

Department of Legislative Services
Maryland General Assembly
2016 Session

FISCAL AND POLICY NOTE
Third Reader

House Bill 632
Economic Matters

(Howard County Delegation)

Education, Health, and Environmental Affairs

**Howard County - Alcoholic Beverages - Luxury Restaurants and Farm
Breweries - Licenses**
Ho. Co. 14-16

This bill authorizes the Comptroller to issue a Class 8 farm brewery license to a license holder that holds no more than two Class B *and* no more than seven Class BLX beer, wine, and liquor (BWL) licenses. The bill also reduces the total number of licenses that the Howard County Board of License Commissioners may issue to an individual or for the use of a “person.” The bill decreases, from seven to six, the number of Class BLX (luxury restaurant) (on-sale) BWL license that may be issued to an individual or a “person” who also holds two Class B (on-sale) BWL licenses, and also decreases, from nine to eight, the total number of Class BLX (luxury restaurant) (on-sale) BWL licenses that may be issued to one individual or “person.”

The bill takes effect July 1, 2016.

Fiscal Summary

State Effect: None.

Local Effect: The bill is not anticipated to have a material fiscal or operational impact on Howard County.

Small Business Effect: Minimal overall, but potential impact on small businesses that face additional restrictions on the number and types of licenses that they may hold.

Analysis

Current Law: Generally, “person” means (1) an individual; (2) an association, a partnership, a corporation, a trust, or any other entity, and the individuals in active control of the entity; or (3) the State of Maryland, a political subdivision of the State, a unit of the State or a political subdivision, or another state or a political subdivision of that state.

A person is prohibited from having either a direct or indirect interest in any combination of more than nine Class B and Class BLX licenses. An indirect interest is presumed to exist between two entities if both (1) have a common parent company; (2) are linked by a franchise agreement, licensing agreement, or a concession agreement; (3) are part of a chain of businesses; (4) share directors, stockholders, partners, or members; (5) share profit from the sale of alcoholic beverages; or (6) share a common trade name, trademark, logo, or theme, or mode of operation identifiable by the public.

Class B BWL License

A Class B BWL license authorizes a holder to sell beer, wine, and liquor at retail at a hotel or restaurant for on-premises consumption. The board may adopt regulations to limit the number of permits issued. The Comptroller may issue one Class 8 farm brewery license to a license holder that holds not more than two Class B beer, wine, and liquor licenses. The annual license fee is \$1,000 for the Class B beer, wine, and liquor license, and an additional \$500 for the off-sale beer and wine permit.

Combinations of Class B and Class BLX Licenses

With specified exceptions, the board may issue to an individual or a person either (1) two Class B (on-sale) BWL licenses and seven Class BLX (on-sale) BWL licenses or (2) nine Class BLX (on-sale) BWL licenses.

Background: In fiscal 2015, there were 293 alcoholic beverages licenses issued for use in Howard County. Howard County advises that there are currently 196 Class B licenses, 9 Class BLX licenses, and no Class 8 farm brewery licenses in the county.

Additional Information

Prior Introductions: None.

Cross File: None.

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

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mel/hlb

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