

Department of Legislative Services
Maryland General Assembly
2006 Session

FISCAL AND POLICY NOTE

House Bill 902
Economic Matters

(Howard County Delegation)

Education, Health, and Environmental
Affairs

Howard County - Alcoholic Beverages - Multiple Licenses
Ho. Co. 09-06

This bill increases the number of specified hotel and restaurant alcoholic beverages licenses that may be issued to an individual or a partnership, corporation, or unincorporated association in Howard County. The bill also prohibits a person or specified business entity from having a direct or indirect interest in any combination of more than five of the specified licenses.

The bill takes effect June 1, 2006.

Fiscal Summary

State Effect: None.

Local Effect: Howard County revenues could increase due to the availability of additional hotel and restaurant licenses to current license holders. However, it cannot be accurately estimated how many current licensees would apply for additional licenses.

Small Business Effect: Potential meaningful.

Analysis

Bill Summary: The numbers of specified licenses the Howard County Board of License Commissioners may issue to an individual or for the use of a partnership, corporation, or unincorporated association are increased as follows:

	<u>Current</u>	<u>Proposed</u>
Class B (on-sale) beer, wine, and liquor	1	2
Class BLX (on-sale) beer, wine, and liquor	1	3
Class BLX (on-sale) beer, wine, and liquor (for separate premises)	2	5

A person, corporation, limited liability company, limited partnership, joint venture, association, or other combination of persons may not have a direct or indirect interest in any combination of more than five Class B or Class BLX licenses in Howard County.

An indirect interest is presumed to exist when two persons or entities have between them a common parent company; a franchise agreement; a licensing agreement; a concession agreement; both are part of a commonly owned and operated chain; they share directors, stockholders, partners, members, or members of parents or subsidiaries; they commonly share profit, directly or indirectly, from the sale of alcoholic beverages; or they share a common trade name, trademark, logo, or theme, or mode of operation identifiable by the public.

Current Law: A Class B (on-sale) beer, wine, and liquor license authorizes a licensee to keep for sale and sell all alcoholic beverages at retail at any hotel or restaurant for consumption on the premises or elsewhere. The annual fee for the license in Howard County is \$1,000.

In Howard County, a Class BLX (on-sale) beer, wine, and liquor license is only issued for the use of a restaurant that has a minimum capital investment of \$750,000 for the restaurant facilities, exclusive of the cost of the land and buildings, and a minimum seating capacity of 125 persons. An applicant does not need to be a current alcoholic beverages license holder, but may be a current Class B (on-sale) beer, wine, and liquor licensee or Class BLX (on-sale) beer, wine, and liquor licensee. The annual fee for the license is \$2,000.

Background: A limit on the total number of Class BLX (on-sale) beer, wine, and liquor licenses the Howard County Board of License Commissioners could issue (six) was repealed by Chapter 60 of 2005.

Local Fiscal Effect: Howard County revenues could increase due to the availability of additional licenses to current Class B and Class BLX licensees. There are currently 125 Class B license holders and 7 Class BLX license holders in Howard County. It cannot be accurately estimated how many current license holders would apply for additional

licenses. Assuming all of the current Class BLX license holders and 50% of the Class B license holders applied for an additional license in fiscal 2007, county revenues would increase by \$91,000 (including a \$200 application fee for each license).

Small Business Effect: Small businesses utilizing Class B or Class BLX licenses would have the opportunity to expand their business with the availability of additional licenses. Small businesses could also be affected to the extent the business or owner has a direct or indirect interest in more than five Class B or Class BLX licenses.

Additional Information

Prior Introductions: None.

Cross File: None.

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

Fiscal Note History: First Reader - March 3, 2006
ncs/hlb

Analysis by: Scott D. Kennedy

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