

Department of Legislative Services
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FISCAL AND POLICY NOTE
Third Reader

House Bill 186

(Prince George's County Delegation)

Economic Matters

Education, Health, and Environmental Affairs

Prince George's County - Alcoholic Beverages - Family Entertainment Permit
PG 301-19

This bill (1) repeals exemptions from the entertainment permit requirement in Prince George's County for specified alcoholic beverages licensees who offer family entertainment and (2) establishes a family entertainment permit. The Prince George's County Board of License Commissioners may issue the permit to a Class B license holder whose business meets specified seating, daily receipt, menu, price, and entertainment-content criteria. The permit authorizes the holder to impose a cover charge and provide family entertainment no later than midnight. The board must determine the number of days per week the permit holder may exercise the privileges of the permit and the hours the permit may be in effect. Specified requirements, procedures, and penalties applicable to the entertainment permit also apply to the family entertainment permit. The annual permit fee is \$250. **The bill takes effect July 1, 2019.**

Fiscal Summary

State Effect: None.

Local Effect: Prince George's County revenues increase by \$250 for every permit issued. The county can monitor any additional permits with existing resources.

Small Business Effect: Minimal overall, but potential meaningful for Class B licensees that provide family entertainment.

Analysis

Bill Summary: The bill repeals exemptions from the entertainment permit requirement in Prince George's County for (1) a Class B licensee who offers entertainment for adults and children that is ancillary to the licensed business and is not the primary focus of the business's marketing or promotion and (2) an alcoholic beverages licensee whose principal business, the board determines, is to provide family entertainment.

The bill establishes a family entertainment permit, which the board may issue to a Class B licensee upon determination that:

- the licensed establishment provides family entertainment;
- the seating capacity of the room in which the entertainment is to be performed does not exceed 110 individuals;
- the establishment will allow underage persons to view the entertainment and will not offer adults-only entertainment;
- average daily receipts from the sale of food will be at least 60% of the total daily receipts from the sale of food and drink in the establishment;
- the establishment will offer the same menu throughout the establishment and while the entertainment is provided; and
- the prices for food and drink in the room where the entertainment is to be performed will not vary from the prices for food and drink offered elsewhere in the establishment.

The family entertainment permit authorizes the permit holder to impose a cover charge and provide entertainment. The bill requires the board to determine (1) the number of days per week that a permit holder may exercise the privileges of the permit and (2) the hours that the permit may be in effect. Permit holders may not offer entertainment after midnight.

Specified public hearing requirements pertaining to permit issuance, renewal, and revocation; security plan requirements for affected establishments; entertainment restrictions; penalties; and other procedural requirements applicable to the entertainment permit also apply to the family entertainment permit.

Current Law:

Prince George's County Entertainment Permit

The board may issue an entertainment permit to a Class B license holder who meets specified requirements. The permit authorizes the permit holder to, after 9 p.m. and until

2 a.m. the following day, impose a cover charge, offer facilities for patron dancing, and provide entertainment. The board determines the number of days per week that a permit holder may exercise the privileges of the permit. The board may restrict, at any time, the type of entertainment a permit holder may offer. The annual permit fee is \$1,500. With specified exceptions, a permit holder may not, when the privileges of the permit are exercised, allow an individual under age 21 on the premises for which the permit is issued.

Entertainment Permit Requirement: Exemptions

In Prince George's County, an alcoholic beverages licensee need not obtain an entertainment permit if (1) the board determines that the license holder's principal business is to provide family entertainment; (2) the license is a Class B license issued for use in a restaurant, and the holder offers entertainment for adults and children, as specified; (3) the license is a veterans or fraternal Class C license, and the license holder provides family entertainment only under the direct supervision of the license holder and not later than midnight; or (4) the license is issued under related provisions applicable to a:

- a restaurant for an agricultural association, agricultural fair association, or any other association duly authorized to conduct racing under the provisions of the Maryland Horse Racing Act;
- Class B-CC (convention center) beer, wine, and liquor license;
- Class B-CI (country inn) license;
- Class B-ECF (educational conference facility) beer, wine, and liquor license;
- Class B-ECF/DS (educational conference facility/dining service) beer, wine, and liquor license;
- Class B-ECR (Equestrian Center restaurant) beer, wine, and liquor license;
- Class C (fraternal/sororal/service organization) beer, wine, and liquor license;
- Class B-Stadium (baseball stadium) license;
- Class B beer, wine, and liquor stadium license;
- Class B-TP (theme park) beer, wine, and liquor license; or
- Class B-WPL (waterfront pavilion) beer, wine, and liquor license.

General Entertainment Prohibitions

In Prince George's County, a holder of an alcoholic beverage license may not provide entertainment, impose a cover charge, or offer facilities for patron dancing unless the license holder is authorized to do so under the Alcoholic Beverages Article and meets all requirements of county law.

Class B License

In Prince George's County, a Class B license generally authorizes a licensee to sell alcoholic beverages for on-premises consumption at a hotel or restaurant. The board may issue a Class B beer, wine, and liquor license for use by a restaurant that meets specified standards. The license authorizes the licensee to sell beer, wine, and liquor for on-premises consumption and, subject to specified limitations, for off-sale consumption. The annual license fee is \$2,305.

Background: In fiscal 2018, there were 350 Class B licenses issued in Prince George's County. Prince George's County advises that 119 entertainment permits are currently issued in the county.

Local Fiscal Effect: Prince George's County revenues increase by \$250 annually for each family entertainment permit issued.

Prince George's County advises that, under the bill, some current entertainment permit holders may instead opt to obtain family entertainment permits which have a lower permit fee. Therefore, the county advises that county revenues may potentially decrease from lost permit fee revenue. However, the bill's potential impact on the issuance of entertainment permits and, as a result, entertainment permit fee revenue, cannot be reliably estimated.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Comptroller's Office; Prince George's County; Department of Legislative Services

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