

**Department of Fiscal Services**  
Maryland General Assembly

**FISCAL NOTE**

House Bill 1148 (Delegate V. Mitchell)  
Economic Matters

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**Alcoholic Beverages - Out-of-State Licensees**

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This bill makes statewide the prohibition on the issuance of certain Class A and D alcoholic beverages licenses to entities holding alcoholic beverages licenses in other states or Washington, D.C. Licenses may be issued, however, by way of renewal. Currently, the prohibition only exists in Anne Arundel County and Baltimore City (excluding Washington, D.C.).

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**Fiscal Summary**

**State Effect:** None.

**Local Effect:** Potential minimal effect on county revenues as discussed below. No effect on expenditures.

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

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**Fiscal Analysis**

**Local Revenues:** In 1996 the counties collected approximately \$7.3 million in alcoholic beverages license fees on 6,900 licenses. Of the total, Class A and Class D licenses accounted for 3,100 licenses. Extending the prohibition statewide could restrict the number of new licensees in the counties, thus limiting potential increases in license fee revenues. The number of out-of-state licensees is unknown. However, the counties would continue to receive license fees for existing licensees that renew their licenses.

**Small Business Effect:** There were approximately 3,100 Class A and Class D licenses issued in 1996. Of these, the vast majority were issued to small businesses. The bill prohibits the issuance of Class A and Class D licenses to entities that hold alcoholic beverages licenses in other states or Washington, D.C., except by way of renewal. The number of such licensees is unknown. To the extent that the prohibition keeps small businesses from entering the retail alcoholic beverages industry in Maryland, small business licensees could be negatively impacted. However, existing licenses could benefit by less competition. The bill also allows holders of existing Class A and Class D licenses to renew their licenses; thus, they would continue to benefit from the sale of alcoholic beverages.

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**Information Source(s):** Office of the Comptroller, Anne Arundel County, Baltimore City, Department of Fiscal Services

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Analysis by: Thomas Himler

Reviewed by: John Rixey

Direct Inquiries to:

John Rixey, Coordinating Analyst

(410) 841-3710

(301) 858-3710