

Department of Legislative Services
Maryland General Assembly
2021 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

House Bill 428
Economic Matters

(Montgomery County Delegation)

Education, Health, and Environmental Affairs

Montgomery County - Alcoholic Beverages Licenses - Annual Fees
MC 19-21

This emergency bill requires the Montgomery County Board of License Commissioners to refund the annual fees and late fees for each alcoholic beverages license issued by the county for the 2020-2021 licensing period, as specified. The emergency bill also requires the board to waive the late fees for alcoholic beverages licenses issued by the county for the 2021-2022 licensing period, as specified. **The bill terminates June 30, 2023.**

Fiscal Summary

State Effect: None.

Local Effect: Montgomery County revenues are reduced by an estimated \$1.5 million in FY 2021 from license fee refunds issued under the bill, as discussed below. Montgomery County can handle the bill's requirements with existing resources. **This bill imposes a mandate on a unit of local government.**

Small Business Effect: Minimal overall, but potential meaningful impact for small business license holders that receive license fee refunds under the bill.

Analysis

Bill Summary: The board is required to refund each alcoholic beverages license holder in the county for the 2020-2021 licensing period (1) the entire amount of the annual fee for any alcoholic beverages license issued by the county that permits the holder to sell alcoholic beverages for on-premises consumption only; (2) an amount equal to one-half of the annual fee for any alcoholic beverages license issued by the county that permits the

holder to sell alcoholic beverages for both on- and off-premises consumption; and (3) the entire amount of any late fee for any alcoholic beverages license issued by the county that permits the holder to sell alcoholic beverages for on- or off-premises consumption if the late fee has been paid, and must waive the late fee if it has not been paid.

For the 2021-2022 licensing period, the board must (1) waive the late fee for any alcoholic beverages license issued by the county that permits the holder to sell alcoholic beverages for on-premises consumption only and (2) waive the late fee for any alcoholic beverages license issued by the county that permits the holder to sell alcoholic beverages for both on- and off-premises consumption.

Current Law: Generally, the payment of annual fees for a local alcoholic beverages license in the State is made to the local collecting agent, and these fees are then remitted to the county, as specified. An alcoholic beverages license holder is generally not entitled to a refund on the unearned portion of the license fee. However, refunds are authorized by State law if (1) the license holder goes into bankruptcy; (2) the license holder dies; (3) the license holder volunteers for or is drafted into the United States’ or an organized State militia; (4) the license holder surrenders the license and receives a new license of another class carrying a higher fee; (5) the license holder is found guilty of a crime and the license is revoked; (6) the issuance of the license by a local licensing board is reversed upon judicial review and the establishment is prohibited; or (7) the licensed premises is taken by the federal government, the State, or municipality for public use.

In Montgomery County, if a license holder voluntarily surrenders the license at least six months before the license expiration date, the license holder is entitled to a refund of the unearned portion of the license fee.

Local Fiscal Effect: For fiscal 2020, there were 1,028 alcoholic beverage licenses issued for use in Montgomery County. **Exhibit 1** shows the breakdown of retail licenses by category.

Exhibit 1
Alcoholic Beverages Licenses Issued For Use in Montgomery County
Fiscal 2020

	<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>Total</u>
Beer	0	0	1	1	2
Beer and Wine	145	196	1	115	457
Beer, Wine, and Liquor	1	519	24	9	553
Other (BD7)					16
Total Licenses					1,028

Source: Comptroller’s Office, Department of Legislative Services

Montgomery County estimates that it will be required to refund \$1.5 million in license fees received for the 2020-2021 licensing period under the emergency bill. This refund will reduce the county's license fee revenues by \$1.5 million in fiscal 2021. The bill's requirement to waive specified late fees for the 2021-2022 licensing period is not anticipated to materially affect the county. Montgomery County can handle the bill's requirements with existing resources.

Additional Information

Prior Introductions: None.

Designated Cross File: None.

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

Fiscal Note History: First Reader - February 18, 2021
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