

Department of Legislative Services
Maryland General Assembly
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FISCAL AND POLICY NOTE
Revised

House Bill 1478
Economic Matters

(Prince George's County Delegation)

Education, Health, and Environmental Affairs

**Prince George's County - Alcoholic Beverages - Waterfront Entertainment
Retail Complex and Wine Festival**
PG 332-08

This emergency bill establishes special alcoholic beverages licenses in Prince George's County to be used in a waterfront entertainment retail complex, as defined by county ordinance. The bill exempts hotels within a defined waterfront entertainment retail complex from certain alcoholic beverages licensing requirements and limits the authority of the board of license commissioners to issue licenses within the complex unless at least 10% of the licenses are held by minority enterprises or socially and economically disadvantaged individuals. The bill authorizes the board of license commissioners to issue a wine festival license.

Fiscal Summary

State Effect: None.

Local Effect: Prince George's County revenues would increase by at least \$10,750 annually due to the collection of additional license fees. County expenditures would not be affected.

Small Business Effect: Potential meaningful for businesses that are able to obtain alcoholic beverages licenses in specified areas.

Analysis

Bill Summary: The bill exempts a hotel or its hospitality venue located within a waterfront entertainment retail complex that has a special Class BH license from the

requirement that the establishment • be equipped with a dining room with facilities for preparing and serving food; and • have average daily receipts from the hire of rooms and the sale of food that exceed the average daily receipts from the sale of alcoholic beverages. The bill exempts Class BH licenses issued for use within a waterfront entertainment retail complex from the restriction that limits the number of licenses that may be issued.

The bill prohibits the board of license commissioners from issuing licenses within a waterfront entertainment retail complex unless at least 10% of the licenses are held by a minority enterprise or a socially and economically disadvantaged individual. The bill specifies that an individual with a personal net worth exceeding \$1,500,000 may be found to be socially and economically disadvantaged. The bill establishes limitations on the number of licenses that may be issued in each calendar year within a waterfront entertainment retail complex. The bill specifically excludes Class B-CC (convention center) licenses from these restrictions.

A Special Class B (entertainment venue) on-sale beer, wine, and liquor license may be issued for use at an establishment that provides comedy, dancing, music, theater, or similar art but may not provide movies or entertainment that are prohibited by county law. The license holder may exercise Sunday sale privileges but need not serve food. The annual license fee is set at \$2,750.

A Special Class A (off-sale) waterfront plaza beer and wine license may be issued within a waterfront entertainment retail complex that would allow patrons to consume alcoholic beverages in certain areas within a waterfront entertainment district. These areas are subject to specified criteria and must be approved by the board of license commissioners. A holder of the license may not use the license more than 120 days per calendar year and may only sell beer and wine between the hours of 5:00 p.m. and midnight. The annual license fee is set at \$2,500.

A wine festival license may be issued to a holder of • a license issued by the board; • a Class 3 winery license; or • a Class 4 limited winery license. The holder of a license may sell and display wine subject to specified criteria. A holder of a wine festival license is permitted to hold another alcoholic beverages license. The board is authorized to establish a license fee and issue a four-day license for the festival. The board is required to choose a location in the county and adopt additional regulations.

Current Law: A special Class BH (hotel) license may be issued in Prince George's County only to hotels meeting specified requirements including • being equipped with a dining room with facilities for preparing and serving regular meals; and • having average daily receipts from the hire of rooms and the sale of food that exceed the average daily

receipts from the sale of alcoholic beverages. No more than 25 Class BH beer, wine, and liquor licenses may be issued in Prince George's County.

A minority business enterprise (MBE) is a legal entity, other than a joint venture, that is:

- organized to engage in commercial transactions;
- at least 51% owned and controlled by one or more individuals who are socially and economically disadvantaged; and
- managed by, and the daily business operations of which are controlled by, one or more of the socially and economically disadvantaged individuals who own it.

MBEs include not-for-profit entities organized to promote the interests of physically or mentally disabled individuals.

A socially and economically disadvantaged individual is defined as a citizen or legal U.S. resident who is African American, Native American, Asian, Hispanic, physically or mentally disabled, a woman, or otherwise found by the State's MBE certification agency to be socially and economically disadvantaged. An individual whose personal net worth exceeds \$1.5 million may not be found to be economically disadvantaged.

Background: The \$2 billion National Harbor Project is located in southern Prince George's County along the Potomac River. The 300-acre project will encompass 10 acres of meeting space and will include numerous hotels and restaurants along with retail and residential development.

Local Fiscal Effect: Prince George's County revenues would increase by \$3,850 annually for any new Class BH license issued within a waterfront entertainment retail complex. There are currently two Class BH licensees within the specified district. Prince George's County cannot reliably predict how many additional licenses could be issued.

County revenues would also increase to the extent that additional licenses, subject to limitations of 20 in calendar 2008, 10 in calendar 2009, and 10 in calendar 2010, are issued. Prince George's County anticipates the demand for the licenses would result in the maximum number of licenses being issued for each year. Revenues cannot be reliably estimated, as they would depend on the class of alcoholic beverages licenses that are issued.

Prince George's County estimates that there would be at least two to three applicants for the Class B (entertainment venue) license established under this bill. Each license would result in annual revenues of \$2,750 for the county; therefore, the county could receive \$8,250 in revenue each year assuming that three licenses are granted.

Prince George's County estimates that one Class A (off-sale) license would be issued resulting in annual revenues of \$2,500.

County revenues would also increase annually from any wine festival licenses issued. Prince George's County anticipates this provision would result in at least one annual wine festival, but the exact revenues would depend on the number of licenses issued and the license fee that the board establishes for the license.

The issuance and monitoring of the additional licenses and the adoption of regulations to implement a wine festival license could be handled with existing resources. Prince George's County indicates that there is the potential for operational difficulties resulting from the requirement that 10% of certain licenses be issued to minority enterprises or socially and economically disadvantaged individuals. Currently, all the information needed to ascertain whether or not an individual or enterprise meets the criteria for this distinction is not solicited on the application. The board further advises that it does not have a staff member who has been properly trained to review the applications in order to make this determination.

Additional Information

Prior Introductions: None.

Cross File: SB 837 (Senators Muse and Peters) – Education, Health, and Environmental Affairs.

Information Source(s): Prince George's County, Department of Legislative Services

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Analysis by: Jennifer K. Botts

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