

Department of Legislative Services
Maryland General Assembly
2011 Session

FISCAL AND POLICY NOTE

Senate Bill 905

(Senator Mathias)

Education, Health, and Environmental Affairs

Economic Matters

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

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.

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.

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.

Additional Information

Prior Introductions: None.

Cross File: HB 1334 (Delegates McDermott and Conway) - Rules and Executive Nominations.

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

Fiscal Note History: First Reader - March 10, 2011
ncs/hlb

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