

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE

House Bill 1201 (Delegates Rzepkowski and Bissett)
Economic Matters

Anne Arundel County - Alcoholic Beverages (Franchises)

This bill provides that the restriction on the number of licenses that can be issued to a person, a business, or the same premises does not apply to Class B licensees in Anne Arundel County when different persons own businesses that are part of the same corporate franchise.

Fiscal Summary

State Effect: None.

Local Effect: Potential minimal revenue increase for Anne Arundel County. No effect on expenditures.

Small Business Effect: Potential meaningful effect on small businesses as discussed below.

Fiscal Analysis

Local Revenues: Anne Arundel County revenues could increase due to the issuance of new Class B licenses to franchises with different owners than existing franchise licensees. The increase would depend upon the number of new licenses issued and the type of Class B license. A Class B beer and light wine license costs \$400 annually; a Class B beer, wine, and liquor license costs \$900 annually. For an additional \$50, a holder of a Class B beer and light wine license may obtain a special Sunday license. The same license costs \$100 for a holder of a Class B beer, wine, and liquor license. Anne Arundel County expects that no more than two licenses would be issued annually to these franchises. Thus, revenues would only increase by a minimal amount (not exceeding \$2,000 annually). It is expected that existing restaurant licensees in the City of Annapolis would remain within the city's boundaries; thus, the city would continue to receive the annual license fees from these restaurants.

Small Business Effect: In 1996 the Anne Arundel County Board of License Commissioners issued 65 Class B licenses. Although the number of licensees that were small businesses is unknown, the vast majority would fall into that category. The bill allows a corporate franchise with multiple owners in the county to have more than one Class B license. Thus, a small business franchise that seeks a Class B license would benefit through the sale of alcoholic beverages, and by being allowed to choose a location in the county for its operations. Under existing law, a Class B license could not be issued to an owner of a franchise if another owner of the same franchise already owned such a license. Thus, a franchise would most likely choose a location in the City of Annapolis for its operations. The franchise's costs would also increase by a minimal amount due to the license fee. The existing franchisee and the other Class B licensees could suffer a loss of business due to increased competition.

Information Source(s): Anne Arundel County, Department of Fiscal Services

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