

Department of Legislative Services
Maryland General Assembly
2002 Session

FISCAL NOTE
Revised

House Bill 739
Economic Matters

(Prince George's County Delegation)

Education, Health, and Environmental Affairs

**Prince George's County - Alcoholic Beverages - Restaurants Under Franchise or
Licensing Agreements**
PG 304-02

This bill authorizes the Board of License Commissioners for Prince George's County to issue or transfer a Class B beer (on-sale) license or a Class B beer and wine (on-sale) license to a person operating a restaurant under a franchising agreement or a business licensing agreement, regardless of whether the board has issued or transferred an alcoholic beverage license to another person operating a restaurant under an agreement with the same franchisor or licensor.

The bill is effective June 1, 2002.

Fiscal Summary

State Effect: None.

Local Effect: Prince George's County revenues would increase by \$330 for each additional Class B beer (on-sale) license or a Class B beer and wine (on-sale) license issued.

Small Business Effect: Potential meaningful.

Analysis

Bill Summary: A person who receives a Class B beer (on-sale) or Class B beer and wine (on-sale) license may not hold another Class B beer (on-sale) or Class B beer and wine (on-sale) license unless authorized by another provision of law. The bill provides that:

(1) a licensor or franchisor may not have an ownership interest in a person that receives a Class B beer (on-sale) or Class B beer and wine (on-sale) license under this paragraph; and (2) a business licensing agreement or franchise agreement may require a person that receives a Class B beer (on-sale) or Class B beer and wine (on-sale) license to pay the licensor or franchisor a fee based on a percentage of revenue. The bill's provisions do not apply to a restaurant located in a chain store, supermarket, discount house, drug store, or convenience store.

Current Law: In general, a local alcoholic beverages board may not issue more than one alcoholic beverages license to, or for the use of, a person. There are numerous exceptions to this prohibition. A recent example is Chapter 95 of 2000 which authorizes the Anne Arundel County Board of License Commissioners to issue a Class H (beer and wine) license or a Class H (beer, wine, and liquor) license for a location in specific areas to a current alcoholic beverages licensee. Chapter 95 also authorizes a new applicant for an alcoholic beverages license in Anne Arundel County to apply for two licenses so long as one of the licenses is a Class H license that meets the geographic requirements.

In Prince George's County, a person, whether acting on that person's behalf or on behalf of another person or entity, may not have an interest in more than one license authorizing the retail or wholesale sale of alcoholic beverages. An interest is conclusively presumed to exist between two licensees or a licensee and an applicant for a license if certain conditions exist, including a franchise agreement or a licensing agreement. In other words, only one franchisee of a franchisor, or one licensee operating under a licensing agreement with a licensor, may hold an alcoholic beverage license at any one time.

Local Fiscal Effect: While the bill would not increase the total number of licenses that the Prince George's County Board of License Commissioners may issue, the board advises that the limits on the numbers of Class B beer (on-sale) and Class B beer and wine (on-sale) licenses that may be issued have not been reached. Accordingly, Prince George's County revenues would increase by \$330 for each additional Class B beer (on-sale) license or Class B beer and wine (on-sale) license issued as a result of the bill.

Small Business Effect: Small businesses could benefit significantly to the extent that the bill allows small businesses which previously were not able to obtain alcoholic beverage licenses to obtain such licenses.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Prince George's County, Department of Legislative Services

Fiscal Note History: First Reader - February 18, 2002
ncs/hlb Revised - House Third Reader - March 29, 2002

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