

Department of Legislative Services  
Maryland General Assembly  
2008 Session

FISCAL AND POLICY NOTE

Senate Bill 592 (Senator Pinsky)  
Education, Health, and Environmental Affairs

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Micro-Breweries - Sales of Malt Beverages to Retail Licensees

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This bill authorizes a holder of a Class 7 micro-brewery license to sell and deliver up to 5,000 barrels of malt beverages that are brewed and bottled at the licensed micro-brewery to licensed retailers each calendar year.

The bill takes effect June 1, 2008.

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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.

**Local Effect:** None.

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

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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 • a holder of a Class B beer, wine, and liquor (on-sale) license; • to a holder of a Class D license under certain circumstances in the 22<sup>nd</sup> alcoholic beverages

district in Prince George's County; and • to a holder of a Class H beer and light wine license under certain circumstances in Montgomery County.

In Montgomery County, a holder of a Class 7 micro-brewery license must enter into a written agreement with the Department of Liquor Control for Montgomery County for the sale and resale of malt beverages brewed under this license in accordance with this article.

A Class 7 micro-brewery may not collectively brew, bottle, or contract for more than 22,500 barrels of malt beverages each year. A Class 7 micro-brewery may contract with certain alcoholic beverage licensees to brew and bottle malt beverages on their behalf. In Allegany County, the holder of a Class 7 license may brew in one location and may contract for the bottling of the malt beverage in another location.

**Background:** Chapter 111 of 2006 created a Class 6 limited wine wholesaler's license and a nonresident winery permit, which allowed small wineries to sell their product directly to a retail licensee or permit holder in the State authorized to acquire it. Chapter 80 of 2007 authorized a restaurant, county liquor dispensary, or a retail dealer in Montgomery County to purchase wine directly from a holder of a Class 6 limited wine wholesaler's license or a nonresident winery permit.

The Comptroller's Office reports that there are 13 Class 7 micro-breweries in the State.

**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.

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### Additional Information

**Prior Introductions:** None.

**Cross File:** None.

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

**Fiscal Note History:** First Reader - March 4, 2008  
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