

Department of Legislative Services
Maryland General Assembly
2006 Session

FISCAL AND POLICY NOTE

House Bill 624
Economic Matters

(Delegate Petzold, *et al.*)

Wineries - Repeal of Limits on Sales to Persons on Tour of Facilities

This bill repeals the maximum amount of wine that a holder of a Class 3 manufacturer's license (winery) and the maximum amount of wine and pomace brandy that a holder of a Class 4 manufacturer's license (limited winery) may sell to an individual of legal drinking age participating in a guided tour of the facility.

The bill takes effect July 1, 2006.

Fiscal Summary

State Effect: None.

Local Effect: Potential minimal decrease in licensee fee revenues resulting from a potential decrease in the number of Class A light wine licenses issued. Expenditures would not be affected.

Small Business Effect: Overall minimal. Potential meaningful for licensed wineries and limited wineries that are currently not able to obtain a Class A light wine license.

Analysis

Current Law: A holder of a Class 3 manufacturer's license may sell wine made from products grown in Maryland at a retail price at the plant to persons participating in a guided tour of the facility, provided that the purchaser is of legal drinking age and provided that the purchase is limited to one quart per person per year.

A holder of a Class 4 manufacturer's license may sell wine and pomace brandy made at the plant to persons participating in a guided tour of the facility, provided that the purchaser is of legal drinking age and provided that the purchase is limited to one quart of each brand per person per year.

Background: Class 3 and Class 4 manufacturer's licenses are issued by the State. There are currently 22 licensed wineries in the State, all of which are holders of Class 4 manufacturer's licenses.

Class A Light Wine Licenses

A Class A light wine license may be issued to a holder of a Class 4 manufacturer's license in 16 counties – Anne Arundel, Baltimore, Calvert, Caroline, Carroll, Cecil, Dorchester, Frederick, Garrett, Harford, Montgomery, Queen Anne's, St. Mary's, Somerset, Talbot, and Washington. A Class A light wine license may be issued to a holder of a Class 3 manufacturer's license in eight counties – Anne Arundel, Baltimore, Frederick, Garrett, Harford, Somerset, Talbot, and Washington.

In Kent County, the Board of License Commissioners, may issue a Class A light wine license which authorizes the licensee to keep for sale, and to sell, light wines at retail, in any quantity and to any consumer, at the place described in the license.

Generally, a Class A light wine license authorizes the holder to keep for sale and to sell light wines produced at the winery in any quantity to any consumer at retail at the place described in the license. A light wine is defined as a fermented beverage that does not contain more than 15.5% of alcohol by volume. Exceptions to this are Baltimore, Caroline, Carroll, Cecil, Dorchester, Frederick, Garrett, Kent, Montgomery, Queen Anne's, St. Mary's, Somerset, Talbot, Wicomico, and Worcester counties, where light wine can have up to 22% alcohol by volume. In Harford County, light wine can have up to 23% alcohol by volume.

The annual fee for a Class A light wine license is \$50, except in Montgomery and Harford counties where the annual fee is \$100. In Caroline County, the annual fee is set by the board of county commissioners. In Kent County the annual license fee for a Class A light wine license is \$150.

Baltimore City and Garrett County are authorized to issue Class A2 light wine (on- and off-sale) licenses to holders of a Class 3 or Class 4 manufacturer's license. The off-sale privilege authorizes the holder to sell at retail the wine produced or bottled on the winery premises for off-premises consumption only. The on-sale privilege authorizes the holder to sell at retail the wine produced or bottled on the winery premises by the drink in a

restaurant owned and operated by the holder of the license located immediately adjacent to the winery premises. In Baltimore City, the annual license fee for this license is \$250; and in Garret County the annual license fee is \$150 as well as a one time issuance fee of \$150.

Local Fiscal Effect: The Comptroller's Office advises that, as a consequence of the bill, licensed wineries and limited wineries may opt not to obtain Class A light wine licenses in counties authorized to issue Class A light wine licenses. To the extent that the number of Class A light wine licenses decreases in a jurisdiction, county revenues would decrease by the annual license fee for that license.

Small Business Effect: Repealing the limit of wine a Class 3 or Class 4 winery or limited winery is able to sell to an individual participating in a guided tour of the facility could boost sales for these establishments. To the extent that a winery or limited winery currently has a Class A light wine license, the effect of the bill's provisions on these establishments would likely be minimal.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Comptroller's Office, Montgomery County, Prince George's County, Talbot County, Department of Legislative Services

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