

HOUSE BILL 1170

A2

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By: ~~Delegate James~~ **Harford County Delegation**

Introduced and read first time: February 7, 2014

Assigned to: Economic Matters

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 12, 2014

CHAPTER _____

1 AN ACT concerning

2 **Harford County – Alcoholic Beverages – Residency Requirements**

3 FOR the purpose of altering certain residency requirements for certain business
4 applicants for alcoholic beverages licenses in Harford County; altering a
5 requirement that a certain applicant for certain alcoholic beverages licenses
6 own a certain percentage of a certain business, subject to a certain exception;
7 making certain stylistic and conforming changes; and generally relating to
8 alcoholic beverages in Harford County.

9 BY repealing and reenacting, with amendments,
10 Article 2B – Alcoholic Beverages
11 Section 9–101(a), (b), (c), and (k)
12 Annotated Code of Maryland
13 (2011 Replacement Volume and 2013 Supplement)

14 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
15 MARYLAND, That the Laws of Maryland read as follows:

16 **Article 2B – Alcoholic Beverages**

17 9–101.

18 (a) **(1)** A license may not be issued to a partnership, to a corporation, or to
19 a limited liability company, but only to individuals authorized to act for a partnership,
20 corporation, or limited liability company who shall assume all responsibilities as

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 individuals, and be subject to all of the penalties, conditions and restrictions imposed
 2 upon licensees under the provisions of the Tax – General Article that relate to the
 3 alcoholic beverage tax and the provisions of this article. If the application is made for a
 4 partnership, the license shall be applied for and be issued to all the partners as
 5 individuals, all of whom shall have resided in the city or county in which the place of
 6 business is located for at least 2 years prior to the application.

7 **[(1)] (2)** (i) In Montgomery County, if the application is made for
 8 a partnership, the license shall be applied for and issued to at least 2 general partners
 9 as individuals, at least one of whom is a registered voter of the county where the
 10 application is made and resides there at the time of the application. If there is only one
 11 general partner, the license shall be issued to that partner as an individual, if that
 12 partner is a registered voter of the county where the application is made and resides
 13 there at the time of application.

14 (ii) 1. In Baltimore County, if the application is made for a
 15 partnership, the license shall be applied for and issued to at least two general partners
 16 as individuals, at least one of whom is a registered voter of any county of the State or
 17 of the City of Baltimore and resides there at the time of application.

18 2. If there is only one general partner, the Board of
 19 License Commissioners shall issue the license to that partner as an individual, if the
 20 partner is a registered voter of any county or of the City of Baltimore and resides there
 21 at the time of the application.

22 3. The provisions of this subparagraph may not be
 23 construed to waive any of the requirements under §§ 9–102, 9–102.2, and 9–301 of this
 24 article.

25 **[(2)] (3) (I)** [In Harford County, the applicant shall be a bona fide
 26 resident of Harford County for at least 1 year before filing the application and shall
 27 remain a resident as long as the license is in effect. The applicant is not required to be
 28 a registered voter] **THIS PARAGRAPH APPLIES TO AN APPLICANT IN HARFORD**
 29 **COUNTY WHO ACTS ON BEHALF OF A PARTNERSHIP, AN ASSOCIATION, A**
 30 **LIMITED LIABILITY COMPANY, A SOLE PROPRIETORSHIP, OR A CLUB OR**
 31 **CORPORATION, WHETHER INCORPORATED OR UNINCORPORATED.**

32 **(II) AN APPLICANT WHO APPLIES FOR A CLASS B**
 33 **RESTAURANT OR CLASS D TAVERN LICENSE ~~SHALL~~:**

34 **1. SHALL BE A RESIDENT OF THE STATE FOR AT**
 35 **LEAST 1 YEAR BEFORE FILING THE APPLICATION AND SHALL REMAIN A**
 36 **RESIDENT AS LONG AS THE LICENSE IS IN EFFECT; AND**

