

Department of Legislative Services  
Maryland General Assembly  
2018 Session

FISCAL AND POLICY NOTE  
Third Reader - Revised

House Bill 896

(Delegate Barkley)

Economic Matters

Education, Health, and Environmental Affairs

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Alcoholic Beverages – Class 6 Limited Wine Wholesaler’s License – Production  
Amounts and Sales

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This bill increases the amount of wine that can be produced by the holder of a Class 4 limited winery license that also has a Class 6 limited wine wholesaler’s license from 27,500 gallons to 35,000 gallons. The bill also authorizes a Class 6 license holder to sell its wine to a holder of a wholesaler’s license. **The bill takes effect July 1, 2018.**

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Fiscal Summary

**State Effect:** General fund revenues from alcoholic beverages taxes and sales taxes may increase, likely minimally, beginning in FY 2019 to the extent that limited wineries increase production; however, any such impact cannot be reliably estimated. Expenditures are not affected.

**Local Effect:** None.

**Small Business Effect:** Potential meaningful.

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Analysis

**Current Law:** A Class 4 limited winery license may be issued by the Comptroller and authorizes the sale and sampling of wine and pomace brandy produced by the license holder for consumption. A license holder may produce any amount of wine and up to 1,900 gallons of pomace brandy made from available Maryland agricultural products. A license holder may also purchase bulk wine and pomace brandy in a certain manner to blend with its own wine and pomace brandy. The annual license fee is \$200.

If a Class 4 limited winery produces no more than 27,500 of its own wine annually, then it may obtain a Class 6 limited wine wholesaler's license. The license allows the winery to sell and deliver its own wine produced at the licensed premises to a retailer or other person authorized to acquire the wine; however, a license holder may not sell the wine to another wholesaler. Without a Class 6 limited wine wholesaler's license, a Class 4 limited winery must sell its wine to a wholesaler because it cannot generally sell its wine directly to a retailer. The annual license fee is \$50.

**Background:** In February 2018, there were 93 Class 4 limited wineries, and 77 of those wineries had Class 6 limited wine wholesaler's licenses.

**Small Business Effect:** Small business Class 4 limited wineries that obtain a Class 6 limited wine wholesaler's license can produce more wine under the bill and can sell that wine to a holder of a wholesaler's license.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

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

**Fiscal Note History:** First Reader - February 18, 2018  
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