

Department of Legislative Services
Maryland General Assembly
2011 Session

FISCAL AND POLICY NOTE
Revised

Senate Bill 296

(Senator Shank, *et al.*)

Education, Health, and Environmental Affairs

Economic Matters

Washington County - Alcoholic Beverages - Micro-Breweries

This bill adds Washington County to the list of jurisdictions authorizing a Class 7 micro-brewery license. The micro-brewery license in Washington County may be issued to a holder of a Class B beer, wine, and liquor (on-sale) license for use on the premises of a restaurant or to a holder of a Class D alcoholic beverages license so long as it is used on the same premises of the existing Class D license in Washington County. For a micro-brewery with a Class D license, the hours and days for consumer sales are established by the Class D license. The Comptroller may not issue a Class 7 micro-brewery license in Washington County for use on the premises of a property that has been leased unless the landlord of the property provides proof that there are no unpaid taxes due to the State, a county, or a local government from the landlord or any entity which the owner has a direct or indirect interest that (1) is proprietary; or (2) has been obtained by a loan, mortgage, or lien, or in any other manner.

The bill takes effect July 1, 2011.

Fiscal Summary

State Effect: General fund revenues increase by \$500 annually, beginning in FY 2012, from the issuance of one Class 7 micro-brewery license in Washington County. Alcoholic beverage and sales tax revenues may also increase minimally from additional beer sales.

Local Effect: None.

Small Business Effect: Potential meaningful.

Analysis

Current Law: Class 7 micro-brewery (on- and off-sale) licenses are issued by the Comptroller's Office for use in 18 jurisdictions – Allegany, Anne Arundel, Baltimore, Calvert, Carroll, Charles, Dorchester, Frederick, Garrett, Harford, Howard, Montgomery, Prince George's, Talbot, Wicomico, and Worcester counties; Baltimore City; and the City of 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 and may collectively brew, bottle, or contract for up to 22,500 barrels of malt beverages each calendar year.

Background: There are currently 13 Class 7 micro-brewery licenses issued in the State; however, none are currently located in Washington County. There are 23 Class B beer, wine, and liquor license holders in Washington County and 37 Class D beer, wine, and liquor license holders.

There is only one pub-brewery license issued in the State and that is for a location within the City of Annapolis.

State Fiscal Effect: The Comptroller issues Class 7 micro-brewery licenses for an annual license fee of \$500. It is expected that at least one existing Class B or Class D licensee will seek a micro-brewery license. As a result, general fund revenues increase by \$500 annually from issuance of an additional license. Revenues may increase further if additional licenses are issued. The Class 7 micro-brewery license allows the licensee to brew or contract to brew and bottle up to 22,500 barrels of malt beverages each year. As a result, alcoholic beverages and sales tax revenues may increase minimally from additional beer being sold by micro-breweries. Issuance of additional Class 7 micro-brewery licenses will not affect expenditures for the Comptroller.

Small Business Effect: To the extent that micro-breweries are established in Washington County, allowing those businesses to sell beer for off-site consumption provides a meaningful benefit to these license holders in the form of additional avenues for the licensee to sell beer.

Additional Information

Prior Introductions: None.

Cross File: HB 404 (Washington County Delegation) - Economic Matters.

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

Fiscal Note History: First Reader - February 22, 2011
mm/hlb Revised - Senate Third Reader - March 25, 2011

Analysis by: Erik P. Timme

Direct Inquiries to:
(410) 946-5510
(301) 970-5510