

Department of Legislative Services
Maryland General Assembly
2024 Session

FISCAL AND POLICY NOTE
Third Reader

Senate Bill 941
Finance

(Senator Mautz)

Economic Matters

Wicomico County - Alcoholic Beverages - Class B Beer, Wine, and Liquor
Licenses - Purchases From Licensed Wholesalers and Self-Distribution

This bill, in Wicomico County, (1) authorizes the holder of a Class B beer, wine, and liquor (BWL) license to purchase liquor for retail sale from a county dispensary or from a licensed wholesaler; (2) specifies that a county dispensary may not charge the license holder more than 15% above the wholesale operating cost to the dispensary, and (3) establishes that the holder of a Class B BWL restaurant license that has been issued a Class 9 limited distillery license may sell products manufactured under the distillery license at the place described in the Class B license in a manner consistent with the underlying Class B license for on- and off-premises consumption. **The bill takes effect July 1, 2024.**

Fiscal Summary

State Effect: None.

Local Effect: Wicomico County can handle any enforcement activity within existing resources. Wicomico County revenues decrease to the extent holders of Class B BWL licenses purchase liquor from a licensed wholesaler instead of through the county dispensary.

Small Business Effect: Potential meaningful.

Analysis

Current Law: In Wicomico County, the Liquor Control Board has a monopoly on the sale and distribution in the county of wine that contains more than 15.5% alcohol by volume and liquor.

Generally, the Wicomico County Board of License Commissioners is authorized to issue a Class B BWL license to hotels that meet specified room and seating requirements and to restaurants that meet specified seating requirements and have average daily receipts from the sale of food exceeding the average daily receipts from the sale of alcoholic beverages. The license holder must purchase liquor for retail sale from a county dispensary, and the license holder cannot be charged more than 15% above the wholesale operating cost to the county dispensary. The annual fee is \$1,980 for hotels and \$1,320 for restaurants.

The board may issue a wine permit to the holder of a Class B BWL license for use by a restaurant that meets specified hours of operations and menu requirements, in addition to having an area used for the preparation and consumption of food and beverages that is at least 80% of the area of the premises. The wine permit authorizes the license holder to sell, at retail, at the place described in the license (1) beer, wine, and liquor for on-premises consumption, and (2) wine for off-premises consumption. The term for the wine permit is the same as the term of the Class B license.

The Alcohol, Tobacco, and Cannabis Commission may only issue a Class 9 limited distillery license to the holder of a Class D or Class B BWL license where sales for both on- and off-premises consumption are permitted for use on the premises for which the license was issued. Generally, the limited distillery license authorizes the holder to distill, rectify, and bottle brandy, rum, whiskey, alcohol, and neutral spirits, acquire bulk alcoholic beverages, store the manufactured products, sell to licensed wholesalers or authorized out-of-state entities, sell at retail, conduct guided tours, and serve samples to tour participants.

Local Revenues: Wicomico County revenues decrease to the extent holders of Class B BWL licenses choose to purchase liquor from licensed wholesalers instead of from the county dispensary. However, an estimate of this revenue loss cannot be estimated at this time.

Small Business Effect: Any small business that holds a Class B BWL license may experience savings to the extent they choose to purchase liquor from a licensed wholesaler instead of through the county dispensary. However, the extent of such an effect cannot be estimated at this time. In addition, any restaurant that holds a Class B BWL license that has also been issued a Class 9 limited distillery license may experience additional sales under the bill.

Additional Information

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

Designated Cross File: HB 1341 (Delegate Anderton) - Economic Matters.

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

Fiscal Note History: First Reader - February 15, 2024
js/tso Third Reader - March 12, 2024

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