

Department of Legislative Services
Maryland General Assembly
2012 Session

FISCAL AND POLICY NOTE
Revised

Senate Bill 386

(Senator Pipkin)

Education, Health, and Environmental Affairs

Rules and Executive Nominations

Queen Anne's County Alcoholic Beverages - Distilleries - Tours, Samples, and Sales

This bill expands the privileges of a distillery license in Queen Anne's County to allow guided tours of the licensed premises with limited sales.

The bill takes effect July 1, 2012.

Fiscal Summary

State Effect: Minimal increase in alcoholic beverages tax and retail sales tax revenues. State expenditures are not affected.

Local Effect: No direct fiscal or operational impact on Queen Anne's County.

Small Business Effect: Potential meaningful. The one current licensee, and any future licensees in Queen Anne's County, will benefit from the bill's expansion of licensee privileges.

Analysis

Bill Summary: The bill expands the privileges of a distillery license in Queen Anne's County so that the license holder may conduct guided tours of the licensed premises and serve not more than three samples (not more than one-half ounce from a single product) of products manufactured at the licensed premises. A distiller in Queen Anne's County also may sell up to three 750-milliliter bottles of their manufactured products for consumption off premises and related merchandise to persons who have participated in a guided tour, and who are of legal drinking age, during specified hours.

The bill also:

- allows the sale of specified other beverages and food products;
- prohibits a license holder from acting as a food caterer;
- sets hours and requirements for regular operations and promotional events;
- requires a license holder to file a notice with the Comptroller 14 days in advance of a planned promotional event if the event will be after 6 p.m.;
- specifies that a Class 1 manufacturer's license allows the license holder to operate seven days a week;
- limits the availability of products not produced by the license holder for sale or consumption on site; and
- specifies that the bill's provisions do not limit the application of relevant provisions of Title 21 (Food, Drugs, and Cosmetics) of the Health-General Article and regulations adopted under that title.

Current Law: A Class 1 manufacturer's license is a distillery license, which authorizes the establishment and operation of a plant for distilling brandy, rum, whiskey, alcohol, and neutral spirits. It also authorizes the sale and delivery of those alcoholic beverages in bulk to persons authorized in Maryland to acquire them, and the sale and delivery of those alcoholic beverages to persons located outside of Maryland.

A Class 1 manufacturer's license must be obtained for each trade name and for each distillery in the State. It permits a distiller to manufacture alcoholic beverages in the name of another person or under a trade name, provided a distillery license has been issued to that other person or under that trade name. It also permits the license holder to acquire bulk alcoholic beverages from the holder of a distillery, rectifying, or winery license in Maryland or from the holder of a nonresident dealer's permit.

Background: There is one Class 1 manufacturer's license (distillery license) holder in the State. That license was issued by the Comptroller in May 2011 to Blackwater Distilling, Inc., which is located in Queen Anne's County.

Chapter 238 of 2011 altered 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 extended the privilege to include a scheduled promotional event or other organized activity at the licensed premises. The Act repealed 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. Further, the Act increased from 4 to 12 the yearly number of special brewery promotional event permits that a license holder may be issued, and increased from two ounces to three ounces the limit on the size of samples that may be offered at the event.

State Fiscal Effect: Under the bill, general fund revenues may increase beginning in fiscal 2013 due to increased collections of alcoholic beverages taxes on distilled spirits and increased sales tax collections on distilled spirits (9%) and food sold for consumption (6%). Because there is only one distillery license holder in Queen Anne's County, any such tax revenue increase are expected to be minimal.

Any required adjustments to inspections by the Comptroller's Office will be handled with existing budgeted resources.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Baltimore City; Harford, Montgomery, and Queen Anne's counties; Comptroller's Office; Department of Legislative Services

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Analysis by: Guy G. Cherry

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