

Department of Legislative Services
Maryland General Assembly
2006 Session

FISCAL AND POLICY NOTE

House Bill 1302
Economic Matters

(Delegate Stull, *et al.*)

Micro-Breweries - Sales and Delivery of Beer to Licensed Retailers

This bill authorizes a holder of a Class 7 micro-brewery license to sell and deliver up to 5,000 barrels of beer in a calendar year to a licensed retailer of beer. The license holder must be a corporation that has held a certificate of good standing issued by the State Department of Assessments and Taxation for at least two years.

The bill takes effect July 1, 2006.

Fiscal Summary

State Effect: None. The Comptroller's Office advises that it does not expect the number of micro-breweries to change as a result of the bill, nor does it anticipate a change in the amount of taxes collected; therefore, the bill would not affect State finances.

Local Effect: None.

Small Business Effect: Potential meaningful for a holder of a Class 7 micro-brewery license.

Analysis

Current Law: Class 7 micro-brewery (on- and off-sale) licenses are issued by the Comptroller's Office, and only in 16 jurisdictions – Allegany, Anne Arundel, Baltimore, Calvert, Carroll, Charles, Dorchester, Frederick, Garrett, Harford, Howard, Montgomery, Prince George's, and Talbot counties, and Baltimore City and Annapolis. This license may only be issued to (1) a holder of a Class B beer, wine, and liquor (on-sale) license;

(2) to a holder of a Class D license under certain circumstances in the 22nd alcoholic beverages district in Prince George's County; and (3) to a holder of a Class H beer and light wine license under certain circumstances in Montgomery County.

A Class 7 micro-brewery license holder may brew and bottle malt beverages; however, he/she may not collectively brew, bottle, or contract for more than 22,500 barrels of malt beverages each calendar year. The on-sale privilege authorizes the holder to sell at retail up to 4,000 barrels of beer brewed by the license holder each calendar year for consumption on the premises. The off-sale privilege authorizes the license holder to sell and deliver beer brewed by the license holder to (1) any wholesaler licensed to sell beer in the State, or (2) any person outside of the State authorized under his/her state's respective laws to receive brewed beverages.

A holder of a Class 7 microbrewery license is prohibited from obtaining a wholesale alcoholic beverages license.

Background: In its *Alcohol and Tobacco Tax Annual Report*, the Comptroller's Office reports that there were 16 Class 7 micro-brewery licenses issued in fiscal 2005.

Small Business Effect: To the extent that micro-breweries are able to sell up to 5,000 barrels of its product directly to retailers, there could be a potential meaningful positive impact on these license holders.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Comptroller's Office, Harford County, Prince George's County, Queen Anne's County, Department of Legislative Services

Fiscal Note History: First Reader - March 2, 2006
ncs/hlb

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