

Department of Legislative Services
Maryland General Assembly
2018 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

House Bill 1053

Economic Matters

(Howard County Delegation)

Education, Health, and Environmental Affairs

**Howard County – Class 7 Micro–Brewery License and Multiple Class B and
Class BLX Beer, Wine, and Liquor Licenses Ho. Co. 06–18**

This bill authorizes the Comptroller to issue a Class 7 micro-brewery license to a license holder that holds no more than *five* (increased from two) Class B and no more than *six* (decreased from seven) Class BLX beer, wine, and liquor (BWL) licenses. The bill increases, from two to five, the number of Class B (on-sale) BWL licenses that may be issued to an individual or a “person.” The bill also establishes additional requirements for a Class 7 micro-brewery license issued for the same premises as a restaurant in Howard County. **The bill takes effect July 1, 2018.**

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.

Analysis

Bill Summary: The licensed premises for a Class 7 micro-brewery license may be separate from the restaurant premises for which a Class B BWL license is issued, but must be under the same roof. The Comptroller may issue the Class 7 micro-brewery license not more than 36 months before the restaurant is complete. If the restaurant does not obtain a Class B BWL (on-sale) license within 36 months after opening, the Class 7 micro-brewery

license is immediately revoked. A Class 7 micro-brewery license holder may hold a Class 8 farm brewery license for a premises located in the county.

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.

In Howard County, a person is prohibited from having either a direct or indirect interest in any combination of more than one Class D and 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 7 Micro-Brewery License

Generally, a Class 7 micro-brewery license may be issued only to the holder of a Class B BWL (on-sale) license that is issued for use on the premises of a restaurant. A license holder may (1) brew and bottle malt beverages; (2) obtain a Class 2 rectifying license for a premises located within one mile of the existing location; (3) contract to brew and bottle malt beverages with and on behalf of the holder of specified licenses; (4) store the finished product under specified conditions; and (5) enter into a temporary delivery agreement with a distributor only for delivery of beer to a beer festival or a wine and beer festival.

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 and seven Class BLX BWL licenses. The annual license fee is \$1,000 for the Class B BWL 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) one Class D (on- and off-sale) BWL license, two Class B (on-sale) BWL licenses, and six Class BLX (on-sale) BWL licenses or (2) one Class D (on- and off-sale) BWL license and eight Class BLX (on-sale) BWL licenses.

Background: In fiscal 2017, there were 285 alcoholic beverages licenses issued for use in Howard County.

Additional Information

Prior Introductions: None.

Cross File: None.

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

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