37 **2. SHALL RESIDE WITHIN A 100–MILE RADIUS OF**
 38 **THE TOWN OF BEL AIR.**

1 (III) AN APPLICANT WHO APPLIES FOR A LICENSE OTHER
2 THAN A CLASS B RESTAURANT OR CLASS D TAVERN LICENSE ~~SHALL~~:

3 1. SHALL BE A RESIDENT OF HARFORD COUNTY FOR
4 AT LEAST 1 YEAR BEFORE FILING THE APPLICATION AND SHALL REMAIN A
5 RESIDENT AS LONG AS THE LICENSE IS IN EFFECT; AND

6 2. SHALL RESIDE WITHIN A 100-MILE RADIUS OF
7 THE TOWN OF BEL AIR.

8 [(3)] (4) In Prince George's County, if an application is made for a
9 sole proprietorship or partnership, the license shall be applied for and issued to all
10 partners as individuals, all of whom shall have resided in Prince George's County for
11 at least 2 years prior to the application, are registered voters in Prince George's
12 County, and shall continue to be bona fide residents of Prince George's County as long
13 as the license is in effect.

14 [(4)] (5) (i) 1. In Frederick County, if an alcoholic beverages
15 license application is made for a partnership, the license shall be applied for and
16 issued to 3 individuals.

17 2. None of the 3 individuals need to be partners.
18 However, all 3 individuals shall be authorized in writing to act for the partnership by
19 making application for and becoming holders of the license for partnership.

20 3. Of the 3 individuals, 1 shall be a registered voter at
21 the time of application and prior thereto and be a resident of Frederick County for at
22 least 2 years prior to making application.

23 4. The names of all of the partners shall be stated on the
24 application.

25 (ii) If a corporation, partnership, or limited liability company is
26 a partner of the partnership for which application is being made, the applicants shall
27 state on the application:

28 1. The name of any owner of more than 33 percent of the
29 stock in the corporate partner;

30 2. The name of any owner of more than 33 percent of
31 ownership interest of the partnership partner; or

32 3. The name of any member with more than a 33 percent
33 interest in the limited liability company partner.

1 **[(5)] (6)** (i) This paragraph **[(5)]** applies only to licenses issued by
2 the State Comptroller.

3 (ii) If a license application is made for a partnership, the license
4 shall be issued to three individuals, each of whom shall qualify as follows:

5 1. An individual general partner; or

6 2. When a general partner is a corporation, an officer of
7 the corporation as an individual.

8 (iii) If less than three general partners or corporate officers exist,
9 then a license may be issued to all of the general partners or officers qualified under
10 subparagraph (ii)2 of this paragraph.

11 (iv) In each instance under this paragraph, at least one of the
12 applicants shall be:

13 1. A resident of the State for at least 2 years preceding
14 the filing of the applications; and

15 2. A registered voter of the State.

16 (v) This paragraph may not be construed to waive any of the
17 requirements under § 9–102 of this article.

18 **[(6)] (7)** (i) This paragraph applies only in Wicomico County.

19 (ii) 1. If a stadium beer and light wine license application is
20 made for a partnership, the license shall be applied for and issued to three individuals.

21 2. None of the three individuals need be partners.
22 However, all three individuals shall be authorized in writing to act for the partnership
23 by making application for and becoming holders of the license for the partnership.

24 3. Of the three individuals, one shall be a registered
25 voter at the time of application and for 1 year prior to then and be a resident of
26 Wicomico County for at least 2 years prior to making application.

27 4. The names of all of the partners shall be stated on the
28 application.

29 (iii) If a corporation, partnership, or limited liability company is
30 a partner of the partnership for which application is being made, the applicants shall
31 state on the application:

1 1. The name of any owner of more than 33 percent of the
2 stock in the corporate partner;

3 2. The name of any owner of more than 33 percent of
4 ownership interest of the partnership partner; or

5 3. The name of any member with more than 33 percent
6 interest in the limited liability company partner.

