

Department of Legislative Services
Maryland General Assembly
2013 Session

FISCAL AND POLICY NOTE

Senate Bill 149

(Senator Colburn)

Education, Health, and Environmental Affairs

Economic Matters

Dorchester County - Alcoholic Beverages - Micro-Breweries

This bill authorizes the holder of a Class D alcoholic beverages license in Dorchester County to be granted a Class 7 micro-brewery license, so long as the Class 7 micro-brewery license is used on the same premises of the existing Class D license. For a micro-brewery with a Class D license in Dorchester County, the hours and days for consumer sales are established by the Class D beer license.

The bill takes effect June 1, 2013.

Fiscal Summary

State Effect: General fund revenues increase by \$500 for each new Class 7 micro-brewery license issued to a holder of a Class D alcoholic beverages license in Dorchester County beginning in FY 2014. Expenditures are not affected.

Local Effect: Dorchester County revenues increase by \$250 for each new Class D beer license issued beginning in FY 2014. Expenditures are not affected.

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

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 an 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; however, none are currently located in Dorchester County. There are currently one Class D beer and wine and one Class D beer, wine, and liquor license holders in Dorchester County. There is no Class D beer license holder in Dorchester 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 new Class D beer 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.

Local Fiscal Effect: The Dorchester County Board of License Commissioners issues Class D beer licenses for an annual license fee of \$250. It is expected that at least one new Class D beer licensee will seek a micro-brewery license so local revenues increase by \$250 annually from issuance of a Class D beer license. Any enforcement activities can be handled with existing resources.

Additional Information

Prior Introductions: None.

Cross File: HB 68 (Dorchester County Delegation) - Economic Matters.

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

Fiscal Note History: First Reader - February 6, 2013
ncs/hlb

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