

Department of Legislative Services
Maryland General Assembly
2015 Session

FISCAL AND POLICY NOTE

Senate Bill 866 (Senator Peters)
Education, Health, and Environmental Affairs

**Prince George's County - Alcoholic Beverages - Licenses, Salaries, and
Inspectors**

This bill makes several changes to alcoholic beverages licensing provisions in Prince George's County, including provisions relating to residency requirements and capital investment requirements for certain licenses. The bill also increases the salaries of members of the Board of License Commissioners, and the board's attorney, and part-time liquor inspectors, and decreases the number of part-time liquor inspectors.

The bill takes effect July 1, 2015.

Fiscal Summary

State Effect: None.

Local Effect: Minimal. Specified provisions of the bill result in a net annual increase in board expenditures of \$5,423, as discussed below, which can be handled with the board's current resources. Any increase in license revenues resulting from the bill cannot be readily predicted or quantified.

Small Business Effect: Potential meaningful impact in Prince George's County. The bill's changes to residency requirements are expected to have a positive impact on current and future licensees. Any small catering business seeking a Class BCE license may incur additional costs to meet the minimum capital investment requirements.

Analysis

Bill Summary: The bill:

- increases, from \$500,000 to \$1 million, the minimum capital investment for a catering business to be issued a Class BCE license;
- alters specified residency requirements;
- allows the board to permit an individual, partnership, or corporation to hold or have an interest in an unlimited number of BH licenses, rather than no more than four;
- increases the annual salary of board members from \$17,000 to \$20,000;
- increases the annual salary of the chair of the board from \$18,000 to \$22,000;
- increases the annual salary of the board's attorney from \$15,500 to \$18,500;
- increases the salary of part-time inspectors from \$10,900 to \$13,900; and
- decreases the number of part-time liquor inspectors from 32 to 24.

Current Law: In Prince George's County, if an application is made for a sole proprietorship or partnership, an alcoholic beverages license must be applied for and issued to all partners as individuals, all of whom (1) must have resided in Prince George's County for at least two years prior to the application; (2) are registered voters in the county; and (3) must continue to be bona fide residents of the county as long as the license is in effect.

A license may not be issued, renewed, or transferred to an individual applying on behalf of a corporation, unincorporated association, or limited liability company, unless bona fide residents of the county own 25% of the total issued capital stock of the corporation or unincorporated association or 25% of the interests of the limited liability company, as applicable. If a close corporation has no officers or directors, in order to make the application, at least 25% of the stock must be held by county residents.

The board may permit an individual, partnership, or corporation to hold or have an interest in not more than four BH licenses.

In order to obtain a Class BCE license, a catering establishment must, among other things, have a minimum capital investment of \$500,000 for dining room facilities and kitchen equipment, not including the cost of land, buildings, or a lease.

The annual salary of each board member is set at \$17,000, and the chairman's annual salary is set at \$18,000. The board's attorney's salary is set at \$15,500.

There are three full-time and 32 part-time alcoholic beverages inspectors. Chapter 156 of 2010 increased the salary of a part-time inspector from \$9,976 to \$10,900.

Local Fiscal Effect: Prince George's County advises that increasing the salaries of board members and the board attorney increases board expenditures, with fringe benefits, by \$20,623 annually. Increasing the salaries of part-time inspectors by \$3,000 each, while decreasing the number of part-time inspectors from 32 to 24, produces a net annual savings to the board of \$15,200. Thus, overall, the bill increases county expenditures by \$5,423 annually, which can be absorbed with existing resources.

The bill's elimination of county residency requirements for license holders has the potential to increase the pool of businesses investing in alcoholic beverages establishments. However, any increase in license revenues cannot be readily predicted or quantified.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Prince George's County, Department of Legislative Services

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md/lgc

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