

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE
Revised

House Bill 682 (St. Mary's County Delegation)

Economic Matters

Referred to Economic & Environmental Affairs

St. Mary's County and Somerset County - Alcoholic Beverages
(Pub- and Micro-Breweries)

This amended bill includes St. Mary's and Somerset counties among the jurisdictions in which the State Comptroller may issue pub-brewery and micro-brewery licenses. A holder of a pub-brewery license may sell malt beverages for off-premises consumption in sealed refillable containers. The bill also allows a holder of a micro-brewery license to sell beer to customers at retail for off-premises consumption in refillable containers that are sealed by the licensee at the time of each refill.

Fiscal Summary

State Effect: General fund revenues would increase by \$1,230 in FY 1998, and by \$530 annually thereafter, for each license issued.

Local Effect: None. It is assumed that an existing restaurant in St. Mary's and Somerset counties would receive either a pub-brewery or micro-brewery license.

Small Business Effect: Potential meaningful effect on small businesses as discussed below.

Fiscal Analysis

State Revenues: It is expected that either one pub-brewery or micro-brewery license would be issued annually in St. Mary's and Somerset counties. This license would generate an annual license fee of \$500, an initial issuance fee of \$200, and a renewal fee of \$30. Fiscal Services expects the first licenses to be issued in fiscal 1998. Because licenses are renewable May 1 annually, the State would collect two license fees in fiscal 1998. As a result, general fund revenues would increase by \$1,230 for each license issued in fiscal 1998 due to the two license fees, the issuance fees, and the renewal fee. Future-year revenues would increase by

\$530 annually for each license issued reflecting the annual license fee and renewal fee.

Small Business Effect: Currently, there are eight micro-breweries and three pub-breweries operating in Maryland. Based on 1995 figures, this industry generated between \$8 million and \$10 million in revenues, including the restaurant businesses. According to the Comptroller's Office, micro-breweries produced approximately 211,000 gallons of beer in 1995 and 276,000 gallons in 1996. Under the bill, the Comptroller can issue a micro-brewery license and/or a pub-brewery license in St. Mary's and Somerset counties. It is expected that only one restaurant in each county would seek such a license, and its operations would be impacted favorably. If other small businesses seek such licenses, their operations would be similarly affected.

Information Source(s): Office of the Comptroller, St. Mary's County, Department of Fiscal Services

Fiscal Note History: First Reader - March 4, 1997
ncs Revised - House Third Reader - March 24, 1997

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