7 (b) (1) If the application is made for a corporation, or a club, whether
8 incorporated or unincorporated, the license shall be applied for by and be issued to
9 three of the officers of that corporation or club, as individuals, for the use of the
10 corporation or club, at least one of whom shall be a registered voter and taxpayer of
11 the county or city, or State of Maryland when the application is filed with the
12 Comptroller, and shall also have resided therein, at least two years prior to the
13 application.

14 (2) The application shall also set forth the names and addresses of all
15 of the officers of the corporation or club and shall be signed by the president or vice
16 president, as well as by three officers to whom the license shall be issued. The
17 application for every license shall disclose the name and address of the corporation,
18 partnership or association, as well as the name and address of the applicant.

19 (3) For an application for any Class E, Class F or Class G license, the
20 application may be made by any three officers or employees residing in this State, duly
21 authorized by the corporation to apply for the license.

22 (4) The provisions of this subsection with reference to an applicant
23 being a registered voter, taxpayer or resident of the State of Maryland do not apply
24 when three principal officers of a corporation make application for a Class G license.

25 (5) This section [does]:

26 (I) **DOES** not apply to “racetrack licenses” or to “beach and
27 amusement park licenses” issued in Anne Arundel County; **AND**

28 (II) **SUBJECT TO SUBSECTION (A)(3) OF THIS SECTION,**
29 **APPLIES TO A LICENSE ISSUED IN HARFORD COUNTY.**

30 (6) In the case of a corporation where there are less than three officers
31 or directors of the corporation, all officers or directors shall make the application as
32 provided in this section.

33 (7) In the event there are no officers or directors of a close corporation,
34 at least one stockholder may make the application as provided in this section, if there
35 is an affirmative vote of the stockholders holding a majority of the stock.

1 (c) (1) (i) Except as provided in [subparagraph] **SUBPARAGRAPHS**
2 (ii) **AND (III)** of this paragraph, if the application is made for a limited liability
3 company, the license shall be applied for by and be issued to 3 of the authorized
4 persons of that limited liability company, as individuals, for the use of the limited
5 liability company, at least 1 of whom shall be a registered voter and taxpayer of the
6 county or city, or the State when the application is filed with the Comptroller, and
7 shall also have resided there at least 2 years before the application.

8 (ii) In Baltimore City, an authorized person of a limited liability
9 company who holds an alcoholic beverages license for the use of the limited liability
10 company that was granted on or before June 1, 2012, need not be a registered voter in
11 Baltimore City.

12 (iii) **SUBJECT TO SUBSECTION (A)(3) OF THIS SECTION, THIS**
13 **PARAGRAPH APPLIES IN HARFORD COUNTY.**

14 (2) The application shall also set forth the names and addresses of
15 each of the authorized persons and shall be signed by the 3 authorized persons to
16 whom the license shall be issued.

17 (3) (i) The application for each license shall disclose the name and
18 address of the limited liability company and the name and address of the applicant.

19 (ii) Notwithstanding item (i) of this paragraph, in the case of an
20 application for Class E, Class F, or Class G license, the application may be made by
21 any 3 authorized persons or employees residing in the State, duly authorized by the
22 limited liability company to apply for the license.

23 (4) The provisions of this subsection with reference to an applicant
24 being a registered voter, taxpayer, or resident of the State do not apply when 3
25 members of a limited liability company make application for a Class G license.

26 (5) (i) [Nothing in this section shall apply] **THIS SECTION:**

27 **1. DOES NOT APPLY** to “racetrack licenses” or to “beach
28 and amusement park licenses” issued in Anne Arundel County; **AND**

29 **2. SUBJECT TO SUBSECTION (A)(3) OF THIS**
30 **SECTION, APPLIES TO A LICENSE ISSUED IN HARFORD COUNTY.**

31 (ii) In the case of a limited liability company in which there are
32 less than 3 authorized persons of the limited liability company, all authorized persons
33 shall make the application as provided in this section.

