

Department of Legislative Services
Maryland General Assembly
2008 Session

FISCAL AND POLICY NOTE
Revised

Senate Bill 62

(Harford County Senators)

Education, Health, and Environmental Affairs

Economic Matters

Harford County - Alcoholic Beverages - Repeal of Class BDR Licenses -
Additional Class B Licenses

This bill eliminates the Class BDR (deluxe restaurant) beer, wine, and liquor license in Harford County and increases the number of Class B licenses that may be issued to an individual from two to nine. This bill also defines when an indirect ownership interest is presumed to exist.

The bill takes effect July 1, 2008.

Fiscal Summary

State Effect: None.

Local Effect: Harford County revenues could increase by up to \$537,000 from the expansion of licensing eligibility. The actual revenue increase depends upon the number of new licenses issued by the liquor control board. County expenditures would not be affected.

Small Business Effect: Potential revenue increase for small businesses meeting new eligibility guidelines.

Analysis

Current Law/Background: Hotels and restaurants can apply for a Class B beer, wine, and liquor license that allows the facility to sell all types of alcohol. In Maryland, a Class B (on-sale) hotels and restaurant license is issued by the liquor control board and allows

the licensee to sell alcohol (*i.e.*, beer, wine, and liquor) at retail for consumption on the premises or elsewhere. In Harford County, where a licensee is restricted to selling alcohol for consumption strictly inside the premises, one of several Class B beer, wine, and liquor licenses may be issued; primarily distinguishable on the basis of capital investments or the number of sleeping accommodations maintained in the establishment.

The Class BDR (deluxe restaurant) beer, wine, and liquor license is a special seven-day-a-week license; it is confined for use in specified areas of Harford County. The liquor control board can issue a total of two licenses. Among other parameters, a deluxe restaurant licensee has to have a cocktail lounge or bar with a specified seating capacity and a minimum capital investment of \$800,000 exclusive of the cost of the land. The annual fee for the license is \$5,000.

A Class B beer and light wine license is issued by the liquor control board and allows the licensee to sell beer and wine at retail for consumption on the premises or elsewhere. Harford County has several Class B licensing categories for hotels, restaurants, and inns (B-1, B-2, B-3). License classifications are based on a number of parameters, including the type of establishment applying for a license, food sales, seating capacity, the number of days during the week the establishment is operating (six days a week or seven days a week), and capital investments.

In Harford County, no one may have an indirect interest in more than one license, except special and temporary licenses or club licenses. The bill allows chain restaurants with the same trade names (*e.g.*, Outback Steakhouse) to construct more than one restaurant in the county and purchase an appropriate liquor license for each facility.

Local Effect: The bill increases from two to nine the number of Class B licenses an individual can hold in Harford County. According to Harford County, licensees most likely to take advantage of the bill are national chain restaurants that currently hold Class BNR licenses in the county. The Class BNR license enables the service of distilled spirits along with beer and wine.

According to Harford County, there are currently 21 Class BNR licenses issued in the county. Of those, 18 businesses could apply for 8 additional licenses; and 3 could apply for 7 additional licenses under the new legislation. Therefore, there is a potential for 165 new licenses. The Class BNR license costs \$3,000 each, which would reflect a maximum possible revenue increase of \$495,000.

Additionally, Harford County reports there are 63 other Class B licensees who could potentially apply for up to nine additional licenses under the legislation. Harford County estimates few of these small, family-owned and operated businesses will actually apply

for additional licenses. The license costs for this class of license can range between \$500 and \$2,145 each. Legislative Services advises that the total number of licenses issued has the potential to increase local revenues by \$537,000.

Additional Information

Prior Introductions: None.

Cross File: HB 437 (Harford County Delegation) – Economic Matters.

Information Source(s): Harford County, Harford County Liquor Control Board, Department of Legislative Services

Fiscal Note History: First Reader - January 22, 2008
ncs/hlb Revised - Senate Third Reader - March 24, 2008

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