

Department of Legislative Services
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FISCAL AND POLICY NOTE
Revised

House Bill 545
Economic Matters

(Dorchester County Delegation)

Education, Health, and Environmental Affairs

Dorchester County - Alcoholic Beverages Act of 2008

This bill repeals the off-sale privilege of Class B beer and light wine licenses in Dorchester County. Currently authorized licensees can maintain the privilege throughout the term of the license and may renew the license. The bill repeals a requirement that a holder of a certain license must purchase wine from the Dorchester County Liquor Control Board Dispensaries. The bill authorizes the issuance of a special license of any class for an event conducted by a not-for-profit club, society, association, or organization in accordance with certain application requirements. The bill establishes penalties for certain violations during catered events and alters the hours of sale for certain licenses.

The bill takes effect July 1, 2008.

Fiscal Summary

State Effect: None.

Local Effect: Dorchester county revenues could increase by a minimal amount through the collection of not-for-profit license fees and fines. County expenditures would not be affected.

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

Analysis

Current Law: In Maryland, hotels and restaurants can obtain a Class B beer and light wine license issued by the local jurisdiction's license issuing authority. The holder may keep for sale and sell beer and light wines at retail for consumption on the premises or elsewhere. In Dorchester County, the annual license fee is \$300. A Class B (on-sale and off-sale) beer and light wine license is issued only to restaurants and without seating capacity restrictions. The holder of a license purchases all of the wine sold under this license from the Dorchester County Liquor Control Board Dispensaries.

In Maryland, restaurants and hotels can also obtain a Class B beer, wine, and liquor license which authorizes the license holder to keep for sale and sell all alcoholic beverages at retail for consumption on the premises or elsewhere. In Dorchester County, restaurants, motels, and hotels having restaurant facilities for serving full-course meals at least twice daily and seating capacity at tables for 75 or more persons, not including seats at bars or counters, may obtain a license from the county commissioners. This license entitles the licensee to sell beer, wines, and liquors.

In Maryland, special and temporary licenses may be issued to private clubs (*e.g.*, VFW) and nonprofit entities. The licenses have established fees and describe a limited time period for which the license is valid. In Dorchester County, a holder of a special Class C beer license or a special Class C beer and wine license may cater an event at the place described in the license on the effective days of the license. The fee is \$15 per day; the holder of the license is to distribute wristbands at the event to each individual who is at least 21 years old and may not serve an alcoholic beverage to any individual who does not wear the wristband.

In Maryland, certain limits apply to the local jurisdictions regarding the number of licenses issued to an entity. In Dorchester County, an additional package goods store Class A beer license may be issued for any premises licensed under a Class B or Class D license: a club or tavern, respectively. The Board of License Commissioners may also place a limit on the number of additional package goods store Class A beer licenses that it issues. In Dorchester County, the hours for sale for alcoholic beverages varies by the various license types.

Background: The Dorchester County Board of License Commissioners determined it would be appropriate for Class C licensee holding events with beer and open to the public to issue wristbands to people 21 years and over. These organizations can be issued a Class C license. For noncompliance with the wrist band requirement, the commission has determined that a fine of \$50 is appropriate for the first offense, \$250 for a second offense, and Class C licensee may be denied future licenses for subsequent violations.

However, the commission also notes that a letter of reprimand is typically issued before resorting to a fine.

The Dorchester County Board of License Commissioners advises that the bill also provides for a package goods store that has been in business for five years operating with a Class A beer and wine license. Language in the bill will bring this small business into compliance under a Class B or Class D license, while not harming the small business operations. There are also other restaurants that have a desire to sell wine to go, since they cater many of their meals around certain brands of wine that cannot be purchased in local liquor stores. The bill also allows restaurants with on-sale only licenses to sell these wines to customers via the Class A beer and wine license. Moreover, the bill standardizes hours of operations for the businesses and restaurants holding several different types of licenses to establish a level of parity between these small businesses that operate in Dorchester County.

Local Fiscal Effect: Dorchester County revenues could increase by a minimal amount. Dorchester County advises that special license fees from not-for-profits could result in less than \$1,000 in additional revenues. The bill establishes a fine for nonprofit organizations holding events with beer and open to the public for the failure to issue wristbands to people 21 years and over. The commission notes that a letter of reprimand is typically issued before resorting to a fine and that instances of such a violation are rare.

Small Business Effect: The bill provides for restaurants that have a desire to sell select wines to customers providing a minimal positive impact for these small businesses.

Additional Information

Prior Introductions: None.

Cross File: SB 154 (Senator Colburn) – Education, Health, and Environmental Affairs.

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

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