

Department of Legislative Services
Maryland General Assembly
2006 Session

FISCAL AND POLICY NOTE
Revised

House Bill 202

(Delegate Elmore)

Economic Matters

Education, Health, and Environmental Affairs

Somerset County - Alcoholic Beverages - License Fees and Miscellaneous
Provisions

This bill applicable to Somerset County, establishes a wine tasting license, modifies the process to apply for an alcoholic beverages license, establishes new fees and increases existing license fees, and increases salaries for the Board of License Commissioners.

The bill takes effect July 1, 2006, except salary changes apply to board members at the beginning of the next term of office.

Fiscal Summary

State Effect: None.

Local Effect: Somerset County revenues would increase by approximately \$5,900 annually from increased license fees, renewal fees, and application processing fees. County expenditures would increase by approximately \$5,400 for increased salaries.

Small Business Effect: Minimal.

Analysis

Bill Summary:

New Wine Tasting License

This bill establishes a wine tasting (WT) license in Somerset County, available to the holder of a Class A beer and wine (off-sale) license for \$150 per year. A WT licensee

may hold wine tasting events on up to 15 days during the year, provided that the Somerset County Board of License Commissioners is notified in writing at least five days in advance of each wine tasting day. At an event, the WT licensee may open no more than six bottles of wine at any one time and may allow customers to sample one ounce of each brand. The WT license is for on-premises consumption only, and wine sampling may not be conducted from a drive-through window.

Application and Transfer Process for Alcoholic Beverages License and Related Fees

An applicant for an alcoholic beverages license in Somerset County must sign a statement that the applicant consents to the Board of License Commissioners investigating the applicant's criminal record. An applicant must be fingerprinted, a national and State records check done, and an applicant charged a fee to cover the cost of fingerprinting and performing the check.

Somerset County is to publish notice of each application for license once a week for two weeks in at least one newspaper published in the area, or nearest the area, to which the proposed place of business is to be located. The applicant is to pay a \$350 fee to cover the costs of advertising and processing the application.

The bill increases the alcoholic beverages license renewal fee from \$5 to \$50. The license may not be renewed until the licensee presents to the board a certificate from the county finance office showing that there are no unpaid county or State taxes on merchandise, fixtures, and stock. If the renewal application is not timely, as determined by the board, a late fee of \$100 applies in addition to the \$50 renewal fee. The fee for transfer or assignment of a license is increased from \$20 to \$50 plus the cost of publication, notice, and any hearing fees. However, the board can waive the cost of advertising on a transfer or assignment if the application is filed promptly.

Board of License Commissioners Salaries and Appeals

The bill increases the salary of a member of the Board of License Commissioners from \$2,000 to \$3,000 per year and the chairman from \$2,500 to \$3,500 per year. The annual salary for the clerk is increased from \$2,500 to \$3,500 and the board attorney from \$3,000 to \$4,000.

A person that appeals a decision of the Board of License Commissioners to the circuit court must pay the board an appeal fee of \$100.

Increased License Fees

The bill increases county alcoholic beverages license fees by 10% as shown in **Exhibit 1** below.

Exhibit 1
Increase in Licensing Fees

| <u>License</u> | <u>Current</u> <u>Fee</u> | <u>New</u> <u>Fee</u> |
|--------------------------------|------------------------------|--------------------------|
| Beer: | | |
| Class A – 6 days | \$100 | \$110 |
| Class A – 7 days | 125 | 137.50 |
| Class B | 200 | 220 |
| Class C | 25 | 27.50 |
| Class D | 200 | 220 |
| Wine: | | |
| Class A | 50 | 55 |
| Beer and Wine: | | |
| Class A – 6 days | 150 | 165 |
| Class A – 7 days | 175 | 192.50 |
| Class B | 200 | 220 |
| Class C | 35 | 38.50 |
| Class D | 200 | 220 |
| Beer, Wine, and Liquor: | | |
| Class B | 1,000 | 1,100 |
| Class C | 250 | 275 |
| Class D | 1,000 | 1,100 |
| Special License: | | |
| Initial 2-days | 50 | 55 |
| Each additional day | 25 | 27.50 |
| Wine Festival | 15 | 16.50 |

Current Law: There is no wine tasting license in Somerset County, though several Maryland counties have some version of the license.

Numerous counties are authorized to perform a criminal background check on alcoholic beverages licensees, including Anne Arundel, Calvert, Caroline, Carroll, Cecil, Charles,

Dorchester, Frederick, Garrett, Harford, Howard, Kent, Montgomery, Prince George's, St. Mary's, Talbot, Wicomico, and Worcester counties.

Local Revenues: Somerset County revenues would increase by \$5,905 from an increase in existing license fees, the new application processing fee of \$350, and the new wine tasting license.

This estimate assumes that current licensing trends continue into the future. Each individual license fee has increased by 10%, resulting in an increase in revenue of \$2,450 based on Somerset County's license revenue of \$24,500 for the year ended April 30, 2005. As of that date, the county had 59 active alcoholic beverages licenses issued. It is expected that the increase in the application renewal fee, new wine tasting license, and the new application fee of \$350 would further increase revenues by another \$3,455. The total assumes that three wine tasting licenses are issued annually for an increase of \$450, one new application fee of \$350, and increased renewal application fees of \$2,655 if all 59 current licenses were renewed.

Local Expenditures: Somerset County expenditures for salaries and fringe benefits, would increase by \$5,395 for the three board members, one clerk, and one attorney.

Additional Information

Prior Introductions: None.

Cross File: None.

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

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Analysis by: Karen S. Benton

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