

Department of Legislative Services
Maryland General Assembly
2023 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

Senate Bill 472

(Senator Elfreth)

Finance

Economic Matters

City of Annapolis - Alcoholic Beverages - Art Establishment

This bill establishes an art establishment beer and wine license in the City of Annapolis that authorizes the license holder to sell or serve beer and wine at retail for on-premises consumption. The bill authorizes the City of Annapolis Board of License Commissioners to issue the license to a nonprofit organization primarily engaged in (1) the display, sale, or demonstration of art by an artist or group of artists; (2) the instruction of participating clients in creating art; or (3) live performances, including musical acts or theater performances. The board is prohibited from issuing the license to an organization that displays and sells commercially prepared or mass-produced artistic products or has a corporate purpose that is not dedicated to the above-mentioned activities. The hours and days of sale for an art establishment beer and wine license may be established by the board and the annual license fee is \$1,000. **The bill takes effect July 1, 2023.**

Fiscal Summary

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

Local Effect: Revenues for the City of Annapolis decrease to the extent that art establishment licenses issued under the bill replace specific event licenses that are currently issued for similar events, as discussed below. City of Annapolis expenditures are not affected.

Small Business Effect: Minimal overall, but potential meaningful for any art establishment that is able to decrease license fee expenditures by obtaining the annual license created by the bill rather than multiple single-use licenses with higher fees overall.

Analysis

Current Law: Maryland's 23 counties, Baltimore City, and the City of Annapolis all have boards of license commissioners that 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-premises consumption. 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. In general, retail establishments like grocery stores and convenience stores are not permitted to obtain alcoholic beverages licenses in most of the State.

Local Fiscal Effect: The City of Annapolis advises that during 2022, Annapolis had 138 applicants for event licenses who could possibly display art and the city received approximately \$9,950 in fees from those applicants. The city estimates that if those applicants received an art establishment license under this bill, instead of multiple event licenses, revenues would decrease accordingly.

Additional Information

Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: HB 520 (Delegate D. Jones, *et al.*) - Economic Matters.

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

Fiscal Note History: First Reader - February 16, 2023
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