

Department of Legislative Services
Maryland General Assembly
2000 Session

FISCAL NOTE
Revised

House Bill 62 (Anne Arundel County Delegation)

Economic Matters

Anne Arundel County - Board of License Commissioners - Issuance of Licenses

This bill allows a licensee to hold up to two alcoholic beverages licenses in Anne Arundel County.

The bill is effective July 1, 2000.

Fiscal Summary

State Effect: None.

Local Effect: Due to licensing and application fees, Anne Arundel County revenues would increase by \$1,400 for each new Class H (beer, wine, and liquor) license issued in FY 2001 and by \$850 for each new Class H (beer and wine) license issued. In the out-years, the cost of a second Class H (beer, wine, and liquor) license could be raised, resulting in additional revenues. Anne Arundel County FY 2001 expenditures would increase by approximately \$10,500 due to the costs associated with writing and printing regulations and with holding a public hearing to review the regulations.

Small Business Effect: Potential meaningful.

Analysis

Bill Summary: A current licensee may apply for a second license if the license being sought is a Class H (beer, wine, and liquor) or a Class H (beer and wine) license and is for a restaurant that is located in: (1) a suburban community center; (2) the Glen Burnie Urban Renewal Area; (3) the Parole Town Center Growth Management Area; (4) the Odenton Town Center Growth Management Area; (5) The Baltimore-Washington International

Airport State Priority Funding Area; (6) a shopping center with at least one million square feet that is zoned C3 general commercial; or (7) certain areas of the Route 198 corridor. A person without a license may apply for two licenses so long as one of the two licenses meets the above criteria. Independent owners and operators of restaurants that are part of a corporate entity may be issued one Class H (beer and wine) license if no retail licenses were held on January 1, 2000, or one additional Class H (beer and wine) license if a Class H (beer and wine) license was held on January 1, 2000. The bill, however, sets a limit of 30 on the number of additional Class H licenses that may be issued. The Anne Arundel County Economic Development Corporation, with the aid of the county's Board of License Commissioners, will study the impact of the legislation and report their findings by January 1, 2006 to the county legislative delegation, the county executive, and the county council.

The bill also distinguishes between districts that are underserved and overserved by off-sale licensees and authorizes the Board of License Commissioners to use this distinction in making determinations about the issuance of additional off-sale licenses.

Current Law: With the exception of a motel/hotel-restaurant license, a person, partnership, firm, or corporation may not have an interest in more than one license in Anne Arundel County. A franchise restaurant, even if there are different independent owners, may only hold one alcoholic beverages license in the county.

Background: Following the 1999 General Assembly session, a 13-member task force was established to examine the issue of multiple liquor licensing in Anne Arundel County. The task force included three State delegates; a State senator; three members of the Anne Arundel County Licensed Beverages Association; two local restaurant owners; a representative from the county executive's office who works for the Anne Arundel County Economic Development Corporation; a representative of the Anne Arundel County Chamber of Commerce; a representative from the BWI Business Partnership; and the Chairman of the Anne Arundel County Council. The bill is the end result of the task force's evaluation.

Local Revenues: In fiscal 2001, Anne Arundel County revenues would increase by approximately \$1,400 for each new Class H (beer, wine, and liquor) license issued: \$800 for the alcoholic beverages license, \$100 for a Sunday-sale license, \$100 for a music license, and \$400 for the application fee. For each new Class H (beer and wine) license issued, revenues would increase by \$850: \$300 for the beer and wine license, \$50 for the Sunday-sale license, \$100 for the music license, and \$400 for the application fee.

It is estimated that the full complement of 30 additional licenses would be issued in the next three to five years, approximately 20 of which would be second Class H (beer, wine, and liquor) licenses and about ten of which would be new Class H (beer and wine) licenses. In future years, the county expects to raise the licensing fees for a second Class H (beer, wine,

and liquor) license by up to \$4,000. If the estimates for the number of licenses are accurate and the licensing fees for a second Class H (beer, wine, and liquor) license increases from \$1,000 to \$5,000, Anne Arundel County revenues would increase by \$104,500 annually: \$100,000 for 20 second Class H (beer, wine, and liquor) licenses and \$4,500 for the ten additional Class H (beer and wine) licenses. The fiscal year in which each license is originally issued would also reflect a revenue increase of \$400 due to the license application fee. From each application fee, \$200 is used to advertise a public hearing regarding the issuance of a new license and to post notice of the pending application on the proposed licensed premises.

Local Expenditures: Anne Arundel County advises that a contractual attorney would be hired to write new regulations surrounding the bill. The cost is estimated at \$5,000 for the attorney and \$3,000 for the postage and printing costs. In addition, the regulations must be presented at a public hearing at a cost of approximately \$2,500. In total, one-time costs associated with the new regulations are estimated at \$10,500, all of which would be incurred in fiscal 2001.

Small Business Effect: Small business licensees wishing to expand or transfer into the areas designated for development could benefit from the ability to obtain an additional Class H license. If the addition of new restaurants in these areas leads to increased foot traffic, other small businesses in the area may also benefit. Small restaurants already operating in the communities designated for expansion may face increased competition.

In addition, more independent owners of franchise restaurants could acquire beer and wine licenses and those holding licenses on January 1, 2000 could acquire a beer and wine license for a second restaurant. This would aid the owners but would also increase the competition that existing restaurants face.

Additional Information

Prior Introductions: None.

Cross File: None.

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

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