

**Department of Legislative Services**  
 Maryland General Assembly  
 2017 Session

**FISCAL AND POLICY NOTE**  
**First Reader**

Senate Bill 275 (Senator Reilly)  
 Education, Health, and Environmental Affairs

**Alcoholic Beverages - Wine Village Permit**

This bill establishes a wine village permit that may be issued by the Comptroller to a Class 4 limited winery license holder for use at a location in an area that the governing body of a county or municipality designates as a wine village. The annual permit fee is \$250.

The bill takes effect July 1, 2017.

**Fiscal Summary**

**State Effect:** General fund revenues increase by \$250 annually for each wine village permit issued. The Comptroller’s Office incurs a one-time expenditure increase of \$38,000 in FY 2018 to create forms and make information technology programming changes.

(in dollars)	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
GF Revenue	-	-	-	-	-
GF Expenditure	\$38,000	\$0	\$0	\$0	\$0
Net Effect	(-)	-	-	-	-

*Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease*

**Local Effect:** Although the bill does not require local governments to designate areas as wine villages, to the extent a local government does so, its expenditures may increase for the maintenance and security of the established wine village.

**Small Business Effect:** Potential meaningful positive impact for small business limited wineries that obtain the bill’s new permit and increase sales of their products.

## Analysis

**Bill Summary:** The governing body of a county or municipality must inform the Comptroller within 30 days after it designates an area as a wine village. The Comptroller may issue an unlimited number of permits to a single holder of a Class 4 limited wine license; however, a separate permit must be issued for each location.

A permit holder must comply with all applicable zoning laws and other land use regulations of the jurisdiction where the wine village is located. However, at the discretion of the governing body, the license holder may be exempt from quotas, distance restrictions, or similar conditions that may be imposed under the Alcoholic Beverages Article. A permit holder may (1) sell its own wine or pomace brandy; (2) serve samples of up to two fluid ounces of its own wine and pomace brandy in a specified manner; and (3) sell or serve specified types of food. A caterer is not limited to selling or serving only the types of food specified by the bill. The permit holder or an entity in which the permitholder has a pecuniary interest may not act as a caterer of food. When wine is sold or provided at the location covered by the permit, at least one agent certified by an approved alcohol awareness program must be present.

A permit allows the holder to operate any day of the week from:

- 10 a.m. to 10 p.m. each day for off-premises consumption of wine or pomace brandy and for sampling; and
- 10 a.m. to 6 p.m. each day for on-premises consumption of wine and pomace brandy and food sales; or 10 a.m. to 10 p.m. each day if guests are attending a planned promotional event or other organized activity on the premises. At least 14 days before holding a planned promotional event after 6 p.m., the permit holder must provide notice of the event to the Comptroller.

A permit holder may not sell or allow to be consumed at the location for which the permit is issued any alcoholic beverages other than its own wine or pomace brandy. A permit holder may not ferment or bottle wine or distill and bottle pomace brandy at the location for which the permit is issued.

**Current Law:** A Class 4 limited winery license authorizes the license holder to use available Maryland agricultural products to ferment and bottle wine and distill and bottle up to 1,900 gallons of pomace brandy. The annual license fee is \$200.

The Comptroller may issue a winery off-site permit to a Class 4 limited winery. The permit may be used only (1) during the Montgomery County Agricultural Fair; (2) one night each week from June through November at the North Beach Friday Night Farmers' Market; (3) at an event that has as its major purpose an activity that is other than the sale and

promotion of alcoholic beverages and for which the participation of a winery is a subordinate activity; (4) at farmers' markets that are listed on the Farmers' Market Directory of the Maryland Department of Agriculture; and (5) at a wine festival that has as its primary purpose the promotion of Maryland wine and is authorized by the Comptroller.

**Background:** There are currently 88 Class 4 limited winery licenses issued in the State.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Comptroller's Office; Maryland Department of Agriculture; Department of Legislative Services

**Fiscal Note History:** First Reader - February 22, 2017  
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