

Department of Legislative Services  
Maryland General Assembly  
2008 Session

FISCAL AND POLICY NOTE  
Revised

House Bill 5

(Kent County Delegation)

Economic Matters

Education, Health, and Environmental  
Affairs

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**Kent County - Alcoholic Beverages - Class A Light Wine Licenses**

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This bill authorizes the Kent County Commissioners to issue a Class A light wine license to the holder of a Class 3 or Class 4 manufacturer's license.

The bill takes effect July 1, 2008.

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**Fiscal Summary**

**State Effect:** None.

**Local Effect:** Kent County revenues could increase by a minimal amount. Local expenditures would not be affected.

**Small Business Effect:** Overall minimal. Potentially meaningful effect for start-up wineries.

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**Analysis**

**Current Law:** Light wine is defined as a fermented beverage that does not contain more than 15.5% alcohol by volume, except in a number of counties where the limit is 22% and Harford County where the limit is 23%. A Class A light wine sales license may be issued by the applicable county licensing authority to a Class 4 manufacturer's license holder and, in specified counties, to a Class 3 manufacturer's license holder.

A Class A light wine license generally authorizes the license holder to keep and sell light wines produced at the winery in unlimited amounts to retail consumers. The light wine must be packaged and cannot be opened or consumed on the licensed premises. Unless statutorily specified, a Class A light wine license fee is \$50.

A Class 3 wine manufacturer's license authorizes the license holder to establish and operate a plant for fermenting and bottling wine. With respect to sales, the license allows for the sale of a restricted amount of wine to retail customers participating in a guided tour of the facilities. The wine(s) offered for sale must be made from products grown in Maryland, and sales are limited to one quart per person per year. A Class 3 wine manufacturer can also sell and deliver wine to wholesale licensees in the State and authorized persons out of state.

A Class 4 manufacturer's license is a limited winery license that authorizes the license holder to establish and operate a winery producing wine and pomace brandy, generally from the Maryland agriculture products described within the license. With respect to sales, the license allows for the sale of a restricted amount of wine or pomace brandy to retail customers participating in a guided tour of the facilities; sales are limited to one quart per person per year. The license holder may also sell wine and pomace brandy by the glass to participants of a guided tour or attending a scheduled promotional event. The sale and delivery wine to wholesale licensees in the State and authorized persons out of state is also allowed.

**Background:** Nineteen counties are currently authorized to issue Class A light wine licenses. Baltimore City and Garrett County are authorized to issue Class A2 light wine sales licenses, allowing wine made from Maryland agricultural products to be sold either for off-premise consumption or by the drink in a restaurant owned and operated by the license holder and immediately adjacent to the winery. Currently, there are 29 Class 4 manufacturer's licensees operating in the State.

**Local Fiscal Effect:** The bill's changes would have a minimal effect on Kent County revenues. There are currently no Class 4 manufacturer's licensees (wineries) in Kent County. There are two vineyards capable of producing wine-quality grapes. The county would receive \$50 from each applicant for a Class A light wine license. Any additional monitoring and enforcement related to licensees could be handled with existing resources.

**Small Business Effect:** The bill's changes could provide incentive and make it easier to start a winery business in Kent County. The bulk of a smaller winery's sales often results from onsite sales or limited distribution by the winery itself (only five wineries in Maryland have distributors). The ability to sell wine onsite, regardless of whether

customers had taken a guided tour, likely would have a meaningful impact on the success of a start-up winery business and would continue to be important to the success of the business as the winery grew.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Kent County, Maryland Wineries Association, Department of Legislative Services

**Fiscal Note History:** First Reader - January 22, 2008  
sbd/hlb Revised - Clarification - May 8, 2008

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