

Department of Legislative Services
Maryland General Assembly
2018 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

Senate Bill 172

(Senator Hershey)

Education, Health, and Environmental Affairs

Economic Matters

Kent County – Alcoholic Beverages – Licenses

This bill repeals the requirement in Kent County that the average daily receipts from the sale of food in a restaurant with a Class B beer and wine (BW) or a Class B beer, wine, and liquor (BWL) license must be at least 60% of the average daily receipts of the business. Instead, all restaurants in the county must have average daily receipts from the sale of food of at least 25% of the average daily receipts of the business. The bill also repeals a beer or wine tasting (BWT) license and establishes a beer, wine, and liquor tasting (BWLT) license; standardizes the hours of sale for specified licenses; and clarifies facility requirements for a Class B BW license and a Class B BWL license. **The bill takes effect July 1, 2018.**

Fiscal Summary

State Effect: None.

Local Effect: The bill is not anticipated to materially impact Kent County finances or operations.

Small Business Effect: Minimal.

Analysis

Bill Summary:

Beer, Wine, and Liquor Tasting License

The Kent County Board of License Commissioners may issue a BWLT license to a holder of a Class A license. The license authorizes the holder to allow the on-premises

consumption for tasting of beer, wine, and liquor, as authorized by the holder's underlying Class A license. The bill establishes per offering and per day limits on samples. The annual fee for a BWLT license is \$200.

Hours of Sale

The bill standardizes the hours of sale for specified beer, BW, and BWL licenses, as shown in **Exhibit 1**.

Current Law:

Restaurants

In Kent County, a Class B BW and a Class B BWL license holder's average daily receipts from the sale of food must be at least 60% of the average daily receipts of the business.

Generally, a Class B license is issued to a "restaurant." Statewide, for the purposes of alcoholic beverages licensing, "restaurant" means an establishment that, among other things, has average daily receipts from the sale of food that *exceed* the average daily receipts from the sale of alcoholic beverages.

Class B Beer and Wine License

In Kent County, the board may issue a Class B BW license for use by a restaurant that is (1) fully equipped with a proper and adequate dining room; (2) has sufficient facilities for preparing and serving meals to the public; and (3) has average daily receipts from the sale of food totaling at least 60% of the average daily receipts of the business. The license authorizes the license holder to sell beer and wine at a hotel or restaurant, at retail, for on- and off-premises consumption. The annual license fee is \$1,000.

Class B Beer, Wine, and Liquor License

In Kent County, the board may issue a Class B BWL license for use by a restaurant that is (1) fully equipped with a proper and adequate dining room; (2) has sufficient facilities for preparing and serving meals to the public; and (3) is approved by the board. When operating under the license, a holder's average daily receipts from the sale of food must be at least 60% of the average daily receipts of the business.

On Sunday, the license holder may sell beer, wine, and liquor for consumption on-premises if (1) the customer is seated at a table and not at a bar or on a bar stool; (2) the alcoholic beverage is a supplement to the customer's meal; and (3) the total price of the alcoholic

beverages does not exceed the total price of the meal. The license holder may sell only beer and wine for off-premises consumption on Sunday. The annual license fee is \$2,000.

Beer or Wine Tasting License

The board may issue a BWT license to the holder of a Class A BW license or a Class A BWL license. The license authorizes the holder to allow the on-premises consumption for tasting of wine that contains not more than 22% alcohol by volume or beer. Samples are limited to a daily total of two ounces of wine from each offering and not more than four ounces from all offerings of wine, and two ounces of beer from each offering and not more than six ounces from all offerings of beer. A license holder may not conduct a wine tasting and a beer tasting on the same day. The annual license fee is \$200.

Hours of Sale

The hours of sale for specified beer, BW, and BWL licenses are shown in Exhibit 1.

Background: In fiscal 2017, 72 alcoholic beverages licenses were issued for use in Kent County.

Exhibit 1
Current and Proposed Hours of Sale

<u>License</u>	<u>Current Hours</u>	<u>Proposed Hours</u>
Class A beer	(1) Monday through Friday, from 6 a.m. to 2 a.m. the following day; (2) Saturday, from 6 a.m. to 1 a.m. the following day; and (3) Sunday, from 9 a.m. to 2 a.m. the following day.	6 a.m. to 2 a.m. the following day.
Class B beer	(1) Monday through Friday, from 6 a.m. to 2 a.m. the following day; (2) Saturday, from 6 a.m. to 1 a.m. the following day; and (3) Sunday, from 9 a.m. to midnight.	6 a.m. to 2 a.m. the following day.
Class D beer	(1) Monday through Friday, from 6 a.m. to 2 a.m. the following day; (2) Saturday, from 6 a.m. to 1 a.m. the following day; and (3) Sunday, from 9 a.m. to 2 a.m. the following day.	6 a.m. to 2 a.m. the following day.
Class A BW	(1) Monday through Friday, from 6 a.m. to 2 a.m. the following day; (2) Saturday, from 6 a.m. to 1 a.m. the following day; and (3) Sunday, from 9 a.m. to 2 a.m. the following day.	6 a.m. to 2 a.m. the following day.
Class B BW	(1) Monday through Friday, from 6 a.m. to 2 a.m. the following day; (2) Saturday, from 6 a.m. to 1 a.m. the following day; and (3) Sunday, from 9 a.m. to midnight only. The license holder may not sell beer or wine at a bar or counter on Sunday.	6 a.m. to 2 a.m. the following day.
Class A BWL	(1) Monday through Friday, from 6 a.m. to 2 a.m. the following day; (2) Saturday, from 6 a.m. to 1 a.m. the following day; and (3) Sunday, from 9 a.m. to 2 a.m. the following day.	6 a.m. to 2 a.m. the following day.
Class B BWL	(1) Monday through Friday, from 6 a.m. to 2 a.m. the following day; and (2) Saturday, from 6 a.m. to 1 a.m. the following day. A holder may sell beer, wine, and liquor on Sunday from 9 a.m. to midnight under specified circumstances. The license holder may sell only beer and wine for off-premises consumption.	6 a.m. to 2 a.m. the following day.
Class C BWL	(1) Monday through Friday, from 6 a.m. to 2 a.m. the following day; (2) Saturday, from 6 a.m. to 1 a.m. the following day; and (3) Sunday, from 11 a.m. to midnight. The board may issue up to five special Sunday beer, wine, and liquor licenses per year to a single holder of a Class C BWL license that extend the hours of sale on Sundays, as specified.	6 a.m. to 2 a.m. the following day.
Class D BWL	(1) Monday through Friday, from 6 a.m. to 2 a.m. the following day; (2) Saturday, from 6 a.m. to 1 a.m. the following day; and (3) Sunday, from 9 a.m. to 2 a.m. the following day. On Sunday, the license holder may only sell beer and wine for off-premises consumption.	6 a.m. to 2 a.m. the following day.

Source: Department of Legislative Services

Additional Information

Prior Introductions: None.

Cross File: HB 300 (Delegate Jacobs, *et al.*) - Economic Matters.

Information Source(s): Kent County; Department of Legislative Services

Fiscal Note History: First Reader - January 22, 2018
mm/tso Third Reader - March 16, 2018
Revised - Amendment(s) - March 16, 2018

Analysis by: Nathan W. McCurdy

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