

Department of Legislative Services  
Maryland General Assembly  
2003 Session

FISCAL AND POLICY NOTE

Senate Bill 616 (Senator Exum)  
Education, Health, and Environmental Affairs

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Alcoholic Beverages - Business Enterprise Act of 2003

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This bill authorizes the issuance, renewal, and transfer of Class A (off-sale) beer licenses and Class A (off-sale) beer and light wine licenses to business enterprises commonly known as food stores, pharmacies, drugstores, chain stores, supermarkets, gasoline service stations, general stores, general store clubs, or convenience stores. The bill also authorizes the issuance of multiple Class A (off-sale) beer licenses and Class A (off-sale) beer and light wine licenses to business enterprises. The bill also makes numerous changes to local laws regarding the issuance of Class A (off-sale) beer and Class A (off-sale) beer and wine licenses to make the local laws consistent with the broadened authority, with some exceptions, to issue those licenses to business enterprises.

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Fiscal Summary

**State Effect:** None.

**Local Effect:** County revenues could increase due to the issuance of Class A (off-sale) beer and Class A (off-sale) beer and light wine licenses from additional application and license fees. County expenditures would increase to issue and monitor new Class A licenses. However, any net impact cannot be reliably estimated at this time. **This bill imposes a mandate on local governments.**

**Small Business Effect:** Meaningful.

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## Analysis

**Current Law:** Generally, a Class A, B, or D beer license, beer and wine license, or beer, wine, and liquor license, except by way of renewal, may not be granted, transferred, or issued to, or for use in conjunction with, or upon the premises of any business establishment of the type commonly known as chain stores, supermarkets, or discount houses. Not more than one Class A license may be issued to an individual or an entity. Specific provisions of law in local jurisdictions regarding the issuance of Class A (off-sale) beer and beer and light wine licenses vary by county.

There is no provision of law authorizing the issuance or transfer of Class A beer or beer and light wine licenses to food stores, pharmacies, drugstores, chain stores, supermarkets, gasoline service stations, general stores, general store clubs, or convenience stores.

**Background:** Chapter 991 of 1978 prohibited the issuance, transfer, or grant of Class A, B, or D beer, beer and wine, or beer, wine, and liquor licenses, except by way of renewal, to chain stores, supermarkets, or discount houses. The prohibition did not affect current license holders in those establishments.

Class A (off-sale) beer licenses are authorized in every jurisdiction except Baltimore City and Anne Arundel, Baltimore, Charles, Harford, and Talbot counties. Class A (off-sale) beer and light wine licenses are authorized in every jurisdiction. Annual license fees for Class A (off-sale) beer and Class A (off-sale) beer and light wine licenses vary from a low of \$60 for a Class A (off-sale) beer license in Cecil County to a high of \$700 for a Class A (off-sale) beer and light wine license in Worcester County.

In Maryland a number of grandfathered licensees that are grocery stores or pharmacies remain that retained the privilege to sell beer and wine on their premises. Generally, these grandfathered licensees lose the privilege to sell alcoholic beverages if the license is sold or transferred.

In Virginia, grocery stores, convenience stores, drugstores, gift shops, and gourmet shops may sell beer and light wine for off-premise consumption.

In the Washington, DC grocery stores and convenience stores may sell beer and wine and in limited circumstances grocery stores may also sell liquor.

**Local Fiscal Effect:** Pursuant to this bill, it is expected that applications for Class A (off-sale) beer and Class A (off-sale) beer and light wine licenses would increase with a subsequent increase in these licenses issued to grocery stores, convenience stores, chain stores, pharmacies, gasoline service stations, and other business enterprises. While the

bill does not require the issuance of a Class A (off-sale) beer or Class A (off-sale) beer and light wine license to an applicant, it is expected that local jurisdictions would issue Class A (off-sale) licenses to places of business authorized by the bill. Accordingly, county revenues would increase due to additional application and license fees for Class A (off-sale) licenses. However, county expenditures would increase to issue and monitor new Class A (off-sale) beer and Class A (off-sale) beer and light wine licenses to places of business authorized by the bill. It is assumed that these additional expenditures would be absorbed by existing resources or offset by new license fee revenue. However, any net impact cannot be reliably estimated.

The bill's provisions would not have any effect on those jurisdictions that have population quotas for alcoholic beverages licensees and that have issued the maximum number of licenses allowed by those population quotas.

**Small Business Effect:** Existing small businesses that are grocery stores, convenience stores, chain stores, pharmacies, gasoline service stations, and other business enterprises would be positively impacted by selling beer and wine for off-premise consumption. Current alcoholic beverages licensees with off-sale privileges would be negatively impacted due to additional competition.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** HB 990 (Delegate Franchot) – Rules and Executive Nominations.

**Information Source(s):** Allegany County, Montgomery County, Prince George's County, Talbot County, Comptroller's Office, Department of Legislative Services

**Fiscal Note History:** First Reader - March 7, 2003  
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Analysis by: Christopher J. Kelter

Direct Inquiries to:  
(410) 946-5510  
(301) 970-5510