

Department of Legislative Services
Maryland General Assembly
2013 Session

FISCAL AND POLICY NOTE
Revised

Senate Bill 767

(Senator Edwards)

Education, Health, and Environmental Affairs

Economic Matters

**Garrett County - Alcoholic Beverages - Licenses, Permits, and Other
Authorizations**

This bill makes numerous changes to the alcoholic beverages law in Garrett County. The bill authorizes the Garrett County Board of License Commissioners to issue, and requires the board to adopt implementing regulations, for a Class BDR (deluxe restaurant) beer and wine (on-sale) license, a refillable container permit, and a beer festival license. The bill gives Class BDR beer and wine, Class D beer and light wine, and Class D beer, wine, and liquor license holders a catering option. The bill allows specified license holders to sell alcohol in commemorative or special event bottles for consumption at a catered special event.

The bill takes effect June 1, 2013.

Fiscal Summary

State Effect: None.

Local Effect: Garrett County license fee revenues increase by a minimal amount. Under one set of assumptions, license fee revenues increase by approximately \$3,100 in FY 2014, and by \$1,625 annually thereafter. Garrett County can monitor licenses with existing resources.

Small Business Effect: Potential meaningful for any qualifying licensee obtaining the additional license and having sales in excess of the annual fee.

Analysis

Bill Summary/Current Law:

BDR License

Current Law: The Garrett County Board of License Commissioners may issue a Class BDR (deluxe restaurant) beer, wine, and liquor license, but a Class BDR beer and wine license does not exist.

The Bill: The Garrett County Board of License Commissioners may issue a Class BDR (deluxe restaurant) beer and wine license with or without a catering option to a restaurant with a minimum capital investment of \$25,000, not including the cost of land and buildings. The establishment must have a minimum seating capacity for 20 persons.

A Class BDR beer and wine or beer, wine, and liquor license may be issued to an applicant who already holds a Class B (on-sale) beer, wine, and liquor license or a Class B (on-sale) beer and wine license. A Class BDR license allows the holder to sell beer and light wine for consumption on the licensed premises and brewed beverages for consumption off the licensed premises.

The one-time issuing fee for a new Class BDR license without the catering option is \$500 in addition to the annual fee of \$500, and the one-time issuing fee with the catering option is \$625 in addition to the annual fee of \$625. The catering option allows the holder to keep for sale and sell beer and light wine for consumption at events catered by the licensee off the licensed premises during the hours and days that are allowed by the Garrett County Board of License Commissioners, provided that the license holder provides food.

Catering Option

Current Law: A catering option is available to Class B alcoholic beverages license holders, which allows the holder to sell specified alcoholic beverages for consumption at events catered by the licensee off the licensed premises. The licensee is required to provide food at the event and may not sell brewed beverages for off-premises consumption.

Additionally, the State Comptroller may issue a general statewide caterer's (SCAT) license to qualified caterers for use throughout the State or a limited SCAT license for use in three contiguous political subdivisions. The annual fee for a general SCAT license is \$2,000. The annual fee for a limited SCAT license ranges from \$750 to \$1,500 depending upon the population of the subdivisions where the license is used. An

applicant who holds a permanent retail license and a special catering license or who pays an additional catering fee is entitled to a credit not to exceed the additional catering fee, provided that there is a minimum license fee payment of \$250.

The Bill: In addition to giving a catering option to a Class BDR beer and wine license holder, the bill gives a catering option to a Class D beer and light wine retail license holder and a Class D beer, wine, and liquor on-sale license holder.

The one-time issuing fee for a new Class D beer and light wine retail license with the catering option is \$475 in addition to the annual fee of \$475. The catering option allows the holder to keep for sale and sell beer and light wine for consumption at events catered by the licensee off the licensed premises during the hours and days that are allowed by the Garrett County Board of License Commissioners, provided that the license holder provides food.

The one-time issuing fee for a new Class D beer, wine, and liquor on-sale license with the catering option is \$2,000 in addition to the annual fee of \$2,000. The catering option allows the holder to keep for sale and sell beer, wine, and liquor for consumption at events catered by the licensee off the licensed premises during the hours and days that are allowed by the Garrett County Board of License Commissioners, provided that the license holder provides food.

Selling Commemorative or Special Event Bottles

Current Law: The Garrett County Board of License Commissioners does not grant any special privileges for selling alcohol in commemorative or special event bottles.

The Bill: At no cost, the Garrett County Board of License Commissioners may grant a Class B beer and light wine or beer, wine, and liquor license holder, a Class D beer and light wine license holder, a Class D beer, wine, and liquor license holder, and a special Class C license holder a privilege to sell alcohol in commemorative or special event bottles, approved by the board prior to the event, for consumption off the licensed premises at a catered special event on the days and hours allowed by the board.

Refillable Container Permit

Current Law: Statewide law prohibits any retail dealer, or agent or employee of such retail dealer, from refilling any container of alcoholic beverages with any substance whatsoever after such container has once been emptied of its original contents, except in Baltimore City and Howard County.

