

Department of Legislative Services
Maryland General Assembly
2006 Session

FISCAL AND POLICY NOTE

House Bill 1612
Economic Matters

(Allegany County Delegation)

Education, Health, and Environmental
Affairs

Allegany County - Micro-Breweries - Retail Off-Sale Privileges

This bill allows a holder of a Class 7 micro-brewery (on- and off-sale) license in Allegany County to sell retail beer brewed under the license to customers for consumption off the licensed premises in refillable containers sealed by the micro-brewery licensee at the time of each refill.

The bill takes effect July 1, 2006.

Fiscal Summary

State Effect: General fund revenues would increase by \$500 for each Class 7 micro-brewery license issued as a result of the bill's changes.

Local Effect: Allegany County revenues would increase by \$800 for each Class B beer, wine, and liquor license issued in conjunction with a Class 7 micro-brewery license issued as a result of the bill's changes.

Small Business Effect: The bill's changes could encourage small business breweries to locate in Allegany County.

Analysis

Current Law: A Class 7 micro-brewery license is issued by the State Comptroller and may only be issued to a holder of a Class B beer, wine, and liquor (on-sale) license issued for use on the premises of a restaurant located in a jurisdiction in which a Class 7 micro-brewery license is authorized to be issued. A license holder may brew and bottle malt

beverages at the license location and may obtain a Class 2 rectifying license for a premises within one mile of the Class 7 micro-brewery location to bottle malt beverages brewed at the micro-brewery location only. The holder may contract with other specified licensees or a holder of a nonresident dealer's permit to brew and bottle malt beverages on their behalf, but may not collectively brew, bottle, or contract for more than 22,500 barrels each calendar year for which the holder is the brand owner of the beer. The holder may produce more than 22,500 barrels if the holder divests himself or herself of any other retail licenses and obtains a Class 5 manufacturer's license.

Under the on-sale privilege, the license holder may sell up to 4,000 barrels of beer brewed under the license for consumption on the licensed premises. The off-sale privilege authorizes the holder to sell and deliver beer brewed under the license to any wholesaler licensed to sell beer in the State or any person in another state authorized under the laws of that state to receive brewed beverages.

Specifically in Allegany County, a license holder may brew in one location and contract for bottling in another location. The license holder does not need to meet the hotel/motel requirements for a Class B beer, wine, and liquor license but must meet the requirements for Class B beer, wine, and liquor-licensed restaurants.

The annual fee for a Class 7 micro-brewery license is \$500.

The annual fee for a Class B beer, wine, and liquor license in Allegany County is \$800.

Background: There are currently 14 Class 7 micro-brewery licenses issued in the State; however, none are currently located in Allegany County.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Allegany County, Department of Legislative Services

Fiscal Note History: First Reader - March 16, 2006
ncs/hlb

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