

Department of Legislative Services
Maryland General Assembly

FISCAL NOTE
Revised

House Bill 1376 (Delegate Fulton)

Economic Matters

Alcoholic Beverages - Statewide Caterer's License

This bill authorizes the State Comptroller to issue a general statewide caterer's (SCAT) license to qualified caterers for use throughout the State or a limited SCAT license for use in three contiguous political subdivisions. The annual fee for a general SCAT license is \$2,000.

The annual fee for a limited SCAT license ranges from \$750 to \$1,500 depending upon the population of the subdivisions where the license is used. An applicant who holds a permanent retail license and a special catering license or who pays an additional catering fee is entitled to a credit not to exceed the additional catering fee, provided that there is a minimum license fee payment of \$250. The bill provides requirements for the acquisition, service, and sale of alcoholic beverages and the monitoring of SCAT licensees.

Fiscal Summary

State Effect: Assuming 15 general SCAT licenses are issued annually, general fund revenues could increase by \$50,950 in FY 1999, and by \$30,450 annually thereafter. Any costs associated with printing SCAT applications and licenses could be handled with existing resources of the Comptroller's Office.

(in dollars)	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003
GF Revenues	\$50,950	\$30,450	\$30,450	\$30,450	\$30,450
GF Expenditures	0	0	0	0	0
Net Effect	\$50,950	\$30,450	\$30,450	\$30,450	\$30,450

Note: () - decrease; GF - general funds

Local Effect: Local boards of license commissioners could monitor SCAT licensees with existing resources. No effect on revenues.

Small Business Effect: Potential meaningful impact on small businesses.

Fiscal Analysis

Bill Summary: The annual fee for a general SCAT license is \$2,000. The annual fee for a limited SCAT license based on the most recent population figures as compiled by the Department of Health and Mental Hygiene is: (1) 300,000 or less: \$750; (2) more than 300,000 but less than 600,000: \$1,000; and (3) 600,000 or more: \$1,500. A SCAT license may be issued to a person who: (1) is engaged in the business of catering; (2) meets all State and local licensing requirements; (3) holds any catering license required by a local political subdivision; (4) holds an existing permanent retail alcoholic beverages license other than a Class C license; and (5) does not hold an alcoholic beverages license but has a permanent office and storage facility for alcoholic beverages in the State. A SCAT licensee may acquire alcoholic beverages through a licensed wholesaler, if the licensee also holds a retail license, or through a retail dealer in the State.

A SCAT licensee may serve alcoholic beverages at a catered event throughout the State to persons of legal drinking age on licensed or unlicensed premises or on temporarily licensed premises. A licensee may store unused alcoholic beverages at the principal place of business for use at future catered events. A licensed retailer which operates solely in a political subdivision under the authority of the local board of license commissioners need not acquire a SCAT license. Local boards are authorized to monitor SCAT licensees and report violations of alcoholic beverages law to the Comptroller's Office.

A SCAT licensee is required to supply service personnel, and ensure that the personnel are present at all times during the catered event. The personnel must be present for deliveries of alcoholic beverages, and at least one individual must be certified by an alcohol awareness program that is licensed by the State Comptroller. All unused alcoholic beverages must be returned at the end of a catered event to the principal place of business. The sale of food must represent at least 70% of the total cost of the event. A SCAT licensee may not serve alcohol at its office, or at any event for which the holder is a sponsor, except when operating under a permanent on-premises retail alcoholic beverages license.

A SCAT licensee may sell and serve alcoholic beverages only during the hours and days that the holder of a Class B license may operate in the jurisdiction where the catered event is conducted. The bill also authorizes the Comptroller's Office to adopt regulations to establish reporting requirements for SCAT licensees. The bill also provides that a person or establishment may have only one SCAT license.

State Effect: The Comptroller's Office estimates that there will be 15 general SCAT licenses issued annually with a licensing fee of \$2,000, an initial issuance fee of \$200 (one time), and an annual renewal fee of \$30. The number of limited SCAT licenses which could be issued cannot be reliably estimated at this time, however it is assumed to be minimal. The

number of credits which may be issued to applicants who already pay an additional catering fee also cannot be reliably estimated but is assumed to be minimal. Assuming that 15 general licenses are issued in fiscal 1999, revenues would increase by \$50,950. This estimate is based on the bill's October 1, 1998 effective date which results in a prorated license fee for seven months, since the license year begins on May 1 each year. Because the license year begins on May 1, in fiscal 1999 licenses will be issued twice, once for the seven-month period and once for the full year beginning May 1, 1999. Thereafter, revenues would increase by \$30,450 which reflects the annual license and renewal fees for 15 licenses.

Small Business Effect: Small businesses which apply for and receive SCAT licenses could be positively impacted by the ability to expand their market to off premise catering or to off premise catering in other political subdivisions. Currently, not all subdivisions issue caterers licenses. Although the number of catering businesses which would be considered small businesses is unknown, the majority would fall into this category. The licensing fee would have a negative impact on these businesses, however the cost would be offset by additional revenue generated by catered events.

Information Source(s): Comptroller's Office, Montgomery County, Department of Legislative Services

Fiscal Note History:

Inc

First Reader - March 13, 1998

Revised - House Third Reader - April 1, 1998

Revised - Enrolled Bill - May 5, 1998

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