

Department of Legislative Services
Maryland General Assembly
2005 Session

FISCAL AND POLICY NOTE
Revised

House Bill 851

(Cecil County Delegation)

Economic Matters

Education, Health, and Environmental Affairs

Caroline County and Cecil County - Alcoholic Beverages - Wineries

This bill adds Caroline and Cecil counties to the list of counties in which a holder of a Class 4 manufacturer's license (limited winery) may also hold a Class A light wine license. Additionally, an applicant for a Class A/Class 4 manufacturer's license in Cecil County would be is exempt from quotas regarding the number of licenses in the particular election district in which the winery is located. The annual license fee for a Class A/Class 4 license in Caroline County would be set by the Caroline County Board of License Commissioners with the approval of the Board of County Commissioners. In Cecil County, the annual license fee would be \$50.

Additionally, the bill increases the maximum allowable percentage of alcohol by volume that defines light wine in Cecil County from 15.5% to 22%.

The bill takes effect July 1, 2005.

Fiscal Summary

State Effect: None.

Local Effect: Caroline County license fee revenues could increase to the extent of the license fee imposed by the board of license commissioners. Cecil County license fee revenues would increase by \$50 for each Class A light wine license issued. In both jurisdictions, monitoring of such licenses could be handled with existing resources.

Small Business Effect: Potential meaningful for future holders of a Class 4 manufacturer's license in Caroline and Cecil counties. Additionally, in Cecil County those businesses which are authorized to sell light wine would be able to sell stronger wines due to the increased maximum allowable percentage of alcohol by volume for light wines.

Analysis

Current Law: The maximum percentage of alcohol by volume that defines light wine in Cecil County is 15.5%. In 14 counties – Baltimore, Caroline, Carroll, Dorchester, Frederick, Garrett, Kent, Montgomery, Queen Anne’s, St. Mary’s, Somerset, Talbot, Wicomico, and Worcester – the maximum percentage of alcohol by volume that defines light wine is 22%. In Harford County, the maximum allowable percentage is 23%.

Thirteen counties (Baltimore, Calvert, Carroll, Dorchester, Frederick, Garrett, Harford, Montgomery, Queen Anne’s, St. Mary’s, Somerset, Talbot, and Washington) are authorized to issue a Class A light wine license to holders of a Class 4 manufacturer’s license. Seven counties (Baltimore, Frederick, Garrett, Harford, Somerset, Talbot, and Washington) are authorized to issue a Class A light wine license to a holder of a Class 3 manufacturer’s license.

A holder of a Class 4 manufacturer’s license is authorized to sell no more than one quart of wine per year to an individual participating in a guided tour of the facility. A Class A light wine license would allow a winery to sell, at retail, any amount of wines produced at the winery.

Background: In fiscal 2004, only nine Class A light wine licenses were issued statewide. There are currently 16 holders of a Class 4 manufacturer’s license in Maryland, none of which are in Caroline and Cecil counties. There are no holders of a Class 3 manufacturer’s license statewide.

Wine making technology has evolved over the last 20 years and many wines now have alcohol by volume percentages higher than 15.5%. Additionally, new products such as “ice” wines and certain types of brandy and sherry have alcohol content by volume greater than 15.5%.

Local Fiscal Effect: In Caroline County, the amount that annual license fee revenues would increase depends on the annual license fee set by the board of license commissioners and the board of county commissioners. Caroline County advises that there are currently no wineries or prospective wineries in the county; as such, the county does not anticipate issuing any Class A licenses at this time. The bill, however, would allow future licensed limited wineries to obtain a Class A license.

Increasing the maximum allowable percentage of alcohol by volume that defines light wines would not impact Cecil County revenues. Cecil County license fee revenues would increase by \$50 for each Class A light wine license issued. There are presently no licensed wineries in Cecil County; however, the county advises that there are two

prospective wineries in the county. Future licensed limited wineries in the county would be able to obtain a Class A light wine license. Monitoring of such licensees could be handled with existing resources.

Additional Information

Prior Introductions: None.

Cross File: SB 451 (Cecil County Senators) – Education, Health, and Environmental Affairs.

Information Source(s): Caroline County, Cecil County, Comptroller's Office, Department of Legislative Services

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