

Department of Legislative Services
Maryland General Assembly
2012 Session

FISCAL AND POLICY NOTE
Revised

Senate Bill 1018 (Senator Kasemeyer)
Education, Health, and Environmental Affairs

Economic Matters

Alcoholic Beverages - Rectifiers - Tours, Samples, and Sales

This bill expands the privileges of a rectifying license to allow guided tours of the licensed premises with limited sales.

The bill takes effect July 1, 2012.

Fiscal Summary

State Effect: General fund revenues may increase minimally beginning in FY 2013 due to increased collections of alcoholic beverage taxes on alcoholic beverages and increased sales tax collections on alcoholic beverages. Any required adjustments to inspections by the Comptroller can be handled with existing budgeted resources.

Local Effect: None.

Small Business Effect: Potential meaningful. Any current or future Class 2 manufacturer's license holder will benefit from the bill's expansion of licensee privileges.

Analysis

Bill Summary: The bill expands the privileges of a rectifying license so that the license holder may conduct guided tours of the licensed premises; serve not more than three samples (not more than one-half ounce from a single product) of products manufactured at the licensed premises; and sell products manufactured on the licensed premises for consumption off or on the licensed premises during specified hours.

The bill also:

- 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 2 manufacturer's license allows the license holder to operate seven days a week;
- authorizes such a license holder to be open on Sundays in Garrett County, by election district, if the voters in that district approve Sunday sales by referendum;
- limits the availability of products not manufactured 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 2 manufacturer's license is a rectifying license, which authorizes the license holder to establish and operate a plant in Maryland for rectifying, blending, and bottling alcoholic beverages; and to sell and deliver alcoholic beverages to a holder of a distillery, rectifying, or wholesaler's license, or to permit holders authorized to acquire those alcoholic beverages and to persons outside of the State. A licensee is permitted to acquire alcoholic beverages from the holder of a distillery, rectifying, winery, or wholesaler's license in Maryland; or a nonresident dealer's permit. A licensed rectifier is also allowed to rectify, blend, bottle, and store alcoholic beverages for another person or under another trade name if a rectifying license has been issued in the name of that person or under that trade name.

Background: There were 38 rectifying licenses issued or reissued by the Comptroller in fiscal 2011. The annual license fee is \$600.

Additional Information

Prior Introductions: None.

Cross File: HB 1316 (Delegate Hershey, *et al.*) - Economic Matters.

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

Fiscal Note History: First Reader - March 12, 2012
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