

Department of Legislative Services
Maryland General Assembly
2009 Session

FISCAL AND POLICY NOTE
Revised

Senate Bill 518

(Senators Miller and Dyson)

Education, Health, and Environmental Affairs

Economic Matters

Calvert County - Alcoholic Beverages

This bill (1) increases license fees for the sale of alcoholic beverages in Calvert County; (2) authorizes the issuance of a winery special event permit for unlimited use one night per week from June through November at the North Beach Friday Night Farmers' Market; and (3) establishes a special beer, wine, and spirits tasting (BWST) license. The bill adds additional requirements in order to protect 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 annual compensation for the Calvert County Board of License Commissioners is increased from \$2,100 to \$4,200 for the chairman and from \$1,800 to \$3,600 for the other members. The compensation for the alternate board member is increased from \$75 to \$200 per meeting that the individual attends as an acting regular member.

The bill takes effect July 1, 2009.

Fiscal Summary

State Effect: Minimal increase in general fund revenues from fines imposed by the District Court for violations of alcoholic beverage laws. If all four of the Class 4 limited wineries in Calvert County apply for the \$25 special event permit, general fund revenues increase by \$100 annually beginning in FY 2010.

Local Effect: Calvert County revenues increase by a minimum of \$30,000 beginning in FY 2010. Calvert County expenditures for board member compensation increase by \$5,700 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>
<i>Beer</i>		
Class D	\$100	\$1,000
<i>Beer and Wine</i>		
Class A	150	300
<i>Beer, Wine and Liquor</i>		
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

New Beer and Wine Tasting License

The bill establishes a Class BWST (beer, wine, and spirits tasting) license which entitles the holder to allow tastings to customers. The Calvert County Board of License Commissioners may issue a Class BWST license to a holder of a Class A beer and wine license and a Class A beer, wine, and liquor license. To hold a tasting, a holder of a BWST license must provide alcoholic beverages to consumers at no charge. A person may consume alcoholic beverages covered by a BWST license in a quantity not exceeding: (1) one ounce from a single brand of beer or wine and (2) one-half ounce from a single brand of any other alcoholic beverage. A single tasting held under a BWST license may not exceed three hours. A BWST license entitles the holder to hold tastings 365 days per year. A renewal of a BWST license is required to be made when the Class A beer and wine or Class A beer, wine, and liquor license is renewed.

The annual fee for a BWST license is: (1) \$200, if the license is used for wine; (2) \$250, if the license is used for beer or wine; and (3) \$300, if the license is used for beer, wine, and liquor.

Winery Special Event Permits

Currently, the Comptroller's Office may issue up to 12 winery special event permits to a holder of a Class 4 Maryland limited winery license in any given calendar year. A permit may not exceed three consecutive days and no more than three winery special event permits may be issued to any given limited winery for use in the same political subdivision during a calendar year.

The permit may only be issued for an event which (1) has as its major purpose an activity other than the sale and promotion of alcoholic beverages and for which the participation of the winery is a subordinate activity; (2) is approved by the Maryland Department of Agriculture and the Comptroller's Office; and (3) is held on a nonlicensed premises or a premises on which a person may obtain a temporary alcoholic beverages license.

A winery special event permit authorizes the permit holder to provide one-ounce samples, sell wine by the glass for on-premises consumption, and sell no more than four 750 ml bottles of wine to a consumer for off-premises consumption. The fee for a winery special event permit is \$25 per event.

The bill allows for the issuance of a winery special event permit for unlimited use for one night each week from June through November at the North Beach Friday Night Farmers' Market.

Renewals

Currently, the holder of an alcoholic beverages 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.

Penalties

A licensee or an employee of a licensee who sells or furnishes alcohol to underage individuals or those individuals who are visibly under the influence of any alcoholic beverage 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, upon conviction, a licensee is subject to a fine not to exceed \$200. An employee of a licensee is subject to a fine not to exceed \$250.

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 \$4,200. The two regular board members' salaries will increase from \$1,800 to \$3,600. The alternate board member will receive compensation of \$200 (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 five Class A beer and light wine licensees renew their license under the new fee structure, Calvert County revenues will increase by \$750 in fiscal 2010. If each of the 26 current Class A beer, wine, and liquor licensees renew their license under the new fee structure, Calvert County revenues will increase by \$13,000.

There are currently 58 Class B beer, wine, and liquor license holders in Calvert County and 7 Class D beer, wine, and liquor license holders. 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 may increase by \$16,250 and \$81,250, in fiscal 2010, depending on the hours of operation at each establishment.

While it is unknown how many BWST licenses would be issued, Calvert County currently has 31 Class A beer and wine or beer, wine, and liquor licensees who would potentially qualify for the license. Each license issued would generate between \$200 and \$300 for the county.

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 may 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: The terms for the members of the board of license commissioners expire the first Monday in June. According to the Governor's Appointments Office, the terms of office for each of the current board members expired in 2003. Whenever new term appointments are made, there will be additional annual expenditures of \$2,100 for the chair and \$1,800 for each of the two board members. There will be additional expenditures of \$125 for each time the alternate board member attends a meeting as an acting regular member. In total, county expenditures may increase by \$5,700 beginning in fiscal 2010.

Additional Information

Prior Introductions: None.

Cross File: HB 217 (Calvert County Delegation) - Economic Matters.

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

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