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BOARD OF LICENSE COMMISSIONERS FOR ANNE ARUNDEL COUNTY

Board of License Commissioners Position: Anne Arundel County - Class A (Off-Sale) and Class D (Off-Sale) Licenses – Population Ratio Quota - HB0099

AACLBA proposes legislation to enact a population ratio quota, or “cap”, on the number of off-premises sales Class A and D licenses in Anne Arundel County. This would represent an historic and significant shift in how these license classes are administered within the county.

The Board of License Commissioners’ position:

On liquor license quotas in AA County: While the Board would not oppose a quota on Class A licenses, it is not convinced that any quota is necessary in Anne Arundel County. In fact, the Board is strictly opposed to any quota that combines Class A and Class D licenses, which would unfairly limit business competition and potential influx of new business in Anne Arundel County.

On Class A (Package Goods/Liquor Stores) quotas vs. Class D (Taverns) quotas:

The Board suggests an amendment that separates these two distinct and unique license classes, in this case a Class A (Package Goods/Liquor Store) with a Class D (Tavern). To the extent that any quota may be considered, each license class should be researched, carefully considered, and argued *separately*.

On the need for this quota as proposed:

The Board does not see an overwhelming need for any cap at this time, much less any cap that includes Class D licenses. These two license classes were originally created separately and are unrelated. Grouping them together is creative math that only serves to populate an already-full quota system out of the gate, should the legislation pass.

Other than suggesting that a quota would be more predictable for licensees and the community, the AACLBA provided few compelling facts or arguments demonstrating a community desire or need, or that address the Board’s concerns regarding unintended consequences. Among those concerns and other observations, the Board fears that such a quota which includes Class D licenses could lead to less competition, higher prices, conflict with other sections of the code, would serve to suppress retail entrepreneurship in Anne Arundel County, and would lead to the creation of a lucrative and unregulated secondary market for liquor licenses in Anne Arundel County.

“Predictability” is not a good enough line of reasoning to upend decades of established license class precedent without more thoughtful and thorough study and compelling evidence that such a change is needed by anyone other than the handful of licensees who are seeking it for their own benefit. The Board is unaware of any party (e.g., members of the community) other than the AACLBA, that feel a cap on these license types is necessary or of benefit to them.

If this quota legislation moves forward:

Regardless, should the legislation move forward despite the Board’s concerns, the Board has two requests that would assist with implementation.

1. Any such law not be effective until July 1, 2026, in order to give the Board time to properly prepare administratively and that;
2. (as stated above) the law apply only to Class A (package goods/liquor stores) and *not* Class D (Taverns with Off-Sale). Any possible Class D license quotas would be best considered at a later date. (Statistics provided by the AACLBA show that including Class D licenses with Class A licenses puts most districts over their population quota – whereas if only Class A package good stores are considered, six out of eight districts, in fact, are well under the proposed quota).

Position Summary:

The Board is not opposed to a quota limited to Class A licenses that does not include a quota on Class D licenses, but feels that a compelling case has not been made for *any* quotas at this time. In short, combining both Class A licenses and Class D licenses in any sort of quota is a bad idea for the citizens of Anne Arundel County without further research and compelling supporting evidence, of which there is currently none. The AACLBA proposal is a solution in search of a non-existent problem, with the sole intent to limit competition while increasing the value of existing liquor licenses in the county. Such a tectonic shift in state and local law should require a more solid foundation of reasoning and should only move forward, if at all, with careful study, community consideration and involvement.

All of that said, should the legislation move forward as is, the Board respectfully asks for consideration for both delaying implementation and excluding Class D licenses from any such current legislation as set forth above.

In conclusion, respectfully, the Board cannot support this legislation without further amendments.

Thank you and we hope this input is helpful.