

Department of Legislative Services  
Maryland General Assembly  
2019 Session

FISCAL AND POLICY NOTE  
First Reader

House Bill 333 (Montgomery County Delegation)  
Economic Matters

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Montgomery County - Alcoholic Beverages - Micro-Breweries and Farm  
Breweries  
MC 18-19

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This bill expands the privileges of a brewery that holds a Class 7 micro-brewery license, Class 8 farm brewery license, or Class 7 limited beer wholesaler's license but only if the brewery is located in Montgomery County. **The bill takes effect July 1, 2019.**

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Fiscal Summary

**State Effect:** General fund revenues from alcoholic beverages licenses, taxes, and sales taxes may increase minimally beginning in FY 2020 to the extent that additional brewery licenses are issued in Montgomery County and affected breweries increase production; however, any such impact cannot be reliably estimated. Expenditures are not materially affected.

**Local Effect:** The bill does not directly affect Montgomery County operations or finances.

**Small Business Effect:** Meaningful.

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Analysis

**Bill Summary:** The holder of a Class 7 micro-brewery license in Montgomery County may produce any amount of beer each year.

The holder of a Class 8 farm brewery license in Montgomery County is authorized to (1) produce any amount of beer each year and (2) engage in retail sales and food service during the same hours and days established for a Class B beer, wine, and liquor license.

A brewery of any type in Montgomery County may obtain a Class 7 limited beer wholesaler's license if it produces up to 45,000 barrels of beer each year in aggregate from all of its locations. The holder of a Class 7 limited beer wholesaler's license in the county may distribute up to 6,000 barrels of its own beer each year.

**Current Law:** Generally, a Class 7 micro-brewery license may be issued only to the holder of a Class B beer, wine, and liquor (on-sale) license that is issued for use at a restaurant. A license holder may brew, bottle, or contract for up to 22,500 barrels of beer each calendar year. However, any beer produced under a contractual arrangement accrues to the license holder that owns the brand. The license holder is authorized to sell for on-premises consumption up to 4,000 barrels of beer brewed under the license, with specified restrictions. A license holder may sell at retail beer brewed under the license for off-premises consumption in a sealed refillable container or a nonrefillable container. The annual license fee is \$500.

In general, a Class 8 farm brewery license authorizes the license holder to brew, bottle, or contract for up to 15,000 barrels of beer each year; however, that beer must be manufactured with an ingredient from a Maryland agricultural product, including hops, grain, and fruit, and produced on the licensed farm. The license holder may (1) sell the beer produced for on-premises consumption and (2) sell and deliver the beer to a licensed wholesaler or a person in another state authorized to acquire beer. The annual license fee is \$200.

A Class 7 limited beer wholesaler's license may be issued to the holder of a Class 5 brewery license, Class 7 micro-brewery license, or Class 8 farm brewery license but only if the brewery produces less than 22,500 barrels of beer each year in aggregate from all of its locations. The holder of a Class 7 limited beer wholesaler's license may distribute up to 3,000 barrels of its own beer each year. The annual license fee is \$50. The license holder may use a second location for the warehousing, sale, and delivery of beer if approved by the Comptroller's Office and for an additional \$50 fee.

**Background:** As of February 2019, there were 36 Class 7 micro-brewery, 20 Class 8 farm brewery, and 77 Class 7 limited beer wholesaler's licenses issued in the State.

**Small Business Effect:** The bill significantly increases the amount of beer that may be produced and sold for on-premises consumption by a Class 7 micro-brewery and Class 8 farm brewery in Montgomery County. Furthermore, the bill allows a brewery located in Montgomery County to sell its own product at wholesale if it obtains a Class 7 limited beer wholesaler's license.

## **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

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

**Fiscal Note History:** First Reader - February 13, 2019  
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