

Department of Legislative Services  
Maryland General Assembly  
2013 Session

FISCAL AND POLICY NOTE  
Revised

Senate Bill 35

(Senator Pipkin)

Education, Health, and Environmental Affairs

Economic Matters

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Queen Anne's County and St. Mary's County - Alcoholic Beverages - Micro-Brewery Licenses

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This bill adds Queen Anne's and St. Mary's counties to the list of jurisdictions authorizing the issuance of a Class 7 micro-brewery license. The micro-brewery license in Queen Anne's or St. Mary's counties may be issued to a holder of a Class B beer, wine, and liquor (on-sale) license for use on the premises of a restaurant. The bill also gives a micro-brewery licensee in Queen Anne's or St. Mary's counties the off-sale privilege to sell beer brewed under the license to customers for consumption off the licensed premises in refillable containers that are sealed by the licensee at the time of each refill.

The bill takes effect July 1, 2013.

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**Fiscal Summary**

**State Effect:** General fund revenues increase by \$500 for each new Class 7 micro-brewery license issued in Queen Anne's or St. Mary's counties beginning in FY 2014. Expenditures are not affected.

**Local Effect:** St. Mary's County revenues increase by \$650 for each new Class B beer, wine, and liquor license issued beginning in FY 2014. Queen Anne's County revenues are not affected. Expenditures are not affected.

**Small Business Effect:** Potential meaningful.

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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 20 jurisdictions – Allegany, Anne Arundel, Baltimore, Calvert, Carroll, Charles, Dorchester, Frederick, Garrett, Harford, Howard, Kent, Montgomery, Prince George's, Talbot, Washington, 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 the Town of Berlin in Worcester County, and Kent, Montgomery, Prince George's, and Washington counties.

License holders may sell up to 4,000 barrels of beer to customers for consumption on the premises and may collectively brew, bottle, or contract for up to 22,500 barrels of malt beverages each calendar year. License holders in the 20 jurisdictions also have the off-sale privilege to sell beer brewed under the license to customers for consumption off the licensed premises in refillable containers that are sealed by the licensee at the time of each refill.

**Background:** There are currently 20 Class 7 micro-brewery licenses issued in the State. There are 28 Class B beer, wine, and liquor license holders in Queen Anne's County and 68 Class B beer, wine, and liquor license holders in St. Mary's County.

**State Fiscal Effect:** General fund revenues would increase by \$500 annually from additional Class 7 micro-brewery licenses issued by the Comptroller in Queen Anne's or St. Mary's counties. 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.

**Local Fiscal Effect:** The St. Mary's County Alcohol Beverage Board issues Class B beer, wine, and liquor restaurant licenses for an annual license fee of \$650. St. Mary's County projects one new Class B restaurant licensee will seek a micro-brewery license, so St. Mary's County revenues increase by \$650 annually from the issuance of a Class B restaurant license. The Queen Anne's County Board of License Commissioners issues Class B beer, wine, and liquor restaurant licenses for an annual license fee of \$1,000. However, Queen Anne's County assumes only existing Class B licensees will seek a micro-brewery license, so Queen Anne's County revenues do not increase. Any enforcement activities can be handled with existing resources.

**Small Business Effect:** To the extent that micro-breweries are established in Queen Anne's or St. Mary's counties, allowing those businesses to sell beer for off-site consumption provides a meaningful benefit to these license holders in the form of additional avenues for the licensee to sell beer.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** Although HB 216 (Delegate Hershey, *et al.* – Education, Health, and Environmental Affairs) is designated as a cross file, it is different.

**Information Source(s):** Queen Anne's and St. Mary's counties, Comptroller's Office, Department of Legislative Services

**Fiscal Note History:** First Reader - January 23, 2013  
mc/hlb Revised - Senate Third Reader - March 21, 2013

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Analysis by: Heather N. Ruby

Direct Inquiries to:  
(410) 946-5510  
(301) 970-5510