A BILL ENTITLED

AN ACT concerning

Alcoholic Beverages – Maryland Brewery Promotion Program – Establishment

FOR the purpose of establishing the Maryland Brewery Promotion Program in the Department of Commerce; providing for the purposes of the Program; requiring an applicant to meet certain requirements to qualify for participation in the Program; requiring an applicant to submit a certain application; authorizing the Program to provide certain grants to certain nonprofit organizations and government agencies, subject to a certain limitation; prohibiting a certain applicant from using a certain grant in a certain manner; establishing the Maryland Brewery Promotion Fund as a special, nonlapsing fund; specifying the purposes of the Fund; requiring the Secretary of Commerce to administer the Fund; requiring the State Treasurer to hold the Fund separately, and the Comptroller to account for the Fund; specifying the contents of the Fund; specifying the purposes for which the Fund may be used; providing for the investment of money in and expenditures from the Fund; authorizing the Secretary to adopt certain regulations; altering the distribution of certain alcoholic beverage tax revenue; defining certain terms; and generally relating to the Maryland Brewery Promotion Program.

BY adding to

Article – Economic Development
Section 5–1701 through 5–1705 to be under the new subtitle “Subtitle 17. Maryland Brewery Promotion Program”
Annotated Code of Maryland
(2018 Replacement Volume)

BY repealing and reenacting, with amendments,
Article – Tax – General
Section 2–301
Annotated Code of Maryland
(2016 Replacement Volume and 2018 Supplement)
BY repealing and reenacting, without amendments,
Article – Tax – General
Section 5–105
Annotated Code of Maryland
(2016 Replacement Volume and 2018 Supplement)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That the Laws of Maryland read as follows:

Article – Economic Development

SUBTITLE 17. MARYLAND BREWERY PROMOTION PROGRAM.

5–1701.

(A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.

(B) “FUND” MEANS THE MARYLAND BREWERY PROMOTION FUND.

(C) “PROGRAM” MEANS THE MARYLAND BREWERY PROMOTION PROGRAM.

5–1702.

(A) THERE IS A MARYLAND BREWERY PROMOTION PROGRAM IN THE DEPARTMENT.

(B) THE PURPOSES OF THE PROGRAM ARE TO:

(1) PROVIDE GRANTS TO NONPROFIT ORGANIZATIONS AND GOVERNMENT AGENCIES CONSISTENT WITH THE PURPOSES LISTED IN § 5–1703(C) OF THIS SUBTITLE; AND

(2) CONDUCT OTHER ACTIVITIES FOR THE PURPOSE OF PROMOTING:

(I) THE CREATION AND DEVELOPMENT OF MARYLAND BREWERIES;

(II) VISITS TO MARYLAND BREWERIES, INCLUDING VISITS FOR TOURISM, SPECIAL EVENTS, PRODUCT INTRODUCTIONS, AND BREWER EDUCATION; AND

(III) THE PRODUCTION AND CONSUMPTION OF MARYLAND BEER.
(A) To qualify for participation in the Program, an applicant shall be a nonprofit organization or a government agency.

(B) An applicant shall submit an application for a Program grant on the form that the Secretary requires.

(C) Subject to the availability of money in the Fund, the Program may provide to eligible applicants grants designed to:

   (1) foster the creation and expansion of Maryland breweries;

   (2) increase tourism visits to Maryland breweries;

   (3) encourage and create incentives for special events at breweries;

   (4) educate the public about brewing in Maryland, especially the history of the industry; and

   (5) promote Maryland beer.

(D) An eligible applicant may not use a grant provided under this subtitle to satisfy any part of a matching fund requirement of another State grant provided to the eligible applicant.

5–1704.

(A) There is a Maryland Brewery Promotion Fund.

(B) The purpose of the Fund is to provide grants that promote the advantages and attributes of Maryland breweries and beer brewed in Maryland.

(C) The Secretary shall administer the Fund.

(D) (1) The Fund is a special, nonlapsing fund that is not subject to reversion under § 7–302 of the State Finance and Procurement Article.

(2) The State Treasurer shall hold the Fund separately, and the Comptroller shall account for the Fund.
(E) The Fund consists of:

(1) Revenue distributed to the Fund under § 2–301(b) of the Tax–General Article;

(2) Money appropriated in the State budget for the Fund; and

(3) Any other money from any other source accepted for the benefit of the Fund.

(F) The Fund may be used only for:

(1) Grants that are consistent with the purposes of the Program under § 5–1703(c) of this subtitle to eligible applicants for:

   (I) Marketing;

   (II) Research;

   (III) Advertising;

   (IV) Retailer promotions;

   (V) Festival promotions; and

   (VI) Educational activities; and

(2) Administrative expenses of the Program.

(G) (1) The State Treasurer shall invest the money of the Fund in the same manner as other State money may be invested.

(2) Any interest earnings of the Fund shall be credited to the General Fund of the State.

(H) Expenditures from the Fund may be made only in accordance with the State budget.

5–1705.

The Secretary may adopt regulations to carry out this subtitle.

Article – Tax – General
(a) From the alcoholic beverage tax revenue, the Comptroller shall distribute the amount necessary to administer the alcoholic beverage tax laws to an administrative cost account.

(B) After making the distribution required under subsection (A) of this section, the Comptroller shall distribute the alcoholic beverage tax revenue collected under § 5–105(C) of this article on beer from a brewery for which a Class 5 brewery, Class 7 micro–brewery, or Class 8 farm brewery license is issued to the Maryland Brewery Promotion Fund established under § 5–1704 of the Economic Development Article.

(b) After making the distribution required under subsection (a) of this section, the Comptroller shall distribute the remaining alcoholic beverage tax revenue to the General Fund of the State.

(a) Except as provided in subsection (d) of this section, the alcoholic beverage tax rate for distilled spirits is:

(1) $1.50 for each gallon or 39.63 cents for each liter; and

(2) if distilled spirits contain a percentage of alcohol greater than 100 proof, an additional tax, for each 1 proof over 100 proof, of 1.5 cents for each gallon or 0.3963 cents for each liter.

(b) Except as provided in subsection (d) of this section, the alcoholic beverage tax rate for wine is 40 cents for each gallon or 10.57 cents for each liter.

(c) Except as provided in subsection (d) of this section, the alcoholic beverage tax rate on beer is 9 cents for each gallon or 2.3778 cents for each liter.

(d) The tax imposed under § 5–102(b) of this subtitle shall equal the amount that the discriminating jurisdiction charges a Maryland licensee or permit holder.

(e) The revenue generated from the tax imposed under subsection (b) of this section on wine produced at wineries licensed under the Alcoholic Beverages Article shall be distributed to the Maryland Wine and Grape Promotion Fund under § 2–1102 of the Agriculture Article.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2019.