

Department of Legislative Services
Maryland General Assembly
2006 Session

FISCAL AND POLICY NOTE

Senate Bill 922

(Senator Jacobs)

Education, Health, and Environmental Affairs

Economic Matters

Harford County - Alcoholic Beverages - Class BDR Licenses

This bill increases, from one to three, the number of 7-day Class BDR (deluxe restaurant) beer, wine, and liquor licenses that may be issued to a current Class B alcoholic beverages license holder in Harford County and increases, from two to four, the number of licenses that may be issued to a non-Class B license holder. A maximum of two Class BDR licenses that may be issued is repealed. The bill adds to and alters restrictions on the location of restaurants to which Class BDR licenses are issued.

The bill takes effect July 1, 2006.

Fiscal Summary

State Effect: None.

Local Effect: Local revenues would increase by \$5,000 annually for each additional license issued. If a sufficient number of additional licenses are issued, expenditures could increase by \$10,000 to \$15,000, which reflects the cost of hiring one part-time inspector.

Small Business Effect: Potential meaningful.

Analysis

Bill Summary: A non-Class B license holder may be issued a Class BDR license for a restaurant located anywhere in Harford County. The first Class BDR license issued to a current Class B license holder and the second Class BDR license issued to an initial non-Class B license holder must be for a restaurant located in the development envelope

described in the 2004 Master Plan and Land Use Element Plan adopted by Harford County Council Bill 04-23. The second Class BDR license issued for an initial Class B license holder and the third for an initial non-Class B license holder must be for a restaurant located within one of a number of specified election precincts as they existed on January 1, 2001 or in some cases defined boundaries within precincts. The third and fourth licenses issued for an initial Class B license holder and an initial non-Class B license holder, respectively, must be for a restaurant located in the development envelope described in the 2004 Master Plan and Land Use Element Plan.

An initial non-Class B license holder that has obtained a Class BDR license may not apply for and obtain any other Class B license other than a Class BDR license in accordance with the above requirements.

A provision allowing additional Class BDR licenses to be issued to an individual for the use of a sole proprietorship, partnership, corporation, unincorporated association, or limited liability company in the county and a provision limiting the number of Class B licenses, including Class BDR licenses, issued to an individual for the use of a sole proprietorship, partnership, corporation, unincorporated association, or limited liability company to two, are repealed.

Current Law: There is a 7-day Class BDR license in Harford County, yet only two licenses may be issued. A current Class B license holder in Harford County may apply for and obtain a Class BDR license for a restaurant located within one of a number of specified election precincts as they existed on January 1, 2001 and in some cases defined boundaries within precincts (the same restrictions applicable to the second and third licenses available to initial Class B license holders and initial non-Class B license holders, respectively, in the proposed bill) or within the corporate limits of the City of Aberdeen.

A non-Class B license holder may apply for and obtain a Class BDR license for a restaurant anywhere in Harford County and a second within one of a number of specified election precincts and in some cases defined boundaries within precincts, as described above, or within the corporate limits of the City of Aberdeen. An initial non-Class B license holder that has obtained a Class BDR license may not apply for and obtain any other Class B license other than a second Class BDR license.

Additional Class BDR licenses may be issued to an individual for the use of a sole proprietorship, partnership, corporation, unincorporated association, or limited liability company in the county, however, not more than two Class B, including Class BDR, licenses may be issued to an individual for the use of a sole practitioner, partnership, corporation, unincorporated association, or limited liability company.

The annual license fee for a special 7-day Class BDR (deluxe restaurant) license is \$5,000. The license permits on-premises sale of beer, wine, and liquor and may be issued to a restaurant that: (1) meets the Liquor Control Board's definition of restaurant; (2) has a cocktail lounge or bar area seating capacity not exceeding 25% of the seating capacity for dining; and (3) has a minimum "capital investment" of \$800,000 exclusive of the cost of land.

Background: The "development envelope" mentioned in the bill is described in Harford County's 2004 Master Plan and Land Use Element Plan as "an inverted T-shaped area generally defined as the MD 24/MD 924 corridors north to MD 23, the areas that abut I-95 and US 40, and the US 1 corridor." The development envelope concept originated in the county's 1977 Master Plan, "allowing the county to begin staging and directing more intense growth into a specific area," and has been continued in subsequent master plans.

Chapter 488 of 2001 created the special 7-day Class BDR (deluxe restaurant) license in Harford County. Chapter 257 of 2003 imposed a limit of two Class BDR licenses available to be issued and added the City of Aberdeen as an area in which a Class BDR license could be issued to a restaurant.

Local Revenues: The number of additional Class BDR licenses issued as a result of the bill's changes cannot be reliably established at this time. The Harford County Liquor Board advises there are at least four chain restaurants that might be interested in additional Class BDR licenses. Local revenues would increase annually by \$5,000 for each license issued, assuming the licenses would continue to be renewed.

Local Expenditures: If a sufficient number of licenses are issued, expenditures could increase by \$10,000 to \$15,000 annually, which reflects the cost of hiring one part-time inspector.

Small Business Effect: To the extent small business restaurants in Harford County qualify for Class BDR licenses, the businesses would have the opportunity to expand.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Harford County, *Harford County 2004 Master Plan and Land Use Element Plan*, Department of Legislative Services

Fiscal Note History: First Reader - March 8, 2006
ncs/hlb

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