

Department of Legislative Services
Maryland General Assembly
2015 Session

FISCAL AND POLICY NOTE
Revised

Senate Bill 902

(Senators Young and Hough)

Education, Health, and Environmental Affairs

Economic Matters

Frederick County - Alcoholic Beverages Licenses

This bill establishes two new classifications of alcoholic beverages license for use in Frederick County and specifies that each such license and a Class 7 micro-brewery license may be issued for use in the Ballenger (23rd) Election District. The bill also establishes a Class B license for use in the Ballenger Election District that may be issued to a luxury-type restaurant that meets specified conditions. Finally, the bill specifies that current law limitations on the number of alcoholic beverages licenses that a single licensee may hold do not apply to the bill's two new classifications of alcoholic beverages license or the Class B license for use in the Ballenger Election District.

The bill takes effect July 1, 2015.

Fiscal Summary

State Effect: The bill does not materially affect State finances or operations. Any increase in general fund revenues from additional license fees is not anticipated to be significant. The Comptroller's Office can monitor licenses with existing resources.

Local Effect: To the extent that the bill results in additional applications for and issuance of alcoholic beverages licenses in Frederick County, Frederick County revenues increase due to application filing fees and annual license fees. Any increase in workload to review applications and monitor and enforce newly issued licenses can be covered by the additional fee revenue obtained.

Small Business Effect: Minimal overall, but potential meaningful for a small business that obtains any of the bill's new classifications of alcoholic beverages licenses.

Analysis

Bill Summary:

Establishment of a Class B-CC (Conference Center) Beer, Wine, and Liquor License

The bill establishes a Class B-CC (conference center) beer, wine, and liquor license and authorizes the Frederick County Board of License Commissioners to issue the license to an establishment with (1) at least 150 bedrooms for the accommodation of the public; (2) at least one dining area with facilities for preparing and serving regular meals; (3) rooms for meetings, displays, banquets, balls, dancing, and live entertainment; and (4) a nightclub area equipped with a bar and an entertainment or dancing area. The annual license fee is \$2,000. Alcohol may be sold (1) Monday through Saturday, from 6:00 a.m. to 2:00 a.m. the following day and (2) on Sunday, from 11:00 a.m. to 2:00 a.m. the following day.

The license authorizes the sale of alcoholic beverages for consumption throughout the licensed premises. The total average daily receipts of sale from renting meeting rooms and bedrooms combined with the sale of food in the establishment must exceed the average daily receipts from the sale of alcoholic beverages.

Establishment of a Class MEC (Micro-brewery/Entertainment Center) License

The bill establishes a Class MEC (micro-brewery/entertainment center) license and authorizes the Frederick County Board of License Commissioners to issue the license to a person for use in conjunction with a Class 7 micro-brewery license. The entertainment center license authorizes the license holder to sell, for on-premises consumption, malt beverages that are brewed in the license holder's micro-brewery. The annual license fee is \$1,500. Alcohol may be sold (1) Monday through Saturday, from 6:00 a.m. to 2:00 a.m. the following day and (2) on Sunday, from 11:00 a.m. to 2:00 a.m. the following day.

The entertainment center may (1) allow the playing of music and dancing and (2) contain rides, games, and one or more food service facilities, bars, or lounges.

Establishment of a Class B License for use in the Ballenger Election District

The bill establishes a Class B license for use in the Ballenger (23rd) Election District and authorizes the Frederick County Board of License Commissioners to issue the license to a "luxury-type restaurant" that has (1) a capital investment of at least \$250,000 for dining room facilities and kitchen equipment, not including the cost of land, buildings, or leases and (2) seating for at least 50 individuals. The board must define "luxury-type restaurant" by regulation. The annual license fee is \$1,500. Alcohol may be sold (1) Monday through Saturday, from 6:00 a.m. to 2:00 a.m. the following day and (2) on Sunday, from 11:00

a.m. to 2:00 a.m. the following day. The license authorizes the sale of beer, wine, and liquor for on-premises consumption.

Expansion of Eligibility for a Class 7 Micro-brewery License

The holder of a Class MEC license may obtain a Class 7 micro-brewery license if it is issued for use on the premises of the existing Class MEC license and the premises is located in the Ballenger Election District in Frederick County.

Current Law:

General Alcoholic Beverages Provisions

Generally, only one alcoholic beverages license may be issued to a single licensee, and no more than one license may be issued for the same premises, with specified exceptions. In Maryland, a Class B beer, wine, and liquor license allows a restaurant or hotel to sell alcoholic beverages for consumption on the premises or elsewhere.

Alcoholic Beverages in Frederick County

Frederick County charges a filing fee of \$200 for each application for an alcoholic beverages license. Annual license fees vary depending on the class and type of alcoholic beverages license; fees generally range from \$50 to \$2,000 annually.

Unless otherwise specified, no alcoholic beverages may be sold or provided in the Ballenger, Catocotic, Hauvers, Jackson, and Linganore districts. Furthermore, only beer may be sold or provided in the Burkittsville, Jefferson, Johnsville, and Middletown districts.

Class 7 Micro-brewery License

Class 7 micro-brewery (on- and off-sale) licenses are issued by the Comptroller's Office for use in 24 jurisdictions – Allegany, Anne Arundel, Baltimore, Calvert, Caroline, Carroll, Charles, Dorchester, Frederick, Garrett, Harford, Howard, Kent, Montgomery, Prince George's, Queen Anne's, St. Mary's, Somerset, Talbot, Washington, Wicomico, and Worcester counties; Baltimore City; and the City of Annapolis. In general, the license is issued only to a holder of a Class B beer, wine, and liquor (on-sale) license that is issued for use on the premises of a restaurant, with specified exceptions. The annual license fee is \$500.

Class 7 micro-brewery licensees may sell up to 4,000 barrels of beer to customers for consumption on the premises and may collectively brew, bottle, or contract for up to

22,500 barrels of malt beverages each calendar year. License holders in the 24 jurisdictions also have an off-sale privilege to sell beer brewed under the license to customers for consumption off the licensed premises in refillable containers that are sealed by the licensee at the time of each refill.

A Class 7 micro-brewery license holder may not own, operate, or be affiliated with any other beer manufacturer except for a specified Class 2 rectifying license. Additionally, a Class 7 micro-brewery license holder may not be granted a wholesale alcoholic beverages license, except for a Class 7 limited beer wholesaler's license. A Class 7 micro-brewery licensee that produces up to 22,500 barrels of beer annually may obtain a Class 7 limited beer wholesaler's license and distribute up to 3,000 barrels of its own beer annually.

Background: There are currently 27 Class 7 micro-brewery licenses issued in the State, 2 of which are located in Frederick County. In fiscal 2014, there were 305 alcoholic beverages licenses issued for use in Frederick County.

Additional Information

Prior Introductions: None.

Cross File: HB 1240 (Frederick County Delegation) - Rules and Executive Nominations.

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

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