

Department of Legislative Services
Maryland General Assembly
2007 Session

FISCAL AND POLICY NOTE

Senate Bill 425 (Senators Middleton and Munson)
Education, Health, and Environmental Affairs

Wineries - Special Event Permits - Farmers' Markets

This bill increases existing limits on the number of winery special event permits that may be issued to a Class 4 Maryland limited winery and authorizes the Comptroller to issue an unlimited number of winery special event permits for use at certain farmers' markets. The bill also modifies limitations on wine sales to individuals at any given event, festival, or farmers' market.

The bill takes effect June 1, 2007.

Fiscal Summary

State Effect: Minimal general fund revenue increase beginning in FY 2007. No effect on expenditures.

Local Effect: None.

Small Business Effect: Meaningful positive impact.

Analysis

Bill Summary: Generally, a Class 4 Maryland limited winery can be issued at most 18 special event permits in a calendar year. However, a winery may not use more than five winery special event permits within the same political subdivision in a calendar year. Further, no more than 12 750 ml bottles of wine may be sold to a consumer at any given event or festival for off-premises consumption.

These limits on the number of permits issued do not apply to those for use at a farmers' market officially listed by the Maryland Department of Agriculture. However, a permit holder may not sell wine by the glass at a farmers' market.

Current Law: The Comptroller's Office is authorized to issue up to 12 winery special event permits to a holder of a Class 4 manufacturer's (Maryland limited winery) license in any given calendar year. No more than three winery special event permits may be issued for use in the same political subdivision during a calendar year.

The permit may only be issued for an event which (1) has as its major purpose an activity other than the sale and promotion of alcoholic beverages and for which the participation of the winery is a subordinate activity; (2) is approved by the Maryland Department of Agriculture and the Comptroller's Office; and (3) is held on a nonlicensed premises or a premises on which a person may obtain a temporary alcoholic beverages license.

A winery special event permit authorizes the permit holder to provide one-ounce samples, sell wine by the glass for on-premises consumption, and sell no more than four 750 ml bottles of wine to a consumer for off-premises consumption.

The fee for a winery special event permit is \$25 per event.

State Effect: The Comptroller issued 39 winery special event permits in 2006. At most, three wineries were issued the maximum number of special event permits (12). Increased permit revenues resulting from these three wineries being issued six more special event permits each would be \$450 annually.

There are 77 farmers' markets currently registered with the Maryland Department of Agriculture. It is unclear how many of the 25 Class 4 Maryland limited wineries would seek additional permits to sell at farmers' markets. The potential revenue increase of \$25 each for additional permits issued is not expected to have a significant impact on State finances. The Comptroller advises that additional permit activity could be handled with existing resources.

Small Business Effect: This bill would have a positive impact on certain Class 4 limited wineries. The availability of unlimited permits for farmers' markets, the increased limit on bottles of wine that may be sold, and increased limits on the number of other special events allowed would provide increased avenues for direct sales.

Additional Information

Prior Introductions: None, although HB 774 of 2006 proposed increasing the limits associated with special event permits. The bill was heard by the House Economic Matters Committee and was subsequently withdrawn.

Cross File: HB 522 (Delegate V. Clagett, *et al.*) – Economic Matters.

Information Source(s): Maryland Department of Agriculture, Comptroller's Office, Department of Legislative Services

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