

Department of Legislative Services
Maryland General Assembly
2024 Session

FISCAL AND POLICY NOTE
Third Reader

Senate Bill 428
Finance

(Senator McKay)

Economic Matters

Garrett County Alcoholic Beverages Act of 2024

This bill establishes a Class B-Resort beer license, a Class B-Resort beer and wine (BW) license, and a beer, wine, and liquor (BWL) festival license in Garrett County. In conjunction with the establishment of the BWL festival license, the bill requires Garrett County to select a nonprofit organization to conduct the Garrett County Beer, Wine, and Liquor Festival each year. With respect to a Class B-Resort beer or BW license, the bill authorizes the Garrett County Board of License Commissioners to issue a license to a license holder for a complex that has at least two facilities that are (1) located on the same contiguous property; (2) separated by at least 150 feet from the main area of the licensed premises; and (3) determined by the board to be a hotel, motel, recreational, or restaurant facility. The bill also imposes a State residency requirement on applicants for alcoholic beverages licenses; increases the maximum fine, from \$3,000 to \$5,000, for a violation of the county's alcoholic beverages laws; and extends the Sunday hours of sale for specified alcoholic beverages licenses in the county. **The bill takes effect July 1, 2024.**

Fiscal Summary

State Effect: None.

Local Effect: Garrett County can implement the bill's requirements with existing resources. Garrett County revenues may increase minimally, as discussed below.

Small Business Effect: Potential meaningful.

Analysis

Bill Summary:

Class B-Resort Beer and Class B-Resort Beer and Wine Licenses

A Class B-Resort beer license authorizes the license holder to sell beer for on- or off-premises consumption at a hotel, motel, recreational, or restaurant facility. For a

Class B-Resort BW license, the license holder may sell beer and wine at those same facilities, but wine may only be sold for on-premises consumption. A holder of either license is authorized to make sales during the hours and days set forth for a Class B licensee.

The annual license fees for a Class B-Resort beer license are \$300 for a 6-day license for two facilities and \$350 for a 7-day license for two facilities. For each additional facility under a 6-day license, the annual license fees increase by \$150; for each additional facility under a 7-day license, the annual license fees increase by \$175. The board must impose a one-time issuing fee for a new license that is equal to the annual license fee charged to an applicant.

For a Class B-Resort BW license, the annual license fees are \$700 for a 6-day license for two facilities and \$820 for a 7-day license for two facilities. For each additional facility under a 6-day license, the annual license fees increase by \$350; for each additional facility under a 7-day license, the annual license fees increase by \$410. The board must impose a one-time issuing fee for a new license that is equal to the annual license fee charged to an applicant.

Class B-Resort Beer, Wine, and Liquor Licenses

The bill authorizes the holder of a Class B-Resort BWL license (a license that already exists in the county under current law) to sell beer, wine, and liquor at a recreational facility in addition to a hotel, motel, or restaurant.

Garrett County Beer, Wine, and Liquor Festival

The bill establishes the Garrett County Beer, Wine, and Liquor Festival. Under the supervision of the board, a nonprofit organization chosen by Garrett County is authorized to conduct the festival annually, over a maximum period of three consecutive days. The county must ensure that the nonprofit organization it selects to conduct the festival has extensive experience in organizing and managing large-scale public events.

The board must choose a location for the festival that is not already licensed. If the location chosen allows for Sunday sales, Sunday sales may begin at 10 a.m. The board must adopt regulations, as necessary.

Beer, Wine, and Liquor Festival Licenses

The board is authorized to issue four BWL festival licenses each year for the festival. It may issue a license to a holder of a retail license or a person that is eligible to hold a Class C multiple day or multiple event license. Prior to approving a license, the board must (1) hold

a hearing on the license application and (2) publish notice of the hearing in a newspaper of general circulation in Garrett County at least seven days before the hearing.

A license authorizes a license holder to display and sell beer, wine, and liquor that is manufactured and processed in or outside the State and distributed in the State when the license application is filed. A license holder may sell beer, wine, and liquor for on- or off-premises consumption during the hours and days designated for the festival. Beer, wine, and liquor displayed and sold must be invoiced to the license holder by a retailer or wholesaler and delivered to the festival from the licensed premises of the retailer or wholesaler. A licensed retailer or State wholesaler may enter into an agreement with a BWL festival license holder to deliver beer, wine, and liquor, subject to specified time restrictions for delivery and returns.

