

Department of Legislative Services
Maryland General Assembly
2014 Session

FISCAL AND POLICY NOTE

Senate Bill 888 (Senators Feldman and Benson)
Education, Health, and Environmental Affairs

Alcoholic Beverages - Issuance of Class A, Class C, and Class D Licenses

This bill increases to two the number of Class A, Class C, or Class D alcoholic beverages licenses that may be issued to an individual for specified purposes. The bill limits to one the number of licenses that may be issued for the use of an establishment that derives less than 85% of revenue from the sale of alcoholic beverages.

The bill takes effect July 1, 2014.

Fiscal Summary

State Effect: Minimal. The bill is not expected to significantly affect State tax revenues relating to the sale and consumption of alcoholic beverages.

Local Effect: Local licensing revenue may increase beginning in FY 2015 to the extent additional Class A, C, and D alcoholic beverages licenses are issued. The amount of the increase depends on the number of licenses issued. In jurisdictions where the maximum number of authorized licenses have already been issued, local licensing revenues are not affected. Local expenditures are not materially affected.

Small Business Effect: Potential meaningful. To the extent small businesses are able to obtain additional alcoholic beverages licenses, additional sales and profits may be realized. However, other businesses may be negatively affected if they lose sales to new licensees.

Analysis

Current Law: Except by way of renewal, or as otherwise provided, no more than one Class A, Class C, or Class D alcoholic beverage license may be issued to any individual in Maryland for the use of (1) that individual in this State or (2) any partnership, corporation, unincorporated association, or limited liability company in this State.

Background: Retail alcoholic beverages licenses are issued by Baltimore City, the 23 counties, and the City of Annapolis. **Exhibit 1** shows the number of retail licenses, by class, issued for fiscal 2013.

Local Revenues: Local licensing revenue may increase beginning in fiscal 2015 to the extent additional Class A, C, and D alcoholic beverages licenses are issued. The amount of the increase depends on the number of licenses issued. In jurisdictions where the maximum number of authorized licenses have already been issued, local licensing revenues are not affected. **Exhibit 2** shows total local licensing revenue for fiscal 2013.

Exhibit 1
Alcoholic Beverage Retail Licenses Issued
Fiscal 2013

<u>License Type</u>	<u>Licenses Issued</u>
Class A – Off Sale:	
Beer	50
Wine	0
Beer and Wine	449
Beer, Wine, and Liquor	1,059
<i>Total A Licenses</i>	<i>1,558</i>
Class B – On or Off Sale (Hotels and Restaurants)	
Beer	24
Wine	0
Beer and Wine	573
Beer, Wine, and Liquor	2,855
<i>Total B Licenses</i>	<i>3,452</i>
Class C – On Sale (Clubs)	
Beer	1
Wine	0
Beer and Wine	38
Beer, Wine, and Liquor	505
<i>Total C Licenses</i>	<i>544</i>
Class D – On or Off Sale (Taverns and On Sale Generally)	
Beer	51
Wine	0
Beer and Wine	271
Beer, Wine, and Liquor	661
<i>Total D Licenses</i>	<i>983</i>
Caterers – On or Off Sale	
Beer, Wine, and Liquor	516
Class BD-7 – On or Off Sale	
Beer, Wine, and Liquor (Baltimore City)	1
Total	7,054
<u>Summary by Alcoholic Beverages</u>	
Beer	126
Wine	0
Beer and Wine	1,331
Beer, Wine, and Liquor	5,597
Total	7,054

Source: *Alcohol and Tobacco Tax Annual Report*, Fiscal 2013, Comptroller of Maryland

Exhibit 2
County Alcoholic Beverages Licensing Revenue
Fiscal 2013

County	Licensing Revenue
Allegany	\$138,350
Anne Arundel	841,550
Baltimore City	1,560,866
Baltimore	824,600
Calvert	132,800
Caroline	52,950
Carroll	167,730
Cecil	186,070
Charles	156,400
Dorchester	72,951
Frederick	356,261
Garrett	116,250
Harford	311,349
Howard	271,777
Kent	77,369
Montgomery	1,733,597
Prince George's	978,965
Queen Anne's	92,400
St. Mary's	93,850
Somerset	23,917
Talbot	152,950
Washington	94,100
Wicomico	126,810
Worcester	758,019
City of Annapolis	424,460
Total	\$9,746,341

Source: *Alcohol and Tobacco Tax Annual Report*, Fiscal 2013, Comptroller of Maryland

Additional Information

Prior Introductions: HB 404 of 2013 received an unfavorable report by the House Economic Matters Committee.

Cross File: None.

Information Source(s): Comptroller's Office, Department of Legislative Services

Fiscal Note History: First Reader - February 19, 2014
mc/lgc

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