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FISCAL AND POLICY NOTE
First Reader

House Bill 637
Economic Matters

(Delegate Clippinger, *et al.*)

Baltimore City - Alcoholic Beverages - Licenses

This bill authorizes the Baltimore City Board of License Commissioners to (1) issue up to two Inner Harbor Park licenses for use by a nonprofit organization, as specified; (2) issue a Class B beer, wine, and liquor (BWL) license for use by a restaurant in the 1400 block of Warner Street, as specified; and (3) issue one Class B-HM (hotel-motel) BWL license to a hotel in the 1200 block of East Fort Avenue. In addition, the bill repeals a restriction pertaining to the exchange of a Class B-D-7 license for a Class A-7 license in the 46th legislative district and authorizes a specified transferee of a Class B-D-7 license to apply to the board to exchange the license for a Class A-7 license by July 1, 2021. **The bill takes effect July 1, 2019.**

Fiscal Summary

State Effect: None.

Local Effect: Baltimore City revenues increase by an estimated \$12,860 in FY 2020, \$10,660 in FY 2021, \$11,440 in FY 2022, and \$10,840 annually thereafter from additional licensing, application, and renewal fees. Baltimore City can handle any enforcement activity with existing resources.

Small Business Effect: Minimal overall but potentially meaningful for a small business that is able to obtain or transfer an alcoholic beverages license under the bill.

Analysis

Bill Summary: The bill authorizes the board to issue up to two Inner Harbor Park licenses for use by a nonprofit organization that is operated to promote and care for the Inner Harbor waterfront. The licensed premises may be located in Rash Field and West Shore Park. The

license authorizes the licensee to sell beer, wine, and liquor for on-premises consumption Monday through Sunday from 6 a.m. to 2 a.m. the following day. The annual license fee is \$1,320. The licensee must pay, in addition to the annual license fee, \$500, if the licensee provides live entertainment, and \$200, if the licensee provides outdoor table service.

The bill also authorizes the board to issue a Class B BWL license for a restaurant in ward 21, precinct 4, in the 1400 block of Warner Street that has (1) seating for more than 150 individuals; (2) average daily receipts from the sale of food that are at least 40% of the total daily receipts of the restaurant; and (3) no sales for off-premises consumption.

In addition, the board may issue one Class B-HM BWL license to a hotel in the 1200 block of East Fort Avenue.

The bill repeals the requirement that a Class B-D-7 license may be exchanged for a Class A-7 license only if the Class B-D-7 license was issued for an establishment operating in a planned use development. Additionally, the bill authorizes the transferee of a Class B-D-7 license that is transferred from the 3600 block of Fleet Street to the 5600 block of Eastern Avenue to apply, by July 1, 2021, to the board to exchange the license for a Class A-7 license for use at the Eastern Avenue location.

Current Law:

Class A-7 BWL License

In Baltimore City, a Class A-7 BWL license authorizes the licensee to sell, for off-premises consumption, beer, wine, and liquor at retail at the place described in the license. The days and hours of sale are Monday through Sunday from 9 a.m. to 10 p.m. The annual license fee is \$1,500. Generally, the board may not issue a Class A-7 license after July 1, 2020. In the 46th legislative district, a Class B-D-7 license may be exchanged for a Class A-7 license only if the Class B-D-7 license was issued for an establishment operating in a planned use development.

Class B BWL License

Generally, the board may issue a Class B BWL license for use at a hotel or restaurant. The license authorizes the licensee to sell, for on- or off-premises consumption, beer, wine, and liquor at the place described in the license. The annual license fee is \$1,320, for a licensed premises with a seating capacity of up to 200 individuals, or \$1,800, for a licensed premises with a seating capacity of more than 200 individuals. A licensee that provides live entertainment or outdoor table service is subject to additional annual fees, as specified.

In the 46th alcoholic beverages district, a restaurant for which a Class B BWL license is issued is subject to additional capital investment, average daily receipt, and seating requirements, as specified. In the 47th alcoholic beverages district, a restaurant for which a Class B BWL license is issued is subject to additional restrictions pertaining to the sale of alcoholic beverages for off-premises consumption, as specified.

Class B-HM BWL License

The board may issue a Class B-HM BWL license for use by a hotel or motel that has (1) a dining room with facilities for preparing and serving regular meals for at least 125 individuals at one seating; (2) at least 100 rooms for the accommodation of the public; and (3) a capital investment of at least \$500,000. The annual license fee is \$6,500. A licensee is subject to additional annual fees, as specified, if the licensee provides live entertainment, the licensee provides outdoor table service, or the premises for which the license is issued has fewer than 100 rooms.

General Prohibitions against Issuance of Alcoholic Beverages Licenses

Generally, and with specified exceptions, the board may not issue a new alcoholic beverages license for use in the 46th alcoholic beverages district. In addition, the board generally may not issue an alcoholic beverages license for use in (1) ward 1, precincts 4 and 5; (2) ward 23, precinct 1; or (3) ward 24, precinct 5.

Alcohol Awareness Training Requirements for Alcoholic Beverages Licensees

Generally, for a premises that is licensed to sell alcoholic beverages with an off-sale privilege, or a premises that is licensed with on-sale privileges and sells alcoholic beverages directly to a customer from a bar or service bar, the license holder or specified employees must complete training in an approved alcohol awareness program in order to obtain and retain their alcoholic beverages license. The training program must be approved and certified by the Comptroller and it must provide information on how alcohol affects a person's body and behavior, the dangers of drinking and driving, refusing service before a customer becomes intoxicated, and determining if a customer is old enough to legally consume alcohol. The training is valid for four years.

Background: According to the Comptroller's Office, in fiscal 2018, there were 1,221 alcoholic beverages licenses issued in Baltimore City.

Local Fiscal Effect: Baltimore City revenues increase by an estimated \$12,860 in fiscal 2020, \$10,660 in fiscal 2021, \$11,440 in fiscal 2022, and \$10,840 annually thereafter from additional licensing, application, and renewal fees. This estimate assumes that the board issues (1) two Inner Harbor Park licenses; (2) one new Class B-HM BWL license;

and (3) one new Class B BWL license under the bill. In addition, this estimate assumes that the board authorizes the exchange of one Class B-D-7 for one Class A-7 license in fiscal 2022. The estimate is based on a one-time \$600 application fee, a \$50 renewal fee, and the following annual license fees:

- \$1,320 for an Inner Harbor Park license;
- \$6,500 for a Class B-HM license;
- \$1,320 for a Class B BWL license;
- \$1,320 for a Class B-D-7 license; and
- \$1,500 for a Class A-7 license.

There may be additional minimal increases in Baltimore City revenues to the extent that the board collects additional live entertainment and outdoor table service fees under the bill.

Additional Information

Prior Introductions: None.

Cross File: SB 584 (Senator Ferguson) - Education, Health, and Environmental Affairs.

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

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