

HOUSE BILL 1408

A2

9lr3214

By: **Harford County Delegation**

Introduced and read first time: March 1, 2019

Assigned to: Rules and Executive Nominations

A BILL ENTITLED

1 AN ACT concerning

2 **Harford County – Alcoholic Beverages – Applications for Class B and Class BNR**
3 **Licenses**

4 FOR the purpose of altering application requirements for Class B hotel or restaurant beer,
5 wine, and liquor licenses and Class BNR beer, wine, and liquor licenses in Harford
6 County; requiring that a certain number of officers or authorized persons hold a
7 financial interest of a certain percentage of a certain corporation or limited liability
8 company; requiring that each officer, director, or authorized person holding a certain
9 financial interest apply for a Class B or Class BNR license under certain
10 circumstances; establishing a certain residency requirement for a license applicant;
11 requiring that the individuals who apply for a license appoint a resident manager
12 under certain circumstances; setting certain requirements for a resident manager;
13 requiring an applicant for a license to submit to the Board certain information; and
14 generally relating to alcoholic beverages in Harford County.

15 BY repealing and reenacting, without amendments,

16 Article – Alcoholic Beverages
17 Section 22–102
18 Annotated Code of Maryland
19 (2016 Volume and 2018 Supplement)

20 BY repealing and reenacting, with amendments,

21 Article – Alcoholic Beverages
22 Section 22–1405
23 Annotated Code of Maryland
24 (2016 Volume and 2018 Supplement)

25 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
26 That the Laws of Maryland read as follows:

27 **Article – Alcoholic Beverages**

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 22-102.

2 This title applies only in Harford County.

3 22-1405.

4 (a) **(1) THIS SUBSECTION DOES NOT APPLY TO A CLASS B HOTEL OR**
5 **RESTAURANT BEER, WINE, AND LIQUOR LICENSE OR A CLASS BNR BEER, WINE, AND**
6 **LIQUOR LICENSE.**

7 **[(1)] (2)** A license for the use of a corporation, an unincorporated entity,
8 or a limited liability company shall be applied for by and issued to, as individuals:

9 (i) three officers holding a financial interest in the corporation; or

10 (ii) three authorized persons holding a financial interest in the
11 limited liability company.

12 **[(2)] (3)** One of the three individual applicants who apply for a license
13 shall be a resident of the county.

14 **[(3)] (4)** The license shall be in effect so long as the resident applicant
15 remains a resident of the county.

16 **[(4)] (5)** For a license issued after July 1, 1984, the resident applicant:

17 (i) 1. for a Class A beer and wine license or a Class A-1 or Class
18 A-2 beer, wine, and liquor license, shall own at least 25% of the total corporation,
19 unincorporated entity, or limited liability company;

20 2. for any type of license other than one specified in item 1 or
21 3 of this item, shall own at least 10% of the total corporation, unincorporated entity, or
22 limited liability company; or

23 3. for a Class C-1, Class C-2, or Class C-3 license, may own
24 any amount or no amount of the total corporation, unincorporated entity, or limited liability
25 company;

26 (ii) shall serve as manager or supervisor; and

27 (iii) shall be physically present on the premises for a substantial
28 amount of time on a daily basis.

29 **[(5)] (6)** An application for a license shall:

1 (i) state the name and address of:

2 1. the corporation or unincorporated entity and each officer
3 who holds a financial interest in the corporation or unincorporated entity; or

4 2. the limited liability company and each authorized person
5 who holds a financial interest in the limited liability company; and

6 (ii) be signed by:

7 1. the president or vice president of a corporation or an
8 unincorporated entity and the three officers to whom the license is issued; or

9 2. the three authorized persons of a limited liability company
10 to whom the license is issued.

11 **[(6)] (7)** If there are fewer than three officers or directors of a corporation
12 or an unincorporated entity or fewer than three authorized persons of a limited liability
13 company, each officer, director, or authorized person holding a financial interest in the
14 corporation, unincorporated entity, or limited liability company shall apply for the license.

15 **[(7)] (8)** If a close corporation does not have officers or directors, one or
16 more resident stockholders who own more than 50% of the stock together may apply for the
17 license.

18 **[(b)] (1)** In this section, “owner”:

19 (i) means a person who has a real, provable financial interest in the
20 business; and

21 (ii) includes a stockholder or managerial employee of the actual
22 owner.

