

Department of Legislative Services
Maryland General Assembly
2016 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

House Bill 749
Economic Matters

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

Alcoholic Beverages - Sale of Powdered Alcohol - Prohibition

This bill extends by two years the prohibition on selling or offering for sale alcoholic beverages that are sold in powder or crystalline form to be used directly or in combination with water or any other substance. A violator is guilty of a misdemeanor and on conviction is subject to a fine of up to \$1,000. Each violation is a separate offense.

The bill takes effect July 1, 2016, and terminates June 30, 2018.

Fiscal Summary

State Effect: Prohibiting the sale of powder or crystalline alcohol does not materially affect State finances.

Local Effect: Prohibiting the sale of powder or crystalline alcohol does not materially affect local finances.

Small Business Effect: None. Since alcoholic beverage distributors in the State cannot currently sell powdered alcohol, the bill does not change current practice.

Analysis

Current Law: Chapter 475 of 2015 temporarily prohibits a person from selling or offering for sale alcoholic beverages that are sold in powder or crystalline form to be used directly or in combination with water or any other substance. A violator is guilty of a misdemeanor and on conviction is subject to a fine of up to \$1,000. Each violation is a separate offense. Chapter 475 of 2015 abrogates on June 30, 2016.

Background: The Alcohol and Tobacco Tax and Trade Bureau of the U.S. Department of the Treasury approved labels for Palcohol, a brand of powdered alcohol, on March 10, 2015, making it legal for Palcohol to be sold in the United States. Palcohol is a prepackaged powder that can be dissolved in a liquid to produce an alcoholic beverage. Additionally, the U.S. Food and Drug Administration has determined that the nonalcohol ingredients in Palcohol comply with agency regulations.

At the request of the Comptroller, the Maryland State Licensed Beverage Association, the Maryland Beer Wholesalers Association, and the Licensed Beverage Distributors of Maryland agreed in 2015 to a voluntary ban on the sale of powdered alcohol.

Additional Information

Prior Introductions: None.

Cross File: None designated; however, SB 587 (Senator Madaleno, *et al.* – Education, Health, and Environmental Affairs) is identical.

Information Source(s): Comptroller’s Office, Judiciary (Administrative Office of the Courts), Department of Health and Mental Hygiene, Department of Legislative Services

Fiscal Note History: First Reader - February 15, 2016
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