

Department of Legislative Services  
Maryland General Assembly  
2022 Session

FISCAL AND POLICY NOTE  
Third Reader

Senate Bill 569

(Senator Simonaire)

Education, Health, and Environmental Affairs

Economic Matters

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Alcoholic Beverages - Class 4 Limited Winery Licenses - Extension

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This bill grants additional time for certain holders of Class 4 limited winery licenses to comply with the requirements of Chapter 542 of 2018, which modified the eligibility requirements to obtain and maintain a Class 4 limited winery license. As a result of the change, a person who held a Class 4 limited winery license on or before June 30, 2018, is required to meet the eligibility requirements of Chapter 542 by May 1, 2024, instead of May 1, 2022. **The bill takes effect April 15, 2022.**

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Fiscal Summary

**State Effect:** The bill's requirements can be handled using existing budgeted resources. Revenues are not materially affected, as discussed below.

**Local Effect:** The bill does not affect local government operations or finances.

**Small Business Effect:** Meaningful.

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Analysis

**Current Law:** A Class 4 limited winery license may be issued by the Alcohol and Tobacco Commission (ATC) and authorizes the production, sale, and sampling of wine and pomace brandy, as specified. The annual license fee may not exceed \$200.

Chapter 542 established stricter requirements for a person to obtain and maintain a Class 4 limited winery license but does not apply the eligibility requirements to a person who held a Class 4 limited winery license on or before June 30, 2018, until May 1, 2022.

Additionally, Chapter 542 authorized the Secretary of Agriculture to grant a one-year exemption to the eligibility requirements.

Specifically, Chapter 542 required the holder of a Class 4 limited winery license to (1) own or have under contract at least 20 acres of grapes or other fruit in cultivation in the State for use in the production of wine or (2) if less than 20 acres are owned or under contract, ensure that at least 51% of the ingredients used in the annual production of wine are grapes or other fruit grown in the State.

**State Revenues:** ATC estimates that there are about 11 Class 4 wineries that are not yet in compliance with the eligibility requirements established by Chapter 542. Absent the bill, some or all of these wineries will be ineligible for a Class 4 license beginning May 1, 2022. As such, the bill allows ATC to continue to issue licenses to these wineries through April 30, 2024, increasing general fund revenues negligibly (by a maximum of approximately \$2,500 per year).

**Small Business Effect:** ATC advises that some of the aforementioned Class 4 wineries that are not in compliance with Chapter 542 are small businesses and, absent the bill, may be required to cease operations if they cannot comply with Chapter 542 by May 1, 2022.

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### **Additional Information**

**Prior Introductions:** None.

**Designated Cross File:** HB 924 (Delegate Valderrama) - Economic Matters.

**Information Source(s):** Alcohol and Tobacco Commission; Maryland Department of Agriculture; Department of Legislative Services

**Fiscal Note History:** First Reader - February 10, 2022  
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