

Department of Legislative Services
Maryland General Assembly
2013 Session

FISCAL AND POLICY NOTE
Revised

House Bill 978

(Delegate Barkley)

Economic Matters

Education, Health, and Environmental Affairs

Alcoholic Beverages - Winery Off-Site Permit and Wine Festival Permit

This bill establishes a winery off-site permit and a wine festival permit and establishes a \$100 fee for each. The bill repeals the winery special event permit and the farmer's market permit.

The bill takes effect June 1, 2013.

Fiscal Summary

State Effect: Potential minimal increase in general fund revenues. Under one set of assumptions, if 337 winery off-site permits are issued in FY 2014, general fund revenues will increase by \$25,275. Expenditures are not affected.

Local Effect: None.

Small Business Effect: Potential meaningful impact for wineries in Maryland.

Analysis

Bill Summary:

Winery Off-site Permit

The bill authorizes the Comptroller to issue a winery off-site permit to a Class 4 limited winery. The permit may be used only (1) during the Montgomery County Agricultural Fair; (2) one night each week from June through November at the North Beach Friday Night Farmers' Market; (3) at an event that has as its major purpose an activity that is

other than the sale and promotion of alcoholic beverages and for which the participation of a winery is a subordinate activity; (4) at farmers' markets that are listed on the farmers' market directory of the Maryland Department of Agriculture; and (5) at a wine festival that has as its primary purpose the promotion of Maryland wine and is authorized by the Comptroller.

During an authorized event a permit holder may (1) provide to a consumer a sample that has been produced by the permit holder and that may not exceed one fluid ounce for each brand; (2) sell to a consumer wine that has been produced by the permit holder for off-premises consumption; and (3) except for specified farmers' markets sell to a consumer wine that is produced by the permit holder for on- and off-premises consumption.

While selling wine or providing samples at a specified farmer's market a permit holder must have an agent present who is certified by an approved alcohol awareness program. The bill specifies that the term of the winery off-site permit is one year. The annual winery off-site permit fee is set at \$100.

The Comptroller is authorized to adopt regulations requiring the permit holder to notify the local licensing board of its intention to attend an off-site event.

Wine Festival Permit

The bill also authorizes the Comptroller to issue a wine festival permit to a specified nonprofit organization. The primary purpose of a wine festival must be to promote Maryland wine.

A wine festival permit authorizes the permit holder to conduct a wine festival for at least one day and not more than three consecutive days. The permit holder may purchase wine at wholesale to provide to a consumer a sample that may not exceed one fluid ounce for each brand and sell to a consumer wine for on- and off-premises consumption. The permit holder must provide space at a wine festival for holders of winery off-site permits. A holder of a winery off-site permit that attends a wine festival may provide wine to a consumer in the same manner as the holder of the wine festival permit. The permit holder may provide or sell at the wine festival only alcoholic beverages provided by the permit holder or a holder of a winery off-site permit that is in attendance.

During the wine festival, the permit holder must have at least two agents, one of whom may be the permit holder, present who are certified by an approved alcohol awareness program. The wine festival permit fee is set at \$100.

The holder of a winery off-site permit may attend no more than 21 events statewide and 9 at any single venue.

Current Law: The Comptroller's Office may issue up to 12 winery special event permits to a holder of a Class 4 manufacturer's (Maryland limited winery) license in any given calendar year, and the permit does not exceed three consecutive days. With some exceptions, an individual may not be granted more than three winery special event permits for use in the same political subdivision during a calendar year. Baltimore, Carroll, Frederick, Montgomery, and Prince George's counties allow an individual to receive an additional 12 winery special event permits for use at farmers' markets in each county. Calvert County allows a winery special event permit to be issued for unlimited use for one night each week from June through November at the North Beach Friday Night Farmers' Market. In addition, the Comptroller's Office may issue a winery special event permit to a Class 4 Maryland limited winery for unlimited use for one day each week at farmers' markets in Charles, Dorchester, and St. Mary's counties that are listed on the Farmers' Market Directory of the Maryland Department of Agriculture (MDA).

The winery special event permit may only be issued for an event which (1) has as its major purpose an activity other than the sale and promotion of alcoholic beverages and for which the participation of the winery is a subordinate activity; (2) is approved by MDA and the Comptroller's Office; and (3) is held on a nonlicensed premises or a premises on which a person may obtain a temporary alcoholic beverages license.

A winery special event permit authorizes the permit holder to provide one-ounce samples, sell wine by the glass for on-premises consumption, and sell no more than four 750 ml bottles of wine to a consumer for off-premises consumption. The fee for a winery special event permit is \$25 per event.

Background: In fiscal 2012, 337 winery special events permits were issued. The permits generated \$8,425 in general fund revenue.

State Fiscal Effect: There are 61 Class 4 Limited wineries in Maryland that may take advantage of the new permits under the bill. Under current law there is a winery special event permit that is issued for \$25. The fee for the winery off-site permit is \$100 per year and the fee for the wine festival permit is \$100 per event. As a result, general fund revenues will increase by \$100 for each permit that is issued. This increase will be offset to some degree by the reduction in winery special event permits that will no longer be issued. If 337 winery off-site permits are issued in fiscal 2014, general fund revenues will increase by \$25,275.

Additional Information

Prior Introductions: None.

Cross File: None.

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

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