

**Department of Legislative Services**  
Maryland General Assembly  
2018 Session

**FISCAL AND POLICY NOTE**  
**Preliminary**

MC 4-18

(Montgomery County Delegation)

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**Montgomery County Alcohol Modernization Act of 2018 MC 4-18**

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This proposed bill makes numerous changes to the alcoholic beverages law in Montgomery County.

The bill takes effect July 1, 2018.

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**Fiscal Summary**

**State Effect:** The bill does not materially affect State operations or finances.

**Local Effect:** Montgomery County revenues increase to the extent that the bill results in additional licenses being issued. Any additional enforcement activity can be handled using existing resources.

**Small Business Effect:** Meaningful. Allowing licenses to be issued for additional types of businesses and throughout the entire county is likely to result in additional small businesses opening. Additionally, expanding the hours of sale for retailer licensees may lead to increased sales for new and existing small businesses.

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**Analysis**

**Bill Summary/Current Law:** The bill's major changes include (1) allowing county-owned dispensaries to sell chilled beer, wine, and soft drinks; wine in refillable containers; and beer in refillable and nonrefillable containers; (2) allowing certain licenses to be used in conjunction with a bowling alley, billiard hall, or drugstore; (3) allowing Class B beer, wine, and liquor licenses to be issued anywhere in the county; (4) expanding the hours of sale for many types of license; and (5) authorizing a pharmacy to use and

dispense alcoholic beverages that are not purchased from the county. The changes are discussed in detail below.

### *Dispensaries in Montgomery County*

*Under current law*, a dispensary may only sell nonchilled beer, wine, and liquor and may not sell snack foods or soft drinks. *The bill* authorizes a dispensary to sell (1) soft drinks; (2) wine in refillable containers for off-premises consumption; and (3) draft beer in refillable and nonrefillable containers for off-premises consumption. A dispensary is also authorized to sell both chilled and nonchilled beer, wine, and soft drinks.

### *Bowling Alley, Billiard Hall, Drugstore, and Restaurant Restrictions*

*Under current law*, many types of licenses are prohibited from being issued in conjunction with, or on the premises of, a bowling alley, billiard hall, drugstore, or a restaurant located in those establishments. Similarly, the licenses are prohibited from being issued for premises that have a passageway providing direct public access to those establishments. *Under the bill*, this prohibition is repealed for the following licenses: (1) Class A beer; (2) Class B beer; (3) Class H beer; (4) Class A beer and wine; (5) Class B beer and wine; and (6) Class D licenses. The bill also makes conforming changes related to the repeal of this prohibition.

*Under current law*, a Class H beer and wine license and a Class D license may not be issued for use (1) in conjunction with, on the site of, or to a restaurant in a drugstore or (2) in an establishment with a passageway providing direct public access to a drugstore. *Under the bill*, this prohibition is repealed and related conforming changes are made.

### *Class B Beer, Wine, and Liquor Licenses*

*Under current law*, a Class B beer, wine, and liquor license may only be issued for use at a hotel or restaurant located in the second, third, fourth, sixth, seventh, eighth, ninth, tenth, or thirteenth election districts; however, the restaurant or hotel may not be located in Poolesville or Kensington. The licensed business must maintain food sales equal to at least 40% of food and alcohol sales combined. During the initial license year, the licensee must submit monthly statements to the board demonstrating that the ratio is being maintained.

*Under the bill*, the board of license commissioners is authorized to issue a Class B beer, wine, and liquor license to a restaurant or hotel located anywhere in the county. Additionally, the license holder is no longer required to provide the monthly statements to the board during the initial license year.

### *Class B-BWL (H-M) Beer, Wine, and Liquor Licenses*

*Under current law*, the board may issue a Class B-BWL (H-M) beer, wine, and liquor license to the owner of a hotel or motel that (1) is in a building at least three stories tall that was originally constructed for hotel purposes; (2) has a capital investment of at least \$500,000; and (3) contains a passenger elevator, at least 100 rooms to accommodate the public, and a dining room that can seat at least 125 patrons. *Under the bill*, each of these requirements is repealed, and instead, the board may issue the license to the owner of a hotel or motel that contains at least five rooms to accommodate the public.

### *Application Identification Requirements*

*Under current law*, in order to obtain an alcoholic beverages license, not including a temporary license, the licensee must submit an application. The application must contain recent photos and fingerprints for the licensee and the person actively in charge of the business conducted under the license. *The bill* allows the photo submitted with the application to be a copy of a government-issued photo.

### *Employment of Underage Individuals Regarding Alcoholic Beverages*

*Under current law*, in the State, someone who is at least 18 years old may be employed in the sale of beer and wine, and someone who is at least 21 years old may be employed in the sale of liquor. Additionally, in Montgomery County, someone may only make an off-site retail delivery of alcoholic beverages if he or she is at least 21 years old or 18 years old and accompanied by a supervisor who is at least 21 years old.

*Under the bill*, in Montgomery County someone who is at least 18 years old may also be employed in the sale of liquor. Additionally, someone who is at least 18 years old may make an off-site retail delivery without supervision.

### *Hours of Sale*

*The bill* expands the hours of sale for alcoholic beverages for the following types of license: (1) Class B beer; (2) Class C beer; (3) Class D beer; (4) Class H beer; (5) Class B beer and wine; (6) Class B-K beer and wine; (7) Class C beer and wine; (8) Class D beer and wine; (9) Class H beer and wine; (10) Class A-TP beer, wine, and liquor; (11) Class B beer, wine, and liquor; (12) Class B-K beer, wine, and liquor; (13) Class B-BWL (H-M) beer, wine, and liquor; and (14) Class C beer, wine, and liquor.

### *Other Provisions*

*Under current law*, alcoholic beverages may not be knowingly sold to an individual if a family member or guardian has given written notice to the license holder or employee of the license holder because of the individual's physical condition, intemperate habits, or unsound mind. *The bill* alters this prohibition so that only written notice from a guardian may restrict sales of alcohol to an individual.

*Under current law*, a pharmacist or pharmacy may not use or dispense alcoholic beverages unless they were purchased from the Montgomery County Department of Liquor Control. *The bill* repeals this prohibition and related penalty provisions.

*Under current law*, if there are alcoholic beverages present in a vehicle, a person may not have a smoke screen or other device to prevent the arrest or seizure of the vehicle or an occupant. *The bill* repeals this provision.

**Local Revenues:** Montgomery County revenues increase to the extent that additional alcoholic beverages licenses are issued as a result of the bill. Specifically, the bill allows Class B licenses to be issued for use anywhere in the county and allows licenses to be issued for use in bowling alleys and billiard halls, which is likely to lead to additional licenses being issued. In Montgomery County, annual license fees vary depending on the type of license but generally range from \$400 to \$2,500, and a fee of \$600 must be submitted with each application for an alcoholic beverages license.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** Unavailable at this time.

**Information Source(s):** Montgomery County; Department of Legislative Services

**Fiscal Note History:**  
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