

Department of Legislative Services
Maryland General Assembly
2008 Session

FISCAL AND POLICY NOTE

Senate Bill 55 (Senators Miller and Dyson)
Education, Health, and Environmental Affairs

Calvert County - Alcoholic Beverages

This bill increases license fees for the sale of alcoholic beverages in Calvert County. The bill alters the requirements for certain Class B licenses and establishes a special beer and wine tasting (BWT) license. The bill adds additional requirements in order to protest the renewal of a license and lengthens the time period during which a renewal application can be submitted without being subjected to a late fine. The bill alters penalties for licensees or employees of the licensee who provide alcohol to an underage individual or to a person who is visibly under the influence of any alcoholic beverage.

The bill also increases compensation for the Calvert County Board of License Commissioners; from \$2,100 to \$7,500 for the chairman and from \$1,800 to \$5,000 for the other members.

The bill takes effect July 1, 2008.

Fiscal Summary

State Effect: Any revenue to the District Court from the fines established for providing alcohol to certain individuals is expected to be minimal.

Local Effect: Calvert County revenues could increase by a minimum of \$30,300 beginning in FY 2009. Calvert County salary expenditures would increase by \$2,950 in FY 2009 and by \$11,800 annually beginning in FY 2010.

Small Business Effect: Minimal.

Analysis

Bill Summary/Current Law: The bill increases license fees in Calvert County for the sale of alcoholic beverages as shown in **Exhibit 1**.

Exhibit 1 Increase in Calvert County Licensing Fees

<u>License</u>	<u>Current Fee</u>	<u>Proposed Fee</u>
Beer:		
Class D	\$100	\$1,000
Beer and Wine:		
Class A	150	300
Beer, Wine and Liquor:		
Class A	500	1,000
Class B		
licensees remaining open until 12 a.m.	1,000	1,250
licensees remaining open until 2 a.m.	1,000	2,250
Class D		
licensees remaining open until 12 a.m.	1,000	1,250
licensees remaining open until 2 a.m.	1,000	2,250

Currently, Calvert County is authorized to issue Class B on-sale beer, wine, and liquor licenses to hotels and restaurants. This bill also requires a Class B beer and wine and beer, wine, and liquor license holder in Calvert County to be a place of business that has a regular seating capacity for at least 50 persons and is operated in a facility in which there has been a minimum capital investment of \$250,000.

New Beer and Wine Tasting License

The bill establishes a Class BWT (beer and wine tasting) license. The Calvert County Board of License Commissioners may issue a Class BWT license to Class A beer and wine and Class A beer, wine, and liquor license holders. A Class BWT license allows the holder to serve samples of beer and wine to customers. A holder of a Class BWT license may not: (1) serve more than one ounce from each particular brand to any one individual; (2) charge a fee for any tasting event; or (3) host a tasting event that exceeds three hours. A BWT license is effective for 365 days in a licensing period. A renewal of

a BWT license is required to be made when the Class A beer and wine or beer, wine, and liquor license is renewed. The annual fee for a BWT license is \$300.

Renewals

Currently, the holder of a license in Calvert County must file an application for license renewal with the Board of License Commissioners at any time between April 1 and May 1. An application received by the board after May 1 is subject to a late fine of \$50 for each day the application is late. This bill extends to July 1 the time period during which an application can be received by the board without subjecting the applicant to a late fine.

A license may generally not be renewed without a hearing if a protest has been filed against the granting of the new license at least 30 days before the license's expiration. This bill requires that any protest filed in Calvert County must specify the basis on which the protest is made and be filed under oath. The bill also allows the board to approve a license's renewal without a hearing if they make a finding that the basis of the protest lacks substance.

Penalties

A licensee or an employee of a licensee who sells or furnishes alcohol to underage individuals or those individuals who are visibly intoxicated at the time of the sale or delivery is guilty of a misdemeanor and subject to the suspension or revocation of a license or permit. Under current law, unless a specific penalty has been provided by the county, a convicted individual is also subject to a fine of up to \$1,000. The bill provides a specific penalty that in Calvert County, a convicted individual is subject to a fine not to exceed \$200.

Board of License Commissioners Salaries

The bill increases compensation for individuals serving on the Calvert County Board of License Commissioners. The chairman's annual salary will increase from \$2,100 to \$7,500. The two regular board members' salaries will increase from \$1,800 to \$5,000. The alternate board member will receive compensation of \$400 (from \$75) for each meeting of the board attended.

Board members are appointed for two-year terms by the Governor with the advice and consent of the Senate, if the Senate is in session, otherwise, by the Governor alone.

Local Revenues: There are currently no Class D beer licensees in Calvert County, but any future applicants for the license would generate \$1,000 in revenue for the county. Assuming that each of the county's 7 Class A beer and light wine licensees renew their license under the new fee structure, Calvert County's revenue could increase by \$1,050 in fiscal 2009. If each of the 28 current Class A beer, wine, and liquor licensees renew under the new fee structure, Calvert County's revenues could increase by \$14,000.

While it is unknown how many BWT licenses would be issued, Calvert County currently has 35 Class A beer and wine or beer, wine, and liquor licensees who would potentially qualify for the license. Each license issued would generate \$300 for the county.

There are currently 53 Class B beer, wine, and liquor and 8 Class D beer, wine, and liquor license holders in Calvert County. Fee increases under the bill range from \$250 to \$1,250, depending on the hours of the licensee. Although information on the hours of each of the licensees is not available at this time, revenues could increase in fiscal 2009 by between \$15,250 and \$76,250, depending on the hours of each of the licensees. Calvert County advises however, that the majority of the license holders are not open until 2 a.m., and would only be subject to a fine increase of \$250 per license holder.

Information is not available at this time regarding whether any of the current Class B license holders would not meet the new seating capacity and minimum capital investment criteria proposed under the bill. If any of these license holders would no longer qualify for a license under the new criteria, there would be potential for loss of revenue from annual licensing fees.

The bill's provision extending the time during which a license renewal application can be received by the board without being subject to late fines could decrease fine revenues for any applications that are turned in between May 1 and July 1. Any revenue decrease is speculative, as there is no information available as to the revenues realized in Calvert County due to late fines for license renewal applications.

Local Expenditures: According to information obtained from the Governor's Appointments Office, the term members of all the current board members expired in 2003. Whenever new term appointments are made, there will be additional annual expenditures of \$5,400 for the chair and \$3,200 for each of the two board members. There will be additional expenditures of \$325 for each time the alternate board member attends a meeting as an acting regular member.

The Governor's Appointments Office advises that terms for the members of the Board of License Commissioners expire the first Monday in June. If new appointees are made or continued, the next new term would start June 2, 2009 (fiscal 2009). As members are

paid quarterly, expenditures would increase by \$2,950 in fiscal 2009 to account for the salary increase. Beginning in fiscal 2010, expenditures would increase by \$11,800 as a result of the salary increase.

There could be a marginal reduction in workload due to the bill's provision that allows the Board of License Commissioners to renew a license without a hearing on any protest that has been properly filed if the board makes a finding that the basis of the protest lacks substance.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Calvert County, Department of Legislative Services

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ncs/hlb

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