

Department of Legislative Services
Maryland General Assembly
2014 Session

FISCAL AND POLICY NOTE
Revised

House Bill 322
Economic Matters

(Washington County Delegation)

Education, Health, and Environmental Affairs

Washington County - Alcoholic Beverages - Restaurant Seating Capacity and License Quota

This bill specifies the required minimum seating capacity in the definition of a “restaurant” in Washington County as 75 persons for a Class B alcoholic beverages (on-sale) license or 50 persons for a Class P alcoholic beverages (on-sale) license. The bill excludes Class P, instead of Class B, licenses that are restaurants from Washington County’s “population ratio quota” for alcoholic beverages, so altering the definition of a “restaurant” enables more restaurants to be excluded from the population ratio quota.

The bill takes effect July 1, 2014.

Fiscal Summary

State Effect: None.

Local Effect: Minimal increase in Washington County revenues from additional alcoholic beverages licenses issued. Washington County can monitor licenses with existing resources.

Small Business Effect: Overall minimal, but potential meaningful for small businesses that are able to obtain an alcoholic beverages license under the bill.

Analysis

Current Law: In Washington County, the “population ratio quota” means one alcoholic beverages license for every 1,000 individuals, excluding individuals detained or confined in a correctional facility, residing in the election district where the license will be issued

as determined by the last federal population census. A “restaurant” means an establishment that is in a permanent building, regularly sells and serves food to the general public, has a seating capacity of at least 75 persons, and annually has gross sales of food and nonalcoholic beverages that exceed its annual gross sales of alcoholic beverages.

Except for a Class B (on-sale) alcoholic beverages license issued to a restaurant and any license renewed or transferred for the same premises, an alcoholic beverages license may not be issued within an election district if the number of licenses exceeds the population ratio quota. The Washington County Board of License Commissioners, however, may issue additional licenses regardless of the population ratio quota if it determines that there is a public need for the issuance of a license, including government sanctioned economic revitalization.

The Washington County Board of License Commissioners may issue a Class P “pouring license,” which authorizes the license holder to sell alcoholic beverages for consumption on the premises. Restaurants generally are issued a Class P license. The annual fee for a Class P license is \$350 for a beer license, \$400 for a beer and wine license, \$750 for a beer, wine, and liquor license, and \$250 for a Sunday sale license.

Background: In fiscal 2013, there were 196 alcoholic beverages licenses in Washington County, of which 11 were Class B licenses and 66 were Class P licenses.

Local Revenues: According to the Washington County Board of License Commissioners, only two election districts have not reached the maximum licenses per population ratio quota established under current law. Businesses in the remaining 25 election districts are unable to receive a license unless the board determines that there is a public need for the issuance of a license. The bill codifies existing practice by exempting specified Class P licenses (rather than Class B licenses) from the population ratio quota. Under the bill, restaurants with a Class P license are exempt from the population ratio quota if they have a seating capacity of at least 50 persons, instead of 75 persons. Thus, the Washington County Board of License Commissioners may issue more licenses. The number of qualified alcoholic beverages applicants which will seek licenses as a result of the bill is unknown. Therefore, the increase in local revenues from additional license fees is unknown; however, the board estimates issuing approximately five additional Class P licenses. *For purposes of illustration*, if five additional Class P beer, wine, and liquor licenses are issued with Sunday sale privileges, Washington County revenues increase by \$5,000.

Additional Information

Prior Introductions: None.

Cross File: SB 692 (Senator Shank, *et al.*) - Education, Health, and Environmental Affairs.

Information Source(s): Washington County, Comptroller's Office, Department of Legislative Services

Fiscal Note History: First Reader - February 13, 2014
mc/lgc Revised - House Third Reader - March 15, 2014
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