

Department of Legislative Services

Maryland General Assembly

2001 Session

FISCAL NOTE

House Bill 962 (Delegate McIntosh, *et al.*)

Economic Matters

**Alcoholic Beverages - Interstate Shipment - Wine Clubs and On-Site Winery
Purchasers**

This bill exempts persons in the business of selling or distributing wine in or from another state who ship no more than two bottles of wine per month directly to a recipient from the prohibition against directly selling or distributing wine to an unlicensed recipient in Maryland, if the recipient purchases wine as a member of a wine club or purchases the wine from the person on the premises of the winery.

Fiscal Summary

State Effect: Excise tax revenues and sales and use tax revenues would decrease if less wine is purchased in Maryland as a result of the bill.

Local Effect: None.

Small Business Effect: Minimal.

Analysis

Current Law: Persons who sell or distribute alcoholic beverages in or from another state, including alcoholic beverages ordered or purchased through a computer network, may not ship, cause to be shipped, or deliver alcoholic beverages directly to a recipient in Maryland if the seller, distributor, shipper, transporter, or recipient does not hold an alcoholic beverages license or permit. It is a felony for a person outside Maryland to ship wine to an unlicensed recipient in Maryland. A violator is subject to a fine not exceeding \$1,000 or imprisonment exceeding two years, or both (Chapter 616 of 1999).

Background: Wine of the month clubs typically ship a bottle of wine each month to persons who have paid a fee to cover the monthly costs of the product and shipping.

State Revenues: It is not known how much wine is shipped into the State from wine clubs or how much wine is purchased on winery premises. In any event, general fund revenues (excises taxes and sales and use taxes) would decrease if less wine is sold in Maryland as a result of this bill. An excise tax of 40 cents per gallon is paid by the wholesaler and a 5% sales tax is paid by the purchaser. The Office of the Comptroller advises that no one outside Maryland has been convicted and no one has been fined for shipping alcoholic beverages to an unlicensed recipient in Maryland.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Comptroller of the Treasury (Alcohol and Tobacco Tax Division), Department of Legislative Services

Fiscal Note History: First Reader – March 1, 2001
jm/jr

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