

Department of Legislative Services
Maryland General Assembly
2008 Session

FISCAL AND POLICY NOTE

House Bill 136
Economic Matters

(Delegate Hecht, *et al.*)

Micro-Breweries - Sales and Delivery of Beer to Licensed Retailers

This bill authorizes a holder of a Class 7 micro-brewery license to sell and deliver up to 5,000 barrels of beer in a calendar year to a licensed retailer of beer. The license holder must be a corporation that has held a certificate of good standing issued by the State Department of Assessments and Taxation for at least two years.

The bill takes effect July 1, 2008.

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.

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 22nd 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.

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.

Additional Information

Prior Introductions: A similar bill, HB 1302 of 2006, received an unfavorable report from the House Economic Matters Committee.

Cross File: None.

Information Source(s): Baltimore City, Caroline County, Calvert County, Howard County, Montgomery County, Prince George's County, Comptroller's Office, Department of Legislative Services

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ncs/hlb

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