

Department of Legislative Services
Maryland General Assembly
2009 Session

FISCAL AND POLICY NOTE
Revised

Senate Bill 106

(Anne Arundel County Senators)

Education, Health, and Environmental Affairs

Economic Matters

Anne Arundel County - Alcoholic Beverages Act of 2009

This bill increases various license fees for the sale of alcoholic beverages in Anne Arundel County and establishes new classes of licenses. The bill increases compensation for the attorney of the county board of license commissioners and creates a part-time deputy chief inspector position. The bill also establishes new requirements for license applications and renewals and alters penalties for certain violations of alcoholic beverages laws. The bill adds Anne Arundel County to the list of jurisdictions in which a court may remand certain proceedings to the local licensing board, and allows this authority to be applied retroactively to all matters on judicial review in the Circuit Court for Anne Arundel County on or after August 1, 2008.

The bill takes effect July 1, 2009.

Fiscal Summary

State Effect: Any payments from the board for criminal history records checks are cost recovery only. The Criminal Justice Information System (CJIS) can handle the bill's requirements with existing resources.

Local Effect: Anne Arundel County revenues increase by a minimum of \$178,600 annually beginning in FY 2010. County licensing fee revenues may further increase due to the new licenses established under this bill. Anne Arundel County personnel expenditures increase by \$10,800 annually beginning in FY 2010.

Small Business Effect: Minimal.

Analysis

Bill Summary/Current Law: The bill increases licensing fees in Anne Arundel County for the sale of alcoholic beverages as shown in **Exhibit 1**. The bill also requires an applicant for a renewal of a license to pay a nonrefundable renewal fee of \$50 to the local collecting agency. This fee is in addition to the annual license fee.

Exhibit 1 Increase in Anne Arundel County Licensing Fees

<u>License</u>	<u>Current Fee</u>	<u>Proposed Fee</u>	<u>Number of Current Licensees</u>
Beer and Wine			
Class A	\$200	\$240	5
Class B	400	480	4
Class H	300	360	25
Class C	100	120	2
Class D	400	480	3
Special Sunday license	50	60	39
Beer, Wine and Liquor			
Class A	600	720	78
Class B	900	1,080	50
Class H	800	960	144
Class C	400	480	33
Class C (yacht club/golf and country club)	1,500	1,800	5
Class C (country club)	625	750	0
Class D (limited)	900	1,080	112
Class D (on and off sale)	1,000	1,200	6
Resort Complex	1,500	1,800	0
BLX (deluxe restaurant)	1,000	1,200	1
Motel/Hotel-Restaurant	3,000	3,600	18
Special Sunday license	100	120	423
Miscellaneous			
Racetrack (per day fee)	50	60	10
Class A light wine	50	60	0
Class C for entertainment conducted by club, society, or association (per day)	10	25	1,200
Class C for ability to purchase beer from a wholesaler (per day)	25	50	1,200

Hotel-limited Service Licenses

The bill establishes a beer and wine; and a beer, wine, and liquor hotel-limited service on-sale licenses. These licenses may only be issued to a person who owns or leases a hotel that contains at least 50 rooms and operates a kitchen licensed at least as a food service facility. These licenses entitle the holder to sell alcoholic beverages every day at one or more locations within the hotel. The annual license fees (\$2,400 for a beer and wine license and \$2,800 for a beer, wine, and liquor license) must be paid on May 1 to the board. The bill repeals a provision of law that established a Class B-LSH (limited service hotel) beer and light wine license.

Special Sunday License

Under current law, the board may not issue a “special Sunday license” to any person who does not hold an alcoholic beverages license of some other class issued by the board. This bill also prohibits the board from issuing a “special Sunday license” to any person who holds a hotel-limited service license.

Special Outdoor Licenses

The bill establishes a special outdoor license that can be issued to a holder of a Class B, C, D, or H license. The license, which has a \$200 annual fee, entitles the holder to provide outdoor table service to customers. A licensee must obtain approval from the board before the license is renewed.

Under current law, the board may issue special music or dancing licenses to holders of Class B, C, D, or H licenses under certain conditions. This bill establishes a special outdoor entertainment license that may be issued to a holder of a Class B, C, D, or H license who also holds a special dancing license or a special music license. This license, which has a \$500 annual fee, entitles the holder to provide the same form of entertainment outdoors that the holder is entitled to provide indoors under the special dancing or music license, as well as outdoor table or café service. A licensee must obtain approval from the board before the license is renewed.

