

**Department of Legislative Services**  
Maryland General Assembly  
2008 Session

**FISCAL AND POLICY NOTE**

House Bill 879  
Economic Matters

(Delegate Love)

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**Alcoholic Beverages - Definitions - Beer**

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This bill alters the definition of beer as provided under State law. The definition of beer is expanded to include alcoholic beverages that contain • 6% or less alcohol by volume, derived primarily from the fermentation of grain, with not more than 49% of the beverage's overall alcohol content by volume obtained from flavors and other added nonbeverage ingredients containing alcohol; or • more than 6% alcohol by volume, derived primarily from the fermentation of grain, with not more than 1.5% of the beverage's overall alcohol content by volume obtained from flavors and other added nonbeverage ingredients containing alcohol.

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**Fiscal Summary**

**State Effect:** None. The Comptroller's Office currently classifies flavored malt beverages as beer and taxes them accordingly.

**Local Effect:** None.

**Small Business Effect:** None.

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**Analysis**

**Current Law:** Beer is defined under State law, as any brewed alcoholic beverage, and includes beer, ale, porter, and stout. In addition, for purpose of State law, hard cider is considered beer.

**Background:** State tax rates for alcoholic beverages in Maryland are \$1.50 per gallon for distilled spirits, 40 cents per gallon for wine, and 9 cents per gallon for beer. **Exhibit 1** shows the estimated revenues from each type of alcoholic beverage for fiscal 2009.

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**Exhibit 1**  
**Estimated Alcoholic Beverage Tax Revenues**

	<b><u>FY 2009</u></b>
Distilled Spirits Tax	\$15.1 Million
Wine Tax	5.5 Million
Beer Tax	9.7 Million
<b>Total</b>	<b>\$30.3 Million</b>

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**Additional Information**

**Prior Introductions:** None.

**Cross File:** SB 745 (Senator Colburn, *et al.*) – Education, Health, and Environmental Affairs.

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

**Fiscal Note History:** First Reader - February 13, 2008  
mcp/hlb

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