

Department of Legislative Services
Maryland General Assembly
2011 Session

FISCAL AND POLICY NOTE
Revised

Senate Bill 496

(Senator Brinkley)

Education, Health, and Environmental Affairs

Economic Matters

Alcoholic Beverages - Brewery License - Samples and Sales

This bill alters from one to six the number of beer samples that the holder of a Class 5 manufacturer's brewery license may provide to a person of legal drinking age who participates in a guided tour and extends this privilege to include a scheduled promotional event or other organized activity at the licensed premises. The bill repeals the annual 144 ounce limit on the amount of beer that may be purchased for off-premises consumption, replacing it with a per tour 288 ounce limit. The bill also repeals a reporting requirement regarding purchases for off-premises consumption. Further, the bill increases from 4 to 12 the yearly number of special brewery promotional event permits that a license holder may be issued, and increases from two ounces to three ounces the limit on the size of samples that may be offered at the event.

The bill takes effect July 1, 2011.

Fiscal Summary

State Effect: General fund revenues may increase by \$2,200 annually due to additional permit fee revenues and alcoholic beverage tax revenues.

Local Effect: None.

Small Business Effect: Minimally.

Analysis

Current Law: A holder of a Class 5 manufacturer's brewery license may serve up to six ounces for a sample of beer brewed at the licensed premises to any person of legal

drinking age who has taken a tour of the brewery. The license holder is also permitted to sell beer brewed at the brewery for off-premises consumption to anyone who participates in a guided tour of the brewery. The purchase is limited to 144 ounces of beer per person each year, based upon records kept by the brewery and forwarded to the Comptroller's Office at specified intervals.

The Comptroller's Office may issue special brewery promotional event permits to a holder of a Class 5 manufacturer's brewery license. The permit authorizes the holder to conduct on the premises of the brewery a promotional event at which the holder may provide samples of not more than two-ounce samples per brand to consumers. A holder of the Class 5 manufacturer's brewery license may not be issued more than four permits in a calendar year. The fee for each permit is \$25.

State Fiscal Effect: There are currently seven Class 5 manufacturer's brewery licenses issued in the State. For each Class 5 license holder, general fund permit fee revenues may increase by as much as \$200, assuming an increase from 4 to 12 permits issued in a given year. Therefore, permit fee revenues may increase by up to \$1,400.

Alcoholic beverage tax revenues may increase as a result of an increase in authorized beer samples that may be served after hours. In fiscal 2010, beer samples offered by Class 5 license holders generated approximately \$290 in alcoholic beverage taxes. Tripling the amount of beer that may be served after tours, increasing by 50% the amount that may be served at a special promotional event, and tripling the number of authorized special promotional events may result in an increase of up to approximately \$800 annually in alcoholic beverage taxes. However, it is not clear that all Class 5 license holders would take full advantage of the new limitations.

For a given quantity of beer sold at a brewery, or at a special promotional event, approximately the same quantity of beer will likely not be sold by a retailer in the immediate future following the sale by the brewery. Therefore, the net effect upon alcoholic beverages tax revenues is assumed to be minimal.

Additional Information

Prior Introductions: None.

Cross File: HB 1202 (Delegates Malone and DeBoy) – Economic Matters.

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

Fiscal Note History: First Reader - March 3, 2011
spg/hlb Revised - Senate Third Reader - March 17, 2011

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