

Department of Legislative Services
Maryland General Assembly
2022 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

House Bill 372

Economic Matters

(Delegate Clippinger, *et al.*)

Education, Health, and Environmental Affairs

**Baltimore City - Board of License Commissioners - Licensee Hours of Operation
and Enforcement**

This bill requires certain licensed establishments, located in a specified geographical area of Baltimore City (commonly known as “The Block”), to close by 10:00 p.m., unless a covered establishment meets specified conditions relating to security plans. The bill requires covered establishments to maintain and operate digital surveillance systems that are accessible by the city, as specified. The bill also requires the Baltimore City Downtown Commercial District Management Authority (DCDMA) to enter into a contract with the Baltimore Police Department (BPD) to hire two BPD officers to exclusively patrol a specified area between the hours of 10:00 p.m. and 3:00 a.m. each week on Thursday, Friday, and Saturday. **The bill takes effect July 1, 2022, and the provision relating to DCDMA terminates June 30, 2027.**

Fiscal Summary

State Effect: None.

Local Effect: DCDMA expenditures increase, beginning in FY 2023, to hire two BPD officers under the bill. DCDMA revenues increase to the extent that taxes or charges are levied on properties for the purpose of hiring two BPD officers to patrol the area at the required times. **This bill imposes a mandate on a unit of local government.**

Small Business Effect: Meaningful.

Analysis

Bill Summary: The bill applies to (1) a holder of a Class A license; (2) a holder of a Class B-D-7 license; and (3) a holder of an adult entertainment license issued by the

Baltimore City Board of License Commissioners under § 12-2102 of the Alcoholic Beverages Article and Article 15, Subtitle 1 of the Baltimore City Code. “Adult entertainment” has the meaning stated in Article 15, § 1-1 of the Baltimore City Code.

Required Security Plans

A covered license holder may operate within the hours of operation authorized by the license (*i.e.*, is not required to close by 10:00 p.m.) if the holder submits to the board a security plan that is approved by the board after consultation with BPD. The security plan must include (1) the hiring of security personnel to be present at the licensed premises during all hours of operation; (2) the placement of security personnel inside and immediately outside the licensed premises; (3) procedures for securing the establishment and each entryway into the establishment, including the consistent use of metal detectors, and the area immediately around the establishment; (4) a plan for communication between security and BPD; (5) a plan for not exceeding a capacity limit for the licensed premises determined by the Baltimore City Fire Marshal; and (6) the name of and direct contact information for the owner and manager of the licensed premises. A license holder must provide identifying information for security personnel hired in accordance with a security plan and ensure that certain security guards carry documentation showing their security guard certification, as specified.

A license holder must submit an updated security plan to the board each year with an application for license renewal. The board, in consultation with BPD, must consider the license holder’s compliance with the previous year’s security plan before determining whether to approve the license holder’s updated security plan.

The board, after consultation with BPD, may authorize an exemption from the security plan requirements for an establishment operating under a Class A license.

Digital Surveillance Systems of the Licensed Premises

A covered license holder must maintain and operate a digital surveillance system on the exterior of the licensed premises. The digital surveillance system must (1) be equipped with high-definition cameras that provide continuous, 24-hour video monitoring without audio recording capacity placed outside the licensed premises in such a way that the exterior of each entryway into and exit away from the licensed premises is monitored; (2) retain video recorded from the surveillance system for at least 14 days; and (3) be registered with and accessible by the Baltimore City Intelligence Center. A license holder must, on request, provide a recording created by a digital surveillance system to BPD.

Downtown Commercial District Management Authority

As provided by ordinance, DCDMA must enter into a contract with BPD to hire two BPD officers to exclusively patrol a specified area between the hours of 10:00 p.m. and 3:00 a.m. each week on Thursday, Friday, and Saturday.

Current Law:

Class A Licenses

In Baltimore City, Class A licenses generally authorize the license holder to sell beer, wine, and/or liquor, at retail, in a sealed package or container, as specified. The package or container may not be opened and its contents may not be consumed on the premises.

Class B-D-7 Licenses

The board may issue a Class B-D-7 license if it determines, upon consideration of the number of beer, wine, and liquor outlets in the affected area and the outlets' days of sale, that the license is reasonably necessary for public convenience. A Class B-D-7 license authorizes the licensee to sell beer, wine, and liquor for on- and off-premises consumption. With specified exceptions, a Class B-D-7 licensee may generally sell beer, wine, and liquor from 6:00 a.m. to 2:00 a.m. the following day. The annual license fee is \$1,320.

Adult Entertainment Licenses

Under § 12-2102 of the Alcoholic Beverages Article, the board generally may not authorize, and a license holder may not allow, adult entertainment on a licensed premises or on adjacent property over which the license holder has ownership or control. The general restriction does not apply to (1) a licensed premises that has offered adult entertainment since May 31, 1993, or (2) a license holder that operates an establishment, as specified, that is primarily devoted to the arts or theatrical performances, when the performances presented express matters of serious literary, artistic, scientific, or political value. Upon finding a violation of § 12-2102, the board must revoke or suspend the license and/or impose a fine.

Article 15, § 1-20 of the Baltimore City Code specifies that no live adult entertainment may be conducted between the hours of 2:00 a.m. and noon, unless the State changes the closing time for holders of alcoholic beverage licenses. Among the other requirements in Article 15 governing adult entertainment licenses and businesses, § 1-23 specifies that every owner, operator, and manager of an adult entertainment business must exercise proper care and control to prevent the business or its operations from becoming or creating a public nuisance, whether by the generation of noise, the blocking of public ways, or

otherwise. Section 1-28 authorizes the board to deny, suspend, or revoke an adult entertainment business license or renewal license for specified causes, including (1) lack of accessibility for fire and police protection or (2) a violation of specified laws involving the manufacture, distribution, possession, or administration of controlled dangerous substances by any owner, operator, or manager of the adult entertainment business.

Downtown Commercial District Management Authority

DCDMA was established as a special taxing district by Chapter 604 of 1992 to promote or market the downtown commercial district, provide supplementary security and maintenance services, and provide amenities in public areas. As a special taxing district, DCDMA has the power to levy taxes or charges on properties within the district (except residential properties with fewer than four dwelling units or properties that are exempt under State law from ordinary property taxes).

Local Fiscal Effect: DCDMA revenues increase to the extent that taxes or charges are levied on properties to hire two BPD officers to patrol the specified area at the required times. In turn, DCDMA expenditures and BPD revenues correspondingly increase upon execution of the required contract for BPD officers to patrol the area.

The extent to which reviewing and approving license holders' security plans may operationally impact the board or BPD is indeterminable at this time; however, this estimate assumes that any impacts resulting from monitoring and approving security plans pursuant to the bill's requirements are not material.

Small Business Effect: Small business license holders would likely be meaningfully impacted, either by closing at 10:00 p.m. instead of at 2:00 a.m. (given the percentage of an adult entertainment business's revenue that is generated during those hours), or by meeting the bill's alternative requirements relating to security plans and digital surveillance systems (including the hiring of security personnel). Small business license holders also may incur costs to pay any DCDMA assessments for hiring the BPD officers to patrol the area at the times specified under the bill.

Additional Information

Prior Introductions: None.

Designated Cross File: SB 222 (Senator Ferguson) - Education, Health, and Environmental Affairs.

Information Source(s): Baltimore City; Department of Legislative Services

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