

Department of Legislative Services
Maryland General Assembly
2017 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

House Bill 292

(Delegate Krebs, *et al.*)

Economic Matters

Education, Health, and Environmental Affairs

Alcoholic Beverages - Nonrefillable Containers - Draft Beer

This bill establishes a nonrefillable container permit in the State. The permit authorizes the sale of draft beer for off-premises consumption by packaging the beer in a nonrefillable container that meets specified standards. The permit may be issued by a local board of license commissioners in 19 counties, Baltimore City, and the City of Annapolis; these are the same jurisdictions that also authorize the sale of draft beer in refillable containers.

The bill takes effect July 1, 2017.

Fiscal Summary

State Effect: The bill does not materially affect State operations or finances.

Local Effect: Local government revenues increase depending on the number of permits issued and fees collected in each jurisdiction under the bill. Monitoring of the permits can be handled using existing resources.

Small Business Effect: Potential meaningful positive impact for a small business that realizes increased sales after obtaining the permit authorized by the bill.

Analysis

Bill Summary: The term and hours of sale for a nonrefillable container permit are the same as those of the underlying license. An applicant who holds an underlying license without an off-sale privilege must meet the same advertising, posting of notice, and public hearing requirements as those for the underlying license. To be used as a nonrefillable container for draft beer, a container must:

- be made out of aluminum;
- be sealable;
- have a capacity of 32 ounces;
- be branded with the identifying marks of the seller of the container; and
- bear the federal health warning statement required for refillable containers.

For each of the 21 jurisdictions authorized to issue the permit, the bill establishes what kind of licensee can obtain the permit, the hours of sale, and annual permit fees for each of the 21 jurisdictions authorized to issue the permit. Applicants in specified jurisdictions may not be charged a fee for the nonrefillable container permit if they already have a *refillable* container permit. The jurisdictional requirements are summarized in **Exhibit 1**.

Current Law: Chapters 517 and 518 of 2014 standardized the requirements for alcoholic beverages refillable containers used in the sale of draft beer or wine for off-premises consumption. The holder of a refillable container permit may sell, fill, or refill any container that meets the standards. A refillable container must:

- for beer, have a capacity of not less than 32 ounces and not more than 128 ounces;
- for wine, have a capacity of not less than 17 ounces and not more than 34 ounces.
- be sealable;
- be branded with an identifying mark of the seller of the container;
- bear the federal health warning statement;
- display instructions for cleaning the container; and
- bear a label stating that cleaning the container is the responsibility of the consumer, and that the contents of the container are perishable and should be refrigerated immediately and consumed within 48 hours after purchase.

Local Revenues: Many local jurisdictions have advised that there is little interest for nonrefillable containers for draft beer. Of the counties that do expect interest in the permit, most expect the overall impact to be minimal because of the cost of the supplies, storage needs, and possible recycling issues involved with nonrefillable containers. Even though the overall fiscal impact is anticipated to be minimal, to the extent that a county realizes significant levels of interest, local revenues increase correspondingly due to the permit fees established by the bill and any existing application fees.

Exhibit 1
Jurisdictional Requirements for Issuance of the Nonrefillable Container Permit

<u>Jurisdiction</u>	<u>May Be Issued To</u>	<u>Hours of Sale</u>		<u>Permit Fees</u>	
		<u>Begin</u>	<u>End</u>	<u>Off-sale</u>	<u>On-sale</u>
City of Annapolis	Class A, B, D, E	Underlying license	Midnight	\$50	\$500
Anne Arundel	Class A, B, D	Underlying license	Midnight	50	500
Baltimore City	All except Class C or M-G	Underlying license	Midnight	50	500
Baltimore	Class A, B, D	Underlying license	Midnight	50	500
Calvert	Class A, B, D	Underlying license	Midnight	50	500
Caroline	Class B, H	Underlying license	Midnight	500	500
Carroll	Class A, B, D	Underlying license	Midnight	50	500
Cecil	Class A, B	Underlying license	Underlying license	50	50
Charles	Class A, B, C	Underlying license	Midnight	50	500
Dorchester	Class B, D	Underlying license	Midnight	50	500
Frederick	Class A, B	Not specified	Not specified	50	50
Garrett	See below ¹	Not specified	Not specified	Not specified	Not specified
Harford	Class A-1, A-2, B (off-sale), D	Not specified	Not specified	50	50
Howard	All except Class C and GC	Not specified	Not specified	No fee	No fee
Montgomery	Class BD-BWL and B or D beer and wine	Underlying license	Underlying license	No fee	No fee
Prince George's	Class B beer, wine, and liquor (off-sale)	Underlying license	Midnight	Set by board	Set by board
Queen Anne's	Class A, B, C, D	Underlying license	Midnight	50	500
St. Mary's	Class A, B, D	Underlying license	Midnight	50	500
Washington	Class A, B, D	Underlying license	Midnight	50	500
Wicomico	All except those specified	Underlying license	Midnight	500	500
Worcester	Class B, D	Underlying license	Midnight	500	500

¹In Garrett County, the board may issue the permit to a holder of a draft beer permit who also holds any other license except a Class A or Class C license.

Source: Department of Legislative Services

Additional Information

Prior Introductions: None.

Cross File: SB 491 (Senator Ready) - Education, Health, and Environmental Affairs.

Information Source(s): Baltimore City; Caroline, Carroll, Cecil, Charles, Frederick, Garrett, Montgomery, Prince George's, Queen Anne's, St. Mary's, and Worcester counties; Comptroller's Office, Department of Legislative Services

Fiscal Note History: First Reader - February 14, 2017
mm/tso Third Reader - March 17, 2017
Revised - Amendment(s) - March 17, 2017

Analysis by: Richard L. Duncan

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