

Department of Legislative Services  
Maryland General Assembly  
2000 Session

FISCAL NOTE  
Revised

House Bill 1123 (Delegate Barve)

Economic Matters

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Alcoholic Beverages - Hard Cider

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This bill treats hard cider the same as beer for the purposes of alcoholic beverage regulation and alcoholic beverage taxation. Hard cider is defined as a beverage consisting primarily of apples or apple concentrate, with no other fruit product, that is at least one-half of 1% but less than 7% alcohol by volume.

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Fiscal Summary

**State Effect:** State general fund revenues would decrease by approximately \$11,334 in FY 2001, and about \$15,000 annually thereafter, due to the loss in tax revenue resulting from hard cider being taxed as beer instead of as wine.

**Local Effect:** Potential loss in revenues for counties in which the licensing fee for a beer license is less than the fee for a beer and light wine license. Retail alcoholic beverage licensees with beer and light wine licenses that sell only beer and hard cider would be able to continue business with a beer only license. Any loss in licensing revenues for the local boards of license commissioners is expected to be minimal.

**Small Business Effect:** Minimal.

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Analysis

**Current Law:** Hard cider, because it is a fermented beverage, is considered wine for licensing, regulation, and taxing purposes.

**State Revenues:** The State currently taxes hard cider as a wine at 40 cents per gallon. If redefined as a beer, the tax would only be nine cents on every gallon sold. The Office of the

Comptroller does not keep specific statistics on hard cider, but has estimated that the revenues collected for the sale of hard cider are less than one-half of 1% of the total revenues collected for the sale of wine. The State collected \$3.9 million in tax revenue from wine sales, so the revenue from hard cider sales is estimated at \$19,500. At 40 cents per gallon, this represents 48,750 gallons of hard cider sold. At nine cents per gallon, the annual tax revenue generated for this volume is \$4,388, a decrease of \$15,112. Due to the bill's October 1, 2000 effective date, the loss of revenue in fiscal 2001 is estimated at \$11,334.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** SB 757 (Senator Astle) - Economic and Environmental Affairs.

**Information Source(s):** Office of the Comptroller, Department of Legislative Services

**Fiscal Note History:** First Reader - February 28, 2000  
drg/jr Revised - House Third Reader - March 23, 2000

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