

Department of Legislative Services  
Maryland General Assembly  
2020 Session

FISCAL AND POLICY NOTE  
First Reader

House Bill 88

(St. Mary's County Delegation)

Economic Matters

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St. Mary's County - Alcoholic Beverages - On-Site Consumption Permit

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This bill authorizes the St. Mary's County Board of License Commissioners to issue an on-site consumption permit to the holder of a Class 1 distillery license. The permit authorizes the sale of mixed drinks made from liquor produced by the distillery that is mixed with other nonalcoholic ingredients for on-premises consumption. The annual fee for the permit is \$650.

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Fiscal Summary

**State Effect:** None.

**Local Effect:** St. Mary's County revenues increase based on the number of on-site consumption permits issued as a result of the bill. St. Mary's County can monitor licenses with existing resources.

**Small Business Effect:** Overall, minimal but potential meaningful for distilleries that are able to obtain an on-site consumption permit under the bill.

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Analysis

**Current Law:** A Class 1 distillery license is issued by the Comptroller's Office and authorizes the establishment and operation of a plant for distilling brandy, rum, whiskey, alcohol, and neutral spirits at the location described in the license. It also authorizes the sale and delivery of those alcoholic beverages, with specified restrictions. The annual license fee is \$2,000.

A distillery may only use up to 7,750 gallons of liquor annually for mixed drinks sold through an on-premises consumption permit.

A Class 1 distillery license also authorizes the license holder to conduct guided tours, serve samples, and sell up to 2.25 liters of products manufactured on the licensed premises, for consumption off the licensed premises, and related merchandise, to persons of legal drinking age who participate in a guided tour of the licensed premises.

**Background:** St. Mary's County advises that there are two Class 1 distillery alcoholic beverages licenses issued in the county. In fiscal 2019, there were 170 alcoholic beverages licenses issued in St. Mary's County.

**Small Business Effect:** Small business distilleries that obtain the on-site consumption permit may benefit from increased sales and reputation as consumers visit the distillery to sample the distillery's products.

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### **Additional Information**

**Prior Introductions:** None.

**Designated Cross File:** None.

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

**Fiscal Note History:** First Reader - January 28, 2020  
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