

Department of Legislative Services
Maryland General Assembly
2004 Session

FISCAL AND POLICY NOTE

House Bill 478
Economic Matters

(Frederick County Delegation)

Education, Health, and Environmental
Affairs

**Frederick County - Alcoholic Beverages Licenses - Bed and Breakfast and
Country Inn Establishments**

This bill authorizes the Frederick County Board of License Commissioners to issue a Class B-BB (bed and breakfast) on-sale beer, wine, and liquor license and a Class B-CI (country inn) on-sale beer, wine, and liquor license.

The bill takes effect June 1, 2004.

Fiscal Summary

State Effect: None.

Local Effect: Minimal increase in Frederick County revenues. No effect on expenditures.

Small Business Effect: Minimal.

Analysis

Bill Summary: A Class B-BB (bed and breakfast) on-sale beer, wine, and liquor license may be issued for use in an establishment that provides services normally found in a bed and breakfast and contains at least one room with sleeping accommodations. The holder of a Class B-BB license may sell alcoholic beverages for consumption on the premises and between the hours of 6 a.m. to 2 a.m. Monday through Saturday and from 11 a.m. to 2 a.m. on Sundays and only to a guest whose name and address appears on the registry

and is an occupant of a sleeping room at the establishment. The annual license fee is \$500.

A Class B-CI (country inn) may be issued for an establishment that provides services normally found in a country inn that contains at least eight rooms with sleeping accommodations and has a kitchen facility for guests that is separate from the kitchen facility of the management quarters. The holder of a Class B-CI license may sell alcoholic beverages for consumption on the premises and between the hours of 6 a.m. to 2 a.m. Monday through Saturday and from 11 a.m. to 2 a.m. on Sundays and when accommodating the public for banquets, parties, meetings, and similar functions. The annual license fee is \$2,500.

If the bed and breakfast establishment or a country inn establishment holding a license authorized by the bill ends operations, the license is voided and must be returned to the Frederick County Board of License Commissioners.

The Frederick County Board of License Commissioners is authorized to adopt regulations for Class B-BB and Class B-CI licenses.

Current Law: The Frederick County Board of License Commissioners is authorized to issue a Class B (on-sale) beer, wine, and liquor license to a bed and breakfast type facility with at least eight rooms that has a dining room with facilities for preparing and serving full-course meals for at least 50 persons at one seating. The capital investment in the facility must be at least \$400,000. The annual fee is \$2,000.

Background: Charles, Garrett, and Kent counties offer similar Class B licenses for bed and breakfast establishments. Harford County offers a similar Class B license for country inns.

Bed and breakfast establishments are generally defined as having 11 or fewer bedrooms and country inn establishments are generally defined as having 12 or more rooms. Data collected by the Department of Business and Economic Development indicates that there are a total of 23 bed and breakfast establishments and two country inns in Frederick County.

Local Fiscal Effect: Frederick County advises that two Class B licenses were issued to bed and breakfast establishments in fiscal 2004, generating license fee revenues of \$4,000. Frederick County further advises that under the bill's provisions it expects five bed and breakfast establishments, including the two current bed and breakfast establishments holding a Class B license, to seek the new Class B-BB license and two country inns to seek the new Class B-CI license in fiscal 2005. Frederick County

revenues from these licenses would thus increase by \$7,500 in fiscal 2005; this includes \$2,500 for the issuance of five Class B-BB licenses and \$5,000 for the issuance of two Class B-CI licenses. However, the two bed and breakfast establishments would no longer pay the \$2,000 fee for the Class B licenses they currently hold. Accordingly, under this scenario, the net impact to Frederick County revenues would be an increase of \$3,500 annually beginning in fiscal 2005.

Applicants seeking a new license must pay a \$200 fee to Frederick County, which is intended to reimburse the county for advertising and notice costs for the new license.

Monitoring the licenses could be handled with existing resources.

Additional Information

Prior Introductions: None.

Cross File: SB 446 (Senators Brinkley and Mooney) – Education, Health, and Environmental Affairs.

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

Fiscal Note History: First Reader - February 26, 2004
n/jr

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