

Department of Legislative Services
Maryland General Assembly
2016 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 1109 (Frederick County Delegation)
Economic Matters

Frederick County - Dry Election Districts - Repeal

This bill repeals restrictions that prohibit the Frederick County Board of License Commissioners from issuing specified alcoholic beverages licenses in specified election districts. The bill authorizes the board to issue any license authorized in the county to a location in the county, regardless of the election district, so long as a public hearing is held. The bill also clarifies that the board may issue a *Class C* beer, wine, and liquor license to a (1) religious organization; (2) fraternal organization; (3) civic organization; (4) war veterans' organization; and (5) patriotic organization.

The bill takes effect July 1, 2016.

Fiscal Summary

State Effect: Potential increase in license fee revenues as a result of any license being issued by the Comptroller to establishments in Frederick County. The number of applications received as a result of the bill's repeal of election district restrictions cannot be reliably estimated at this time.

Local Effect: Frederick County revenues increase, by a potentially significant amount, due to the collection of application fees, renewal fees, and annual license fees. The number of applications received and the number of licenses issued as a result of the bill's repeal of election district restrictions cannot be reliably estimated at this time.

Small Business Effect: Potential meaningful for small businesses who apply for and receive licenses as a result of the bill's repeal of election district restrictions.

Analysis

Current Law: Generally, wine may be sold in Frederick County under a winery license, a limited winery license, or a Class A wine license in any election district.

Dry Districts

The board may not issue a license, except for a Class 8 farm brewery license, for an establishment in the election districts of (1) Catoctin; (2) Hauvers; (3) Jackson; (4) Linganore; and (5) Ballenger, with limited exceptions. The board may issue a (1) Class 7 micro-brewery license; (2) Class B-CC license; (3) Class B license; and (4) Class MEC license in the Ballenger election district.

Beer Only Districts

The board may only issue a Class A, Class B, or Class C beer license in the election districts of (1) Jefferson; (2) Johnsville; and (3) Burkittsville, with one exception. The board may issue a Class B-CI (country inn) on-sale beer, wine, and liquor license in the Burkittsville election district.

Beer and Wine or Beer, Wine, and Liquor Districts

The board may issue a Class A, Class B, or Class C beer and wine license or a Class A, Class B, or Class C beer, wine, and liquor license for an establishment in the election districts of (1) Buckeystown; (2) Frederick; (3) Creagerstown; (4) Emmitsburg; (5) Urbana; (6) Liberty; (7) New Market; (8) Woodsboro; (9) Petersville; (10) Mt. Pleasant; (11) Thurmont; (12) Woodville; (13) Lewistown; (14) Tuscarora; (15) Braddock; (16) Brunswick; and (17) Walkersville.

Middletown Election District

Within the municipal boundaries of Middletown, the board may issue a (1) Class A, Class B, or Class C beer license; (2) Class B beer, wine, and liquor (on-sale) license, if the licensed premises derives at least 70% of its monthly gross revenue from the sale of food; and (3) Middletown Wine Festival license. In all other areas of the Middletown election district, the board may only issue a Class A, Class B, or Class C beer license, Middletown Wine Festival license, or Class C beer, wine, and liquor license.

Licenses Issued to Organizations

The board may issue a beer, wine, and liquor license to a (1) religious organization; (2) fraternal organization; (3) civic organization; (4) war veterans' organization; and

(5) patriotic organization. The license authorizes on-premises consumption only. All net proceeds from the sale of alcoholic beverages must be used solely for charitable purposes or otherwise to further the purposes of the organization.

The board may issue Class C (golf and country club) licenses in the Jackson election district.

Background: In fiscal 2015, 310 alcoholic beverages licenses were issued for use in Frederick County.

Local Fiscal Effect: To the extent that the bill results in additional applications for and issuances of alcoholic beverages licenses in Frederick County, county revenues increase due to application filing fees (\$750), annual license fees, and annual renewal fees (\$100). The number of individuals that will seek to obtain a license as a result of the bill and any corresponding revenue increase cannot be reliably estimated at this time.

Additional Information

Prior Introductions: None.

Cross File: SB 861 (Senators Young and Hough) - Education, Health, and Environmental Affairs.

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

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