

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE

House Bill 1202 (Delegates Rzepkowski and Bissett)
Economic Matters

Anne Arundel County - Alcoholic Beverages (Class HDR License)

This bill creates a seven-day Class HDR (deluxe restaurant) (on-sale) beer, wine, and liquor license in Anne Arundel County. A license may only be issued to a restaurant that (1) meets the definition of “restaurant” as set by the Board of License Commissioners; and (2) has a cocktail lounge or bar area seating capacity not exceeding 25% of the seating capacity for dining. The annual license fee is \$1,500. A new license may not be issued after October 1, 2001. The bill also allows a Class HDR licensee to hold up to three licenses. A license entitles the holder to be open for the same number of hours and days as a Class B (on-sale) beer, wine, and liquor license. A Class HDR license may not be issued to a restaurant that is owned by a corporation, but managed by an individual. However, the license is available to an individual owner (at least 50% interest) of a franchise that has more than one site provided the owner has lived in Maryland for two years prior to the opening of the restaurant.

Fiscal Summary

State Effect: None.

Local Effect: Anne Arundel County revenues would increase by \$1,850 for each new Class HDR license issued due to the license fee and application fee. The Board of License Commissioners could monitor the licensees with existing resources.

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

Fiscal Analysis

Local Revenues: Anne Arundel County revenues would increase by \$1,850 for each new

Class HDR license issued. Each license would generate a license fee of \$1,500 and an initial application fee of \$350. In the out-years, each license would generate only the annual license fee. At this time, the number of licenses to be issued cannot be determined. Anne Arundel County advises, however, that the number of licenses issued would not exceed two in fiscal 1998, and not exceed 15 annually thereafter.

Small Business Effect: Small businesses could be impacted depending upon the number of restaurants that seek the Class HDR license. Under the bill, an individual may hold up to three Class HDR licenses. As a result, an existing restaurant could experience an increase in costs due to the extra license fee. At the same time, the restaurant could experience an increase in its level of operations. In addition, the new licensing authority could attract additional restaurants into the county. Although the number of such restaurants that are small businesses cannot be determined beforehand, the impact on small business economic activity could be meaningful. The issuance of Class HDR licenses could alter the competitive marketplace in the county; some restaurants may benefit at the expense of others.

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

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