

Department of Legislative Services  
Maryland General Assembly  
2017 Session

FISCAL AND POLICY NOTE  
Enrolled - Revised

House Bill 1348  
Economic Matters

(Delegate Clippinger, *et al.*)  
Education, Health, and Environmental Affairs

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**Baltimore City - 46th District Alcoholic Beverages Act of 2017**

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This bill authorizes the Baltimore City Board of License Commissioners to (1) issue a Class B beer, wine, and liquor license for a restaurant in the Port Covington area; (2) establish and issue a public market license within the 46<sup>th</sup> alcoholic beverages district in the Federal Hill area; and (3) issue up to five Class B beer, wine, and liquor licenses for use by establishments in the Locust Point area. The bill also authorizes an off-sale privilege to a specified arena license and sets expiration dates for specified alcoholic beverages licenses unless they are transferred to other locations.

The bill takes effect July 1, 2017.

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**Fiscal Summary**

**State Effect:** None.

**Local Effect:** Baltimore City licensing revenues may increase beginning in FY 2018 to the extent a public market license is issued in the Federal Hill area, and additional Class B beer, wine, and liquor licenses are issued in the Port Covington and Locust Point areas. The amount of the increase depends on the number of licenses issued.

**Small Business Effect:** Potential meaningful. To the extent small businesses are able to obtain a public market license or a Class B beer, wine, and liquor license in the specified areas, additional sales and profits may be realized.

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## Analysis

### Bill Summary:

*Public Market License:* The bill establishes a public market license in Baltimore City. The license may be issued to an operator of an enclosed public market that has a capital investment of at least \$3,000,000 and is located in ward 23, precinct 1 of the 46<sup>th</sup> alcoholic beverages district in an area surrounded by (1) on the west by Charles Street; (2) on the north by East Cross Street; (3) on the east by Light Street; and (4) on the south by East Cross Street. Ownership of the license is transferable only to the Baltimore Public Markets Corporation, and the premises for which the public market license is issued must be separate from the premises for which a Class D (7-day) beer and wine license has been issued. Unless transferred to another location, a Class B (7-day) beer and wine license issued for the premises at this location expires not later than July 1, 2022.

The public market license holder is authorized to sell for on- or off-premises consumption: (1) beer; (2) wine; and (3) liquor, when served as an ingredient in mixed drinks that may be purchased for at least \$5 each. The license holder may designate vendors within the public market to sell authorized alcoholic beverages in leasable market space covering not more than 20% of the total square footage of floor space of the licensed premises. An individual vendor may sell alcoholic beverages in an area covering not more than 1,000 square feet of floor space. The hours of sale of alcoholic beverages for on-premises consumption are:

- (1) from 11:30 a.m. to 10:00 p.m. Monday through Thursday;
- (2) from 11:30 a.m. to 11:30 p.m. on Friday;
- (3) from 9:00 a.m. to 11:30 p.m. on Saturday; and
- (4) from 9:00 a.m. to 9:00 p.m. on Sunday.

A public market license holder must submit to the board the same information about each vendor that the board requires of an applicant for a license. The board must apply to the Central Repository for a State and national criminal history records check for each vendor authorized to sell alcoholic beverages. Monthly receipts from the sale of nonalcoholic beverage items, not including off-premises catering service items, must be at least 65% of the total monthly receipts of the market. A vendor authorized to sell alcoholic beverages or an individual who is designated by the vendor and employed in a supervisory capacity is required to be certified by an approved alcohol awareness program and present when alcoholic beverages are consumed.

A license holder or vendor may not (1) participate in or publicize, in or outside the public market, a pub crawl authorized under State law or (2) allow an open bar to be operated by a vendor except for an event that is closed to the public.

*Regulations and Fees:* The board must adopt regulations to carry out the bill's provisions, including regulations concerning the:

- (1) conduct of vendors;
- (2) conduct of license holders within the public market;
- (3) holding of events that are closed to the public; and
- (4) maintaining of a common seating area.

The annual license fee of a public market license is \$6,500, or \$2,500 if the applicant for the license obtains and extinguishes one Class A, Class B, Class D, or Class B-D-7 license issued for use in ward 23, precinct 1 of the 46<sup>th</sup> alcoholic beverages district.

*Port Covington and Locust Point Areas:* The bill authorizes the board to issue a Class B beer, wine, and liquor license for a restaurant in the Port Covington area that is bounded (1) on the north by Interstate 95; (2) on the east by the South Locust Point Terminal; and (3) on the south and west by the Patapsco River. The restaurant must have seating for more than 150 individuals, a minimum capital investment of \$700,000, and daily receipts from food sales of at least 60%. The bill also authorizes the Baltimore City Board of License Commissioners to issue up to five Class B beer, wine, and liquor licenses for use by establishments in the Locust Point area on the north side of the 900 block of East Fort Avenue and on the west side of the 1400 block of Lawrence Street. The licenses issued in these areas are nontransferable.

