

Department of Legislative Services
Maryland General Assembly
2015 Session

FISCAL AND POLICY NOTE
Revised

Senate Bill 426

(Senator Madaleno)

Education, Health, and Environmental Affairs

Economic Matters

Montgomery County - Alcoholic Beverages - License Requirements

This bill replaces the requirement that an applicant for an alcoholic beverages license in Montgomery County be a county resident with a requirement that the applicant be a resident of the State. Furthermore, in Montgomery County, an applicant who applies on behalf of specified business entities may meet any registered voter, taxpayer, or residency requirements by being a resident of the State.

The bill takes effect July 1, 2015.

Fiscal Summary

State Effect: None.

Local Effect: To the extent that the bill results in additional applications for and issuance of alcoholic beverages licenses in Montgomery County, Montgomery 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 any small business in Montgomery County that obtains an alcoholic beverages license as a result of the bill's changes to residency requirements.

Analysis

Current Law: State law prohibits an alcoholic beverages license from being issued to a partnership, corporation, or a limited liability company; a license may only be issued to individuals authorized to act for a partnership, corporation, or a limited liability company. The individual must assume all responsibilities for the license and, therefore, be subject to all penalties, conditions, and restrictions imposed on licensees by any applicable provisions of law.

Montgomery County charges a filing fee of \$600 for each application for an alcoholic beverages license. Annual licensing fees vary depending on the class and type of alcoholic beverages license; they generally range from \$50 to \$2,500 annually, but may be as high as \$5,000 for specified licenses. An applicant must have been a resident of a jurisdiction for two years before he or she may apply for any alcoholic beverages license in that jurisdiction.

If an application is made for a partnership, the license must be applied for by and issued to all the partners as individuals, all of whom must have resided in the jurisdiction that the proposed license will be used in for at least two years prior to the application. In Montgomery County, if an application is made for a partnership, the license must be applied for and issued to at least two general partners as individuals, one of whom must be a registered voter of Montgomery County and reside there when the application is submitted.

If an application is made for a corporation or a club, the license must be applied for by and issued to three of the officers of that corporation or club as individuals; at least one of the officers must be a registered voter and taxpayer of the county or city or State of Maryland when the application is filed with the Comptroller. The officer must have also resided in the jurisdiction that the proposed license will be used in for at least two years prior to the application.

If an application is made for a limited liability company, the license must be applied for by and issued to three of the authorized persons of that limited liability company as individuals; at least one of the authorized persons must be a registered voter and taxpayer of the county or city or State of Maryland when the application is filed with the Comptroller. The officer must have also resided in the jurisdiction that the proposed license will be used in for at least two years prior to the application.

Background: In fiscal 2014, there were 447 beer and light wine license; 546 beer, wine, and liquor license; and 996 total alcoholic beverage licenses in effect in Montgomery County.

Local Fiscal Effect: To the extent that the bill results in additional applications for and issuance of alcoholic beverages licenses in Montgomery County, county revenues increase due to application filing fees and annual licensing fees. However, the number of individuals that will seek to obtain or obtain an alcoholic beverages license as a result of the bill, and any corresponding increase in filing and licensing fee revenue, cannot be reliably estimated at this time.

Depending on the number of applications for licenses submitted and the number of licenses issued as a result of the bill, Montgomery County may need to hire additional staff to review applications and monitor and enforce the new licenses. Any additional fee revenue obtained from application filing and license fees is sufficient to cover the increase in workload.

Additional Information

Prior Introductions: None.

Cross File: HB 90 (Montgomery County Delegation) - Economic Matters.

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

Fiscal Note History: First Reader - February 11, 2015
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