

Department of Legislative Services
Maryland General Assembly
2023 Session

FISCAL AND POLICY NOTE
Third Reader

House Bill 916
Economic Matters

(Baltimore City Delegation)

Finance

Baltimore City - Alcoholic Beverages - Violation Procedures and Fines

This bill alters the revocation and suspension procedures of the Baltimore City Board of License Commissioners by permitting the board to make an offer of compromise, as specified, to a license holder of an alleged violation instead of conducting a hearing. The bill alters the maximum fines for certain violations of Title 12 of the Alcoholic Beverages Article. The board must adopt regulations to implement the bill. **The bill takes effect July 1, 2023.**

Fiscal Summary

State Effect: None.

Local Effect: Potential increase in Baltimore City revenues from monetary penalties for the offer of compromise and maximum fines imposed for certain offenses, under the bill, as discussed below; otherwise, implementation of the bill can be handled with existing resources.

Small Business Effect: Minimal.

Analysis

Bill Summary: The bill alters the revocation and suspension procedures that apply to Baltimore City pursuant to § 4-603 of the Alcoholic Beverages Article, by adding the offer of compromise to the revocation and suspension procedures:

Revocation and Suspension Procedures

When the board notifies a license holder of a violation alleged against the license and gives notice for the license holder to appear for a hearing, the board may offer as a compromise, on a form provided by the board, a monetary penalty if the license holder agrees to:

- voluntarily waive the right to a hearing under § 4-603 of the Alcoholic Beverages Article;
- admit to the facts of the violation as alleged;
- take the corrective action prescribed in the offer made by the board; and
- accept the monetary penalty offered.

Board Action on a License Holder's Acceptance of the Offer of Compromise

If an offer of compromise is accepted by a license holder, as specified, the board must:

- keep a record of the initial violation alleged against the license holder or the licensed establishment;
- issue a written finding that the offer of compromise does not impair the promotion of the peace or safety of the community;
- as soon as practicable, state the license holder's acceptance of the offer of compromise on the record at a hearing of the board; and
- post the result of the board's decision in a place accessible by the public.

License Holder Does Not Accept the Offer of Compromise

If a license holder does not accept the offer of compromise made by the board, as specified, the license holder may accept service of notice of the complaint from the board and inform the board of its intent to exercise the right to hearing under § 4-603 of the Alcoholic Beverages Article.

The bill makes a technical change to § 4-606 of the Alcoholic Beverages Article that is nonsubstantive.

Maximum Fine for Certain Violations

Except as specified, a license holder whose violation is cause for suspension of a license is subject to a maximum fine of \$20,000 for each subsequent offense. The bill also specifies that a license holder is subject to the maximum fine of \$20,000 for the offense of publicizing, selling tickets for, organizing, operating, producing, facilitating, or staging a

pub crawl with the knowledge or a reason to know that a pub crawl promoter's permit is required under the law and has not been obtained.

Current Law: A local licensing board may revoke or suspend a license in accordance with Title 4, Subtitle 6 of the Alcoholic Beverages Article. Generally, revocation or suspension procedures may be started by a local licensing board on its own initiative; on the complaint of a peace officer; on the complaint of the mayor and council of a municipality, if a license holder is located in a municipality within a county; or on the written complaint of at least 10 residents, real estate owners, or voters of the precinct in which the licensed premises is located. A license holder against whom proceedings are brought is entitled to a hearing on the charges in the complaint and must receive notice of the hearing at least 10 days before the hearing date.

Except as specified, a license holder whose violation is cause for suspension of a license is subject to a maximum fine of \$3,000 for each subsequent offense. A license holder is subject to the maximum fine of \$3,000 for the offense of publicizing, selling tickets for, organizing, operating, producing, facilitating, or staging a pub crawl with the knowledge or a reason to know that a pub crawl promoter's permit is required under the law and has not been obtained.

Local Fiscal Effect: Potential increase in Baltimore City revenues due to the added revocation and suspension procedure of an offer of compromise instead of a hearing, under the bill. To the extent a license holder agrees to an offer of compromise for an alleged violation, rather than exercising the right to a hearing, collection of monetary penalties may increase. Also, the increase in a maximum fine that may be imposed by the board for certain offenses may increase revenues. Department of Legislative Services estimates that the procedural requirements under the bill for the offer of compromise can be handled with the board's existing resources.

Additional Information

Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: SB 847 (Senator Hayes) - Finance.

Information Source(s): Department of Legislative Services

Fiscal Note History: First Reader - February 17, 2023
km/tso Third Reader - March 20, 2023

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