1 (k) In Harford County, if the application is made for a corporation, whether
2 incorporated or unincorporated or for a limited liability company:

3 (1) Application for the license shall be by and be issued to 3 of the
4 officers holding a pecuniary interest in the corporation or 3 of the authorized persons
5 holding a pecuniary interest in the limited liability company, as individuals, for the
6 use of the corporation or limited liability company, as the case may be.

7 (2) In addition to the provisions of paragraph (1) of this subsection, 1
8 of the applicants ~~shall~~:

9 (I) **SHALL** be [a bona fide resident of the county and the license
10 shall remain valid only so long as the resident applicant remains a resident of the
11 county] **A RESPONSIBLE OPERATOR OF THE LICENSED ESTABLISHMENT WHO**
12 **HAS BEEN A RESIDENT OF THE STATE FOR AT LEAST 1 YEAR BEFORE FILING**
13 **THE APPLICATION AND REMAINS A RESIDENT AS LONG AS THE LICENSE IS IN**
14 **EFFECT; AND**

15 (II) **SHALL RESIDE WITHIN A 100-MILE RADIUS OF THE**
16 **TOWN OF BEL AIR.**

17 (3) The [resident applicant] **RESPONSIBLE OPERATOR** shall:

18 (i) [Own] **EXCEPT AN APPLICANT FOR A CLASS B (BEER,**
19 **WINE AND LIQUOR) LICENSE, OWN** at least 25 percent of the total business[. Except
20 in the case of an applicant for a Class B (beer, wine and liquor) license, the resident
21 applicant shall own at least 10 percent of the total business];

22 (ii) Serve as manager or supervisor; and

23 (iii) Be physically present on the premises a substantial amount
24 of time on a daily basis.

25 (4) Paragraph (3) of this subsection relating to [resident applicants]
26 **THE RESPONSIBLE OPERATOR** applies to any license issued or transferred after July
27 1, 1984.

28 (5) The application for a license shall:

29 (i) Set forth the names and addresses of all the officers of the
30 corporation or authorized persons of the limited liability company;

31 (ii) Be signed by the president or vice president of a corporation
32 and the 3 officers of a corporation or the 3 authorized persons of a limited liability
33 company to whom the license is issued; and

1 (iii) Disclose the name and address of the corporation,
2 partnership, association, or limited liability company, as well as the names and
3 addresses of the applicants.

4 (6) (i) In the case of a corporation where there are less than 3
5 officers or directors of the corporation or in the case of a limited liability company
6 where there are less than 3 authorized persons, all officers or directors holding a
7 pecuniary interest in the corporation, or all authorized persons holding a pecuniary
8 interest in the limited liability company shall make the application.

9 (ii) In the case of a close corporation where there are no officers
10 or directors, 1 or more [resident,] majority stockholders may make the application as
11 provided for in this subsection.

12 (7) (i) In this paragraph "owner" means a person who has a real,
13 provable financial interest in the business and includes a stockholder or managerial
14 employee of the actual owner.

15 (ii) Stock ownership requirements do not apply to an applicant
16 for a Class B hotel or restaurant beer, wine and liquor license or a Class BNR beer,
17 wine and liquor license in which:

18 1. A majority of the shares of stock are owned or
19 controlled either directly or indirectly by 1 or more corporations whose shares of stock
20 are authorized for sale by the Securities and Exchange Commission of the United
21 States;

22 2. At least 1 of the licensees is a [resident operator]
23 **RESPONSIBLE OPERATOR** of the business conducted on the licensed premises and
24 that same individual is responsible for the day to day operation of the license;

25 3. All licensees, including the [resident applicant]
26 **RESPONSIBLE OPERATOR**, are named officers of the corporation; and

27 4. The residency requirement in effect at the time the
28 license is issued remains in effect as long as the license is in effect.

29 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
30 July 1, 2014.