

Department of Legislative Services
Maryland General Assembly
2005 Session

FISCAL AND POLICY NOTE
Revised

Senate Bill 575

(Senator Hafer)

Education, Health, and Environmental Affairs

Economic Matters

Allegany County - Alcoholic Beverages - License Expiration

This bill requires that, in Allegany County, an alcoholic beverages license expires 180 days after the license holder either closes the business or ceases active alcoholic beverage business operations (whichever is earlier), unless: (1) the license holder has an approved or pending application to have the license transferred; (2) the license holder has died and the executor of the estate has an approved or pending application for permission to continue the business for the benefit of the estate; or (3) the license holder has submitted a request for hardship extension within certain procedural guidelines. If undue hardship has been granted, the license holder has 360 days to resume alcoholic beverage business operations.

Additionally, the bill specifies that, subject to the population limitation quotas, the Allegany County Board of License Commissioners may not issue any additional beer, wine, and liquor Class A or Class D licenses, except when an existing license is being transferred.

Fiscal Summary

State Effect: None.

Local Effect: Potential minimal decrease in Allegany County license revenues.

Small Business Effect: Minimal overall, but potentially significant impact on businesses that would be allowed to have a longer period of time in which to resume alcoholic beverage business operations, if the business for which the license was issued closes.

Analysis

Current Law: In general, an alcoholic beverages license expires 10 days after the applicant vacates or has been evicted from the premises for which the license was issued. The license issuing authority may grant a 20-day extension to avoid undue hardship. Exceptions may be granted if the license holder has applied for a transfer or is deceased and the executor of the estate of the deceased license holder applies for permission to continue the business for the benefit of the estate. A license holder who has ceased alcoholic beverage business operations because the premises of the business have been acquired for public use has 180 days to apply for a transfer to another location or reassignment to another individual.

Currently, subject to the population limitation quotas, the Allegany County Board of License Commissioners is prohibited from issuing any additional beer, wine, and liquor Class A or Class D licenses, except when a license for a presently operating business establishment is being transferred. The board of license commissioners is restricted from granting more than one Class A and D beer, wine, and liquor license per 1,300 county residents.

Background: In Baltimore City and Baltimore County, license holders have 180 days from the closing of the business or cessation of alcoholic beverage business before an alcoholic beverages license expires. The license holder may apply to have the license transferred or for an undue hardship extension. Additionally, the executor of a license holder's estate has 180 days after the death of the license holder to apply for permission to continue the business for the benefit of the estate.

Local Fiscal Effect: Allegany County advises that, as a result of the bill, there could be a minimal decrease in the number of licenses issued annually, resulting in a minimal loss of license fee revenue. Under current law, the alcoholic beverages license expires when the license holder vacates or is evicted from the premises for which the license was issued. Consequently, the county advises that some licenses held are not being used. Furthermore, the county advises that there is a population quota limitation of one license issued per 1,300 residents, and that the county has exceeded this limitation by approximately 12 licenses. As a result of the bill's provisions, the licenses not being used would expire. The total loss of license fee revenue would depend on the number of licenses that would expire as a result of the bill, as well as the annual license fee for the expiring license. In any case, Allegany County advises that it does not expect more than 15 to 20 alcoholic beverages licenses to expire as a result of the bill.

Additional Information

Prior Introductions: None.

Cross File: HB 892 (Allegany County Delegation) – Economic Matters.

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

Fiscal Note History: First Reader - March 4, 2005
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