

Department of Legislative Services  
Maryland General Assembly  
2011 Session

FISCAL AND POLICY NOTE

House Bill 1334  
Economic Matters

(Delegates McDermott and Conway)

Education, Health, and Environmental Affairs

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Worcester County - Berlin - Alcoholic Beverages - Micro-Brewery License

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This bill authorizes the holder of a Class D beer (off-sale) alcoholic beverages license to be granted a Class 7 micro-brewery alcoholic beverages license, so long as the Class 7 micro-brewery license is used on the premises of an existing Class D beer (off-sale) license located in the Town of Berlin in Worcester County. The bill also specifies that off-sale privileges granted to a Class 7 micro-brewery license issued in the Town of Berlin are the same as a Class D beer license issued in Worcester County.

The bill takes effect July 1, 2011.

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Fiscal Summary

**State Effect:** General fund revenues increase by \$500 annually, beginning in FY 2012, from the issuance of one Class 7 micro-brewery license in the Town of Berlin. Alcoholic beverage and sales tax revenues may also increase minimally from additional beer sales.

**Local Effect:** None.

**Small Business Effect:** Minimal overall, but potentially meaningful for a small business with a Class D alcoholic beverages license in Worcester County that seeks to establish a micro-brewery in the Town of Berlin.

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Analysis

**Current Law:** Class 7 micro-brewery (on- and off-sale) licenses are issued by the Comptroller's Office for use in 18 jurisdictions – Allegany, Anne Arundel, Baltimore, Calvert, Carroll, Charles, Dorchester, Frederick, Garrett, Harford, Howard, Montgomery, Prince George's, Talbot, Wicomico, and Worcester counties; Baltimore City; and the

City of Annapolis. In general, the license is issued only to a holder of a Class B beer, wine, and liquor (on-sale) license that is issued for use on the premises of a restaurant with exceptions for Montgomery and Prince George's counties.

The hours and days for consumer sales allowed to a Class 7 micro-brewery license are equivalent to those established for a Class B (restaurant or hotel) license in the respective jurisdictions where a Class 7 micro-brewery license is authorized.

**Background:** There are currently 13 Class 7 micro-brewery licenses issued in the State; however, none are currently located in Worcester County. In fiscal 2010 there were 36 Class D alcoholic beverages licenses issued in Worcester County.

**State Fiscal Effect:** The Comptroller issues Class 7 micro-brewery licenses for an annual license fee of \$500. It is expected that at least one existing Class D licensee will seek a micro-brewery license. As a result, general fund revenues increase by \$500 annually from issuance of an additional license.

The Class 7 micro-brewery license allows the licensee to brew or contract to brew and bottle up to 22,500 barrels of malt beverages each year. As a result, alcoholic beverages and sales tax revenues may increase minimally from additional beer being sold by micro-breweries. Issuance of additional Class 7 micro-brewery licenses will not affect expenditures for the Comptroller.

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### Additional Information

**Prior Introductions:** None.

**Cross File:** SB 905 (Senator Mathias) - Education, Health, and Environmental Affairs.

**Information Source(s):** Worcester County, Comptroller's Office, Department of Legislative Services

**Fiscal Note History:** First Reader - March 15, 2011  
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