Criminal History Records Checks

The Criminal Justice Information System (CJIS) Central Repository is established within the Department of Public Safety and Correctional Services (DPSCS) to collect, manage, and disseminate Maryland criminal history record information for criminal justice and noncriminal justice (*e.g.*, employment and licensing) purposes.

The bill requires the board to obtain criminal records of each license applicant from the Anne Arundel County Police Department and CJIS. The board must apply to CJIS for a criminal history records check for each license applicant and, as part of the application, must submit to CJIS: (1) two complete sets of the applicant's fingerprints; (2) the fee for accessing Maryland criminal history records (\$18.00); and (3) the processing fee for a national criminal history records check (\$19.25). Information must be forwarded by CJIS to the applicant and the board.

The bill specifies that information obtained from CJIS must be confidential, not disseminated, and used only for licensing purposes.

Penalty Provisions

Under current law, the board in Anne Arundel County may impose a fine of not more than \$1,000 in lieu of suspension of a license for any violation that is cause for suspension under the county's alcoholic beverage laws. The bill increases the maximum fine to \$2,500 and establishes that the board may impose the fine in addition to suspension of the license. The bill specifies that any fine or suspension is in addition to any other term or condition that the board imposes due to the violation.

Appeals

The decision of a local licensing board, in approving, suspending, revoking and restricting, or refusing to approve, suspend, revoke or restrict a license, or a licensee, is subject to appeal as provided by statute. The Circuit Court for Baltimore City and the circuit courts for Carroll, Charles, Frederick, Harford, Howard, Montgomery, Prince George's, and St. Mary's counties may remand these proceedings to the local licensing board for further consideration.

The bill adds Anne Arundel County to this list of jurisdictions. This authority is to be applied retroactively to all matters on judicial review in the Circuit Court for Anne Arundel County on or after August 1, 2008.

Personnel and Salary Provisions

The board is currently authorized to employ one part-time chief inspector with an annual salary of \$10,000 and 19 part-time inspectors with annual salaries of \$6,000. This bill converts one of the part-time inspector positions into a part-time deputy chief inspector position and establishes a salary of \$8,000. The bill also increases the annual salary of the board's attorney from \$12,000 to \$20,000.

Definition of Taxpayer

The bill establishes that in Anne Arundel County, “taxpayer” means an individual who owns real property in the individual’s own name, individually or jointly with others, and pays real property taxes to Anne Arundel County.

Local Revenues: Anne Arundel County revenues increase by \$178,600 annually beginning in fiscal 2010 as shown in **Exhibit 2**.

Exhibit 2
Increase in Anne Arundel County Revenues

Increase in Licensing Fees	\$140,650
License Renewal Fee	25,500
Fine Revenues	10,000
Hotel Fees	<u>2,400</u>
Total	\$178,550

Local licensing fee revenues increase by \$140,650 beginning in fiscal 2010 due to the increase in fees for current licenses. This estimate assumes that licensing activity will remain constant. The bill also allows for a \$50 fee to be paid on license renewal resulting in an annual revenue increase of \$25,500, assuming the number of annual renewals remains constant at 510. Anne Arundel County also projects an additional \$10,000 in fine revenue based on the bill’s provision increasing the maximum fine allowable.

The bill establishes several new classes of licenses, including two new licenses for hotel-limited service on sale. Assuming that two hotels will be granted a beer and wine license, which has a \$2,400 fee, and two hotels will be granted a beer, wine, and liquor license, which has a \$2,800 fee, revenues could increase by \$10,400 beginning in fiscal 2010. However, the bill also repeals a provision of law granting a Class B-LSH license, which results in a revenue loss of \$8,000 for the four existing licenses. The net effect of these changes is \$2,400 in additional licensing renewal.

While it is unknown how many special outdoor licenses will be issued, Anne Arundel County currently has 382 Class B, C, D, or H licensees that would be eligible for special outdoor licenses. Revenues increase by \$200 for each new licensee.

It is also unknown how many current holders of special dancing licenses and special music licenses will apply for the special outdoor entertainment license that is established under this bill. Anne Arundel County reports that there are currently 170 establishments with special dancing licenses and 187 establishments with special music licenses. Revenues increase by \$500 for each new license.

Local Expenditures: The bill increases compensation for two existing positions in Anne Arundel County by increasing the salary of the board's attorney by \$8,000 and reclassifying an existing inspector position and increasing the pay by \$2,000. Including allowances for fringe benefits, county expenditures increase by \$10,765 annually beginning in fiscal 2010. The authorization for cases to be remanded to the board of license commissioners will not materially impact operations or finances for the board or the circuit court.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Anne Arundel County, Department of Public Safety and Correctional Services, Department of Legislative Services

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