23 (2) Stock ownership requirements established under subsection (a) of this
24 section do not apply to an applicant for a Class B hotel or restaurant beer, wine, and liquor
25 license or a Class BNR beer, wine, and liquor license in which:

26 (i) a majority of the stock is owned or controlled either directly or
27 indirectly by one or more corporations and is authorized for sale by the United States
28 Securities and Exchange Commission;

29 (ii) at least one license holder is a resident applicant of the business
30 conducted on the licensed premises who is responsible for the day-to-day operation of the
31 business; and

32 (iii) each license holder is a named officer of the corporation.

1 (3) The residency requirements established under subsection (a) of this
2 section remain in effect for a Class B hotel or restaurant beer, wine, and liquor license or a
3 Class BNR beer, wine, and liquor license for as long as the license is in effect.]

4 **(B) (1) A CLASS B HOTEL OR RESTAURANT BEER, WINE, AND LIQUOR**
5 **LICENSE OR A CLASS BNR BEER, WINE, AND LIQUOR LICENSE FOR THE USE OF A**
6 **CORPORATION, AN UNINCORPORATED ENTITY, OR A LIMITED LIABILITY COMPANY**
7 **SHALL BE APPLIED FOR AND ISSUED TO, AS INDIVIDUALS:**

8 **(I) THREE OFFICERS HOLDING A REAL, PROVABLE FINANCIAL**
9 **INTEREST OF AT LEAST 10% OF THE TOTAL CORPORATION; OR**

10 **(II) THREE AUTHORIZED PERSONS HOLDING A REAL, PROVABLE**
11 **FINANCIAL INTEREST OF AT LEAST 10% OF THE TOTAL LIMITED LIABILITY**
12 **COMPANY.**

13 **(2) IF THERE ARE FEWER THAN THREE OFFICERS OR DIRECTORS OF**
14 **A CORPORATION OR AN UNINCORPORATED ENTITY OR FEWER THAN THREE**
15 **AUTHORIZED PERSONS OF A LIMITED LIABILITY COMPANY, EACH OFFICER,**
16 **DIRECTOR, OR AUTHORIZED PERSON HOLDING A FINANCIAL INTEREST IN THE**
17 **CORPORATION, UNINCORPORATED ENTITY, OR LIMITED LIABILITY COMPANY SHALL**
18 **APPLY FOR THE LICENSE.**

19 **(3) ONE OF THE INDIVIDUALS WHO APPLIES FOR A LICENSE SHALL BE**
20 **A RESIDENT OF THE STATE FOR AT LEAST 1 YEAR IMMEDIATELY BEFORE**
21 **SUBMITTING THE APPLICATION.**

22 **(4) THE LICENSE SHALL REMAIN IN EFFECT AS LONG AS THE**
23 **RESIDENT APPLICANT REMAINS A RESIDENT OF THE STATE.**

24 **(5) (I) IF AT LEAST ONE OF THE INDIVIDUALS WHO APPLIES FOR**
25 **THE LICENSE IS NOT A COUNTY RESIDENT, THE INDIVIDUALS SHALL APPOINT A**
26 **RESIDENT MANAGER WHO HAS BEEN A RESIDENT OF THE COUNTY FOR AT LEAST 1**
27 **YEAR IMMEDIATELY BEFORE APPOINTMENT AS THE RESIDENT MANAGER.**

28 **(II) THE RESIDENT MANAGER SHALL:**

29 1. **SERVE AS A MANAGER OR SUPERVISOR; AND**

30 2. **BE PHYSICALLY PRESENT ON THE PREMISES FOR A**
31 **SUBSTANTIAL AMOUNT OF TIME ON A DAILY BASIS.**

1 **(III) A RESIDENT MANAGER IS NOT REQUIRED TO BE A LICENSE**
2 **HOLDER OR TO HAVE A FINANCIAL INTEREST IN THE LICENSED BUSINESS.**

3 **(IV) AN APPLICANT FOR THE LICENSE SHALL SUBMIT TO THE**
4 **BOARD INFORMATION THAT THE BOARD REQUIRES, INCLUDING INFORMATION**
5 **ALLOWING THE BOARD TO DETERMINE THE QUALIFICATIONS OF THE RESIDENT**
6 **MANAGER TO RUN THE DAILY OPERATIONS OF THE LICENSED BUSINESS.**

7 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
8 1, 2019.