The board must establish the license fee for the BWL festival license and adopt other necessary regulations.

Residency Requirement

The bill specifies that at the time an application for an alcoholic beverages license is filed in Garrett County, at least one of the applicants must be a State resident and a license that has been issued only stays valid as long as at least one of the applicants remains a State resident.

Places of Adult Entertainment

Alcoholic beverages may not be brought into an establishment and be consumed or transferred therein if the establishment is a place of adult entertainment, as specified. A person who operates a place of adult entertainment and knowingly allows alcoholic beverages to be brought into the establishment or be consumed or transferred therein is guilty of a misdemeanor, punishable by a fine of up to \$5,000 per violation. Each day in which a violation occurs constitutes a separate violation.

Sunday Sales

The bill authorizes Sunday sales for the following alcoholic beverage licenses in Garrett County to begin at 6 a.m. (rather than 10 a.m.) in election districts 11 and 15 and any other election districts or precincts within election districts in which the voters by referendum have approved Sunday sales:

- Class A, Class B, and Class D beer licenses;
- Class A, Class B, and Class D BW licenses;
- Class B, Class C, and Class D BWL licenses; and

- Class BDR (deluxe restaurant) BWL licenses.

Current Law:

Class B-Resort Beer, Wine, and Liquor Licenses

The Garrett County Board of License Commissioners may issue a Class B-Resort BWL licenses to a license holder for a complex that has at least two facilities that are (1) located on the same contiguous property; (2) separated by at least 150 feet from the main area of the licensed premises; and (3) determined by the board to be hotel, motel, or restaurant. The license authorizes the license holder to sell beer, wine, and liquor for on-premises consumption at a hotel, motel, or restaurant and beer for off-premises consumption.

The annual license fees for a Class B-Resort BWL licenses are \$3,000 for a 6-day license for two facilities and \$3,500 for a 7-day license for two facilities. For each additional facility under a 6-day license, the annual license fees increase by \$1,500; for each additional facility under a 7-day license, the annual license fees increase by \$1,750. The board must charge a one-time issuing fee for a new license that is equal to the annual license fee charged to an applicant.

Garrett County Beer and Wine Festival

Chapter 169 of 2018 established the Garrett County Beer and Wine Festival and required Garrett County to select a nonprofit organization that has extensive experience in organizing and managing large scale public events to conduct the festival. The entity selected to run the festival, under the supervision of the board, may conduct the festival annually for a period of up to three consecutive days. The board must choose a location for the festival that is not already licensed.

Festival Licenses

Currently, in Garrett County, the board may issue up to (1) four beer festival licenses each year, for a beer festival lasting up to three consecutive days (excluding Sunday); (2) four BW festival licenses annually for the Garrett County Beer and Wine Festival; and (3) four wine festival licenses annually, for a wine festival lasting up to three consecutive days (excluding Sunday). The board has established the fee for a wine festival license at \$50; the fee for a beer festival license is \$100.

Sunday Sales

Holders of the following alcoholic beverages licenses in Garrett County are authorized to make Sunday sales from 10 a.m. to midnight in election districts 11 and 15 and any other election districts or precincts within election districts in which the voters by referendum have approved Sunday sales:

- Class A, Class B, and Class D beer licenses;
- Class A, Class B, and Class D BW licenses;
- Class B, Class C, and Class D BWL licenses; and
- Class BDR (deluxe restaurant) BWL licenses.

Local Fiscal Effect: Garrett County revenues increase minimally, beginning in fiscal 2025, to the extent the board issues up to four BWL festival licenses annually. In addition, county revenues may increase to the extent that Garrett County imposes higher fines, as authorized under the bill, on individuals or entities that violate the county's alcoholic beverages laws.

Alternatively, county revenues may decrease to the extent that any existing holders of Class B-Resort BWL licenses decline to renew their licenses and opt instead to apply for a Class B-Resort beer license or Class B-Resort BW license (both of which have lower annual license fees). However, the Department of Legislative Services assumes that most, if not all, existing Class B-Resort license holders will choose to renew their BWL licenses to retain authorization to sell liquor in addition to beer and/or wine.

Small Business Effect: Small businesses may realize increased sales at festivals due to the bill authorizing festival licenses that permit liquor sales. Additionally, the bill's extension of operating hours on Sundays for specified license holders could result in them realizing additional sales.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: None.

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

Fiscal Note History: First Reader - February 21, 2024
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