The General Assembly adopted legislation in 2012 pertaining to refillable beer containers in Baltimore City and Howard County. Chapters 92 and 93 (HB 401/SB 874) authorized the Baltimore City Board of License Commissioners to issue refillable container licenses, and Chapter 412 (HB 1047) allowed the Howard County Board of License Commissioners to issue refillable container permits.

The Bill: The bill authorizes the Garrett County Board of License Commissioners to issue a refillable container permit to a draft beer license holder who also holds any class of alcoholic beverages license issued by the board, except a Class C license or Class A license. A refillable container permit entitles the holder to sell draft beer for consumption off the licensed premises in a refillable container with a capacity of not less than 32 ounces and not more than 128 ounces.

The refillable container used must:

- be sealable;
- be branded with an identifying mark of the license holder;
- bear the federal health warning statement;
- display instructions for cleaning the container; and
- bear a label stating that cleaning the container is the responsibility of the consumer, and that the contents of the container are perishable and should be refrigerated immediately and consumed within 48 hours after purchase.

Sunday Sales

Current Law: For a wine festival license issued for use in election district 11 or 15, Sunday sales may begin at 10 a.m. and the sale may be made without a consumer placing an order for a meal simultaneously or before placing an order for an alcoholic beverage.

The Bill: For a location where Sunday sales are allowed, Sunday sales may begin at 10 a.m. for a wine festival and 1 p.m. for a beer festival and the sale may be made without a consumer placing an order for a meal simultaneously or before placing an order for an alcoholic beverage.

Beer Festival

Current Law: A beer festival license does not exist in Garrett County.

The Bill: The Garrett County Board of License Commissioners may issue two beer festival licenses annually to a holder of a retail alcoholic beverages license issued by the

board, a Class 5 brewery license, a Class 6 pub-brewery license, or a Class 7 micro-brewery license. The license entitles the holder to display and sell at retail beer, which was manufactured and processed in the State and distributed in the State when the application is filed, for consumption on or off the premises on the days and for the hours designated for a beer festival in Garrett County. The board must establish a fee, approve a fixed period of time for the festival, not to exceed two consecutive days, excluding Sunday, and approve a festival location in the county for which a license has not been issued.

For a product to be displayed and sold at a beer festival, a licensed State wholesaler or Class 5 brewery, Class 6 pub-brewery, or Class 7 micro-brewery license must invoice the holder of the beer festival license and deliver the product to the beer festival from the licensed premises. Additionally, a licensed State wholesaler or Class 5 brewery, Class 6 pub-brewery, or Class 7 micro-brewery license may enter into an agreement with the holder of the beer festival license to deliver beer two days before the festival and accept returns not later than two days after the end of the beer festival.

Class B-B&B (bed and breakfast)

Current Law: An individual in a restaurant, club, or hotel in Garrett County for which a Class B or Class C license allowing the sale of wine is issued may consume wine not purchased from or provided by the license holder under specified circumstances.

The Bill: The bill adds an individual in an establishment in Garrett County for which a Class B-B&B license is issued to the list of individuals that may consume wine not purchased from or provided by the license holder under specified circumstances.

Background: There are 73 alcoholic beverages licenses in Garrett County, of which 7 are Class B beer and wine licenses and 23 are Class B beer, wine, and liquor licenses. Additionally, there are 7 Class D beer and wine licenses and 26 are Class D beer, wine, and liquor licenses.

Local Fiscal Effect: The number of qualified licensees which would seek and obtain the additional licenses is unknown. License fee revenues increase for each new Class BDR license issued, each new license issued with a catering option, and each beer festival license issued. The Garrett County Board of License Commissioners estimates that two businesses will apply for a Class BDR beer and wine license, one Class D beer and wine license holder will apply for the catering option, and one micro-brewery will apply to hold two beer festivals. **Exhibit 1** shows a \$3,100 increase of license fee revenues in fiscal 2014 based on the board's estimates and a beer festival license fee of \$75. Based on these assumptions, future year revenues will increase by \$1,625. Any additional licensing activity could be handled with existing resources.

**Exhibit 1
License Fee Revenues
Fiscal 2014**

<u>License</u>	<u>Number of Licenses</u>	<u>Issuing Fee Per License</u>	<u>Annual Fee Per License</u>	<u>Total</u>
BDR beer and wine	2	\$500	\$500	\$2,000
Class D beer and wine	1	475	475	950
Beer Festival	2	-	75	150
Total				\$3,100

Small Business Effect: Small businesses that obtain a Class BDR (deluxe restaurant) beer and wine (on-sale) license, a license with a catering option, or a beer festival license will benefit if sales are in excess of the license fees. Additionally, qualifying small businesses may benefit from refillable container sales.

Additional Information

Prior Introductions: None.

Cross File: HB 749 (Delegate Beitzel) - Economic Matters.

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

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