class A-2 BWL (Package Goods) License

A Class A-2 BWL license authorizes the holder to sell beer, wine, and liquor at retail at the place described in the license. The license holder must deliver the beer, wine, or liquor in a sealed package or container that may not be opened or its contents consumed on the licensed premises. A Class B-D-7 BWL license may not be reissued as a Class A-2 license, and a Class A-2 license may not be converted to or substituted for any other class of license. The annual license fee is \$858. The hours and days of sale are Monday through Saturday from 9:00 a.m. to midnight.

Adoption of Regulations

Before the board may adopt a regulation, (1) the board must provide a period of at least 30 days for public comment and (2) the City Solicitor must review the regulation to ensure that the regulation complies with the statutory authority granted to the board by the State. The board must publish adopted regulations online and distribute them to license holders whom the regulations affect.

Background: According to the Comptroller's Office, in fiscal 2019, there were 1,208 alcoholic beverages licenses issued in Baltimore City, including 207 Class A BWL licenses. Baltimore City advises that, as of December 2019, there were 398 active Class B-D-7 licenses in the city.

In February 2020, the city advised that it had not received an application to exchange a Class B-D-7 license for a Class A-7 license since Chapter 537 took effect in 2018, but that it anticipated two possible applications in 2020.

Local Fiscal Effect: For each Class B-D-7 license exchanged for a Class A-7 license after July 1, 2020, as a result of the bill, Baltimore City revenues increase by \$780 at the time of application and \$180 annually thereafter. This estimate reflects a \$600 application fee and the difference between the annual license fees for the Class A-7 and Class B-D-7 licenses (\$1,500 and \$1,320, respectively). While the number of license holders who will seek to exchange a Class B-D-7 license for a Class A-7 license after July 1, 2020, under the bill is unknown, it is likely to be minimal.

Additional Information

Prior Introductions: None.

Designated Cross File: HB 1293 (Delegate Wells, *et al.*) - Economic Matters.

Information Source(s): Comptroller's Office; Baltimore City; Department of Legislative Services

Fiscal Note History: First Reader - January 9, 2020
rh/tso Third Reader - March 16, 2020
Revised - Amendment(s) - March 16, 2020
Revised - Clarification - March 16, 2020

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