

Department of Legislative Services
Maryland General Assembly
2014 Session

FISCAL AND POLICY NOTE

House Bill 464
Economic Matters

(Delegate Schulz, *et al.*)
Education, Health, and Environmental Affairs

Alcoholic Beverages - Micro-Brewery Licenses - Retail Sale - Prepackaged Beer

This bill authorizes the holder of a Class 7 micro-brewery license to sell at retail to customers for consumption off the licensed premises prepackaged, nonrefillable containers of the micro-brewery's own beer.

The bill takes effect July 1, 2014.

Fiscal Summary

State Effect: Minimal. The bill is not expected to significantly affect State tax revenues relating to the sale or consumption of alcoholic beverages.

Local Effect: None.

Small Business Effect: Potential meaningful. Class 7 micro-breweries may benefit from the ability to prepackage and sell their own beer in nonrefillable containers. However, the bill does not alter the total amount of beer a micro-brewery may brew.

Analysis

Current Law: Class 7 micro-brewery (on- and off-sale) licenses are issued by the Comptroller's Office for use in 23 jurisdictions – Allegany, Anne Arundel, Baltimore, Calvert, Caroline, Carroll, Charles, Dorchester, Frederick, Garrett, Harford, Howard, Kent, Montgomery, Prince George's, Queen Anne's, St. Mary'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 Dorchester, Kent, Montgomery, Prince George's, and Washington counties. The annual license fee is \$500.

Class 7 micro-brewery licensees 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 23 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 21 Class 7 micro-brewery licenses issued in the State.

According to the Comptroller's *Alcohol & Tobacco Tax Report* for fiscal 2013, Maryland brewers sold 4.6 million gallons of beer in fiscal 2013. Of this amount, 34.9% was sold to wholesalers, 8.5% was sold at the brewery, and 55.8% was sold out of state.

The sales tax rate on alcoholic beverages is 9%, and the alcoholic beverages tax on beer is \$0.09 per gallon. Revenues from these taxes are deposited into the general fund.

Additional Information

Prior Introductions: None.

Cross File: None.

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

Fiscal Note History: First Reader - February 12, 2014
ncs/lgc

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