

**Department of Legislative Services**  
Maryland General Assembly  
2024 Session

**FISCAL AND POLICY NOTE**  
**Third Reader - Revised**

House Bill 587

(Frederick County Delegation)

Economic Matters

Finance

---

**Frederick County - Alcoholic Beverages - Manufacturer's Limited Beer, Wine,  
and Liquor Permit**

---

This bill authorizes the Frederick County Board of License Commissioners to issue a manufacturer’s limited beer, wine, and liquor (BWL) permit to a holder of a Class 1 distillery license or a Class 5 brewery license. The permit authorizes the holder to allow a licensed caterer or other contracted party to provide sealed beer, wine, and liquor products not manufactured by the holder during private events for on-premises consumption at the licensed premises. The license holder may not allow patrons who are visiting any part of the manufacturer’s licensed premises that is open to the public to enter the private event area while the private event is being held. The license holder may not have a direct or indirect pecuniary interest in the licensed caterer or other contracted party. The license holder must request approval from the board before each event. The board must adopt regulations, including criteria for approving events and setting the annual permit fee. **The bill takes effect July 1, 2024.**

---

**Fiscal Summary**

**State Effect:** None.

**Local Effect:** Frederick County revenues increase beginning in FY 2025 from the issuance of manufacturer’s limited BWL permits, as discussed below. Frederick County can handle any additional enforcement activity using existing budgeted resources.

**Small Business Effect:** Potential meaningful.

---

## Analysis

### Current Law:

#### *Class 1 Distillery License*

A Class 1 distillery license 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.

Local licensing boards may grant an on-site consumption permit to a holder of a Class 1 distillery license, which authorizes the license holder to use up to 7,750 gallons of liquor annually for mixed drinks sold through an on-premises consumption permit.

#### *Class 5 Brewery License*

The holder of a Class 5 brewery license may (1) establish and operate a plant for brewing and bottling malt beverages at the location described in the license; (2) import beer from a holder of a nonresident dealer's permit; (3) contract to brew and bottle beer on behalf of other license holders; and (4) sell and deliver beer to a holder of a beer wholesaler's license. The annual license fee is \$1,500.

Local licensing boards may issue on-premises consumption permits to applicants that hold a Class 5 brewery license and a Class D beer license. A local licensing board that does not issue a Class D beer license must establish an equivalent license and require the applicant to obtain that license before issuing a permit for on-premises consumption.

**Local Fiscal Effect:** Frederick County advises that the board will likely issue up to nine manufacturer's limited (BWL) permits to eligible holders of a Class 1 distillery license or a Class 5 brewery license. Although the bill requires the board to adopt regulations to set an annual permit fee, Frederick County advises that the annual permit fee will likely be \$500. To the extent that the board issues a manufacturer's limited (BWL) permit to the nine eligible license holders, revenues increase by approximately \$4,500 annually beginning in fiscal 2025.

**Small Business Effect:** Small business distilleries and breweries that obtain the manufacturer's limited (BWL) permit may benefit from the ability to provide sealed beer, wine, and liquor products not manufactured by the holder during private events for on-premises consumption at the licensed premises.

## Additional Information

**Recent Prior Introductions:** Similar legislation has not been introduced within the last three years.

**Designated Cross File:** SB 561 (Frederick County Senators) - Finance.

**Information Source(s):** Frederick County; Department of Legislative Services

**Fiscal Note History:** First Reader - February 14, 2024  
js/tso Third Reader - March 18, 2024  
Revised - Amendment(s) - March 18, 2024

---

Analysis by: Amberly E. Holcomb

Direct Inquiries to:  
(410) 946-5510  
(301) 970-5510