

Department of Legislative Services
Maryland General Assembly
2010 Session

FISCAL AND POLICY NOTE

House Bill 1431
Economic Matters

(Delegates Mathias and Conway)
Education, Health, and Environmental Affairs

Worcester County - Alcoholic Beverages - Pub-Breweries and Micro-Breweries

This bill adds Worcester County to the list of jurisdictions in which (1) the holder of a Class 6 pub-brewery license may sell malt beverages for off-premises consumption under certain conditions; (2) a Class 7 micro-brewery license may be issued; and (3) the licensee may sell at retail, beer for consumption off the licensed premises in refillable containers that are sealed by the micro-brewery licensee at the time of each refill.

The bill takes effect July 1, 2010.

Fiscal Summary

State Effect: General fund revenues may increase by \$500 and \$1,000 annually beginning in FY 2011. Expenditures are not affected.

Local Effect: Worcester County revenues from alcoholic beverages licensing fees may increase by \$6,000 and \$20,000 annually beginning in FY 2011. Expenditures are not affected.

Small Business Effect: Potential meaningful. The bill could result in additional brewery opportunities in Worcester County.

Analysis

Current Law/Background: A Class 6 pub-brewery license is issued by the Comptroller to a holder of a Class B beer, wine, and liquor (on-sale) license. The license may be issued throughout the State, except in five counties (Allegany, Caroline, Howard, St. Mary's, and Somerset). In 10 jurisdictions, the holder of a Class 6 pub-brewery license may sell malt beverages for off-premises consumption in sealed refillable containers. The license fee is \$500 per license year.

Class 7 micro-brewery (on- and off-sale) licenses are issued by the Comptroller for use in 17 jurisdictions – Allegany, Anne Arundel, Baltimore, Calvert, Carroll, Charles, Dorchester, Frederick, Garrett, Harford, Howard, Montgomery, Prince George’s, Talbot, and Wicomico counties; Baltimore City and Annapolis. In general, the license is issued only to a holder of a Class B beer, wine, and liquor (on-sale) license that is issued for use on the premises of a restaurant with exceptions for Montgomery and Prince George’s counties. License holders may sell up to 4,000 barrels of beer to customers for consumption on the premises. Except in Wicomico County, a holder of a Class 7 micro-brewery license may, in part, brew and bottle beer at the licensed location for sale to go. The license fee is \$500 per license year.

There are currently 1 Class 6 pub-brewery license and 15 Class 7 micro-brewery licenses issued in the State.

State Revenues: Assuming the establishment of one or two new pub or micro-breweries in Worcester County, general fund revenues would increase by \$500 to \$1,000 per year beginning in fiscal 2011.

Local Revenues: Worcester County estimates that annual license fees for the sale of products from breweries authorized under the bill would be between \$6,000 and \$10,000 for each establishment. If so, local revenue from license fees could increase by between \$6,000 and \$20,000 annually, assuming the establishment of one or two new pub or micro-breweries in the county.

Additional Comments: Legislative Services advises that it is unclear whether Worcester County currently has the authority to set a separate local Class B licensing fee for a pub-brewery or a micro-brewery in the county without the specific statutory authority to do so.

Additional Information

Prior Introductions: None.

Cross File: None.

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

Fiscal Note History: First Reader - March 23, 2010
ncs/hlb

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