

**Department of Legislative Services**  
Maryland General Assembly  
2022 Session

**FISCAL AND POLICY NOTE**  
**First Reader**

House Bill 858  
Economic Matters

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**Alcoholic Beverages - Class A Licenses - Retail Grocery Establishments**

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This bill authorizes a local licensing board to issue a Class A beer or Class A beer and wine license to an applicant for use in conjunction with or on the premises of a retail establishment that meets specified requirements, including that the establishment sell certain grocery food items and accept Supplemental Nutrition Assistance Program (SNAP) benefits. Any such establishment must pay a fee that is in addition to any existing Class A license fees. **The bill takes effect July 1, 2022.**

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**Fiscal Summary**

**State Effect:** The bill does not materially affect State operations or finances.

**Local Effect:** Local expenditures and revenues may increase, likely minimally and correspondingly, as additional licenses are issued under the bill and the local licensing boards increase enforcement activities for the new licensees.

**Small Business Effect:** Meaningful.

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**Analysis**

**Bill Summary:** A local licensing board may issue a Class A beer or Class A beer and wine license to an applicant for use in conjunction with or on the premises of a retail establishment that:

- offers for sale food products in at least five of the following categories: (1) fresh fruits and vegetables; (2) fresh and uncooked meat, poultry, and seafood; (3) dairy products; (4) canned foods; (5) frozen foods; and (6) dry groceries and baked goods;

- accepts SNAP benefits as payment for food and beverages;
- has a minimum of 3,200 square feet; and
- unless other similar laws apply, has a primary entranceway that is at least (1) 300 feet from the nearest point of a place of worship or school and (2) 100 feet from any residential property.

In addition to any license or annual renewal fee otherwise required, an applicant for a license or license renewal under the bill must pay an annual license fee set by the local licensing board. Existing requirements that generally limit a person to only being able to obtain one alcoholic beverages license do not apply to licenses issued under the bill. Similarly, existing requirements that may require a license holder to be a resident, registered voter, or taxpayer in the jurisdiction where the license is issued, do not apply to licenses issued under the bill.

**Current Law:** Maryland's 23 counties, Baltimore City, and the City of Annapolis all have boards of license commissioners who issue and enforce retail alcoholic beverages licenses in their jurisdictions. Within each jurisdiction, the most common types of retail licenses are Class A, Class B, Class C, and Class D licenses. Each license authorizes the sale of alcoholic beverages in a different manner and may authorize the sale of alcohol for on- and off-premises consumption, as specified. For example, Class A licenses generally only allow the sale of alcoholic beverages for off-premises consumption, and Class B licenses are generally issued to restaurants and allow the sale of alcoholic beverages with food.

Each local jurisdiction has its own regulatory processes and requirements in place for who can apply for and obtain a license and how many licenses, in total, may be issued for use in the jurisdiction. Consequently, the bill may only allow the transfer of Class A beer or Class A beer and wine licenses if a jurisdiction has already reached its limit on the number of licenses that may be issued. Additionally, some jurisdictions have other eligibility requirements, including that the licensee be a resident, voter, or taxpayer in the jurisdiction where the license is issued. Generally, only one alcoholic beverages license may be issued to a single licensee in the State, and no more than one license may be issued for the same premises, with specified exceptions.

In general, retail establishments like grocery stores and convenience stores are not permitted to obtain alcoholic beverages licenses in most of the State.

**Small Business Effect:** Small business grocery stores that obtain a license under the bill are likely to benefit meaningfully from the authority to sell alcoholic beverages. Conversely, small businesses that are licensed to sell alcoholic beverages under current law are likely to lose business as grocery stores begin to sell alcoholic beverages.

## **Additional Information**

**Prior Introductions:** None.

**Designated Cross File:** None.

**Information Source(s):** Alcohol and Tobacco Commission; Anne Arundel, Frederick, Harford, and Prince George's counties; Department of Legislative Services

**Fiscal Note History:** First Reader - February 17, 2022

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