*Arena License Off-sale Privilege:* The bill authorizes the board to grant an off-sale privilege for an annual fee of \$858 to the holder of an arena license issued for a premises in the 3300 block of Annapolis Road, provided:

- beer, wine, or liquor may be sold for off-premises consumption only from a location in the licensed premises not exceeding 2,000 square feet;
- beer, wine, or liquor purchased from the location may not be consumed anywhere on the licensed premises; and
- the hours of sale are from 8:00 a.m. to 10:00 p.m. Monday through Sunday.

*Ward 1, Precinct 3:* The bill specifies that a Class B (6-day) beer, wine, and liquor license issued for a premises in the 600 block of South Montford Avenue in ward 1, precinct 3 must be considered to be unexpired until the end of July 1, 2018, for purposes of being transferred to another owner and location. If not transferred to another owner and location by the end of July 1, 2018, the license must be considered to have expired.

**Current Law:** Licensees are required to file a statement of average daily receipts and an affidavit from a licensed certified public accountant that verify the licensee has met the average daily receipts requirement for the sale of food.

#### *General Restrictions on New Licenses*

In Baltimore City, new licenses for the sale of alcoholic beverages may not be issued in the 40<sup>th</sup>, 41<sup>st</sup>, 43<sup>rd</sup>, 44<sup>th</sup>, 45<sup>th</sup>, or 46<sup>th</sup> alcoholic beverages districts. In the 46<sup>th</sup> district, the Baltimore City Board of License Commissioners may issue:

- special one-day licenses;
- Class B beer, wine, and liquor licenses to specified restaurants with average daily receipts from the sale of food of at least 51% of the total daily receipts of the restaurant;
- a Class B beer, wine, and liquor license for a restaurant in ward 26, precinct 8; ward 4, precinct 1; or ward 3, precinct 3 that has (1) seating for more than 150 individuals; (2) a minimum capital investment of \$700,000; and (3) average daily receipts from food sales that are at least 65% of the total daily receipts of the restaurant;
- a Class B beer, wine, and liquor license for a restaurant in ward 4, precinct 1, or ward 22, precinct 1, if the restaurant has (1) seating for more than 75 individuals; (2) a minimum capital investment of \$700,000; (3) average daily receipts from food sales that are at least 65% of the total daily receipts of the restaurant; and (4) no sales for off-premises consumption unless an off-sale privilege for refillable containers has been issued;
- for up to three restaurants in a residential planned unit development for Silo Point if each restaurant has (1) a minimum capital investment of \$700,000; (2) seating for more than 75 individuals; (3) average daily receipts from food sales that are at least 65% of the total daily receipts of the restaurant; and (4) no sales for off-premises consumption unless an off-sale privilege for refillable containers has been issued; and

- for up to three restaurants in a business planned unit development in ward 24, precinct 5, if each restaurant has (1) a minimum capital investment of \$700,000; (2) seating for more than 75 individuals, but not more than 150 individuals; (3) average daily receipts from food sales that are at least 51% of the total daily receipts of the restaurant; and (4) no sales for off-premises consumption unless an off-sale privilege for refillable containers has been issued.

The Baltimore City Board of License Commissioners may not issue a license in the Locust Point area in (1) ward 1, precincts 4 and 5; (2) ward 23, precinct 1; or (3) ward 24, precinct 5, except for up to two specified Class B beer, wine, and liquor licenses that may be issued in the area of 829 through 919 East Fort Avenue provided the Baltimore City Board of License Commissioners has executed a memorandum of understanding between the community associations in Riverside and Locust Point regarding the nature of the establishment, and the Baltimore City Board of License Commissioners enforces the memorandum of understanding against any license holder that obtains a license or seeks to renew or transfer the license.

#### *Class B Beer, Wine, and Liquor License*

The annual license fee for a Class B beer, wine, and liquor license in Baltimore City is (1) \$1,320 for a licensed premises with a seating capacity of not more than 200 individuals and (2) \$1,800 for a licensed premises with a seating capacity of more than 200 individuals. In addition, the license holder must pay an annual \$500 fee if the license holder provides live entertainment and \$200 if the license holder provides outdoor table service.

**Local Revenues:** The bill authorizes the Baltimore City Board of License Commissioners to issue a public market license in the Federal Hill area. The annual license fee for the public market license is \$6,500 or \$2,500, depending on whether or not the holder is extinguishing an existing license. The bill authorizes the board to grant an off-sale privilege for an annual fee of \$858 to a specified arena license. Finally, the bill authorizes the board to issue up to five Class B beer, wine, and liquor licenses in the Locust Point area and one Class B beer, wine, and liquor license for a restaurant in the Port Covington area. The annual license fee for the Class B beer, wine, and liquor license for a restaurant is \$1,320 for establishments with a seating capacity of up to 200 individuals and \$1,800 for establishments with a seating capacity over 200 individuals. The application fee for each alcoholic beverages license is \$600, and the annual renewal fee is \$50.

Baltimore City cannot reliably estimate how many establishments will apply for the licenses. License and application fee revenues increase beginning in fiscal 2018 to the extent that eligible establishments file applications to obtain licenses.

## Additional Information

**Prior Introductions:** None.

**Cross File:** SB 1035 (Senator Ferguson) - Rules.

**Information Source(s):** Baltimore City; Department of Legislative Services

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Analysis by: Michelle Davis

Direct Inquiries to:  
(410) 946-5510  
(301) 970-5510