

Department of Legislative Services
Maryland General Assembly
2014 Session

FISCAL AND POLICY NOTE

Senate Bill 250

(Senator Mathias)

Education, Health, and Environmental Affairs

Economic Matters

Somerset County - Alcoholic Beverages - Micro-Brewery Licenses

This bill adds Somerset County to the list of jurisdictions in which a Class 7 micro-brewery license may be issued. The license 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. The bill also gives a micro-brewery licensee in Somerset County the off-sale privilege to sell beer brewed under the license to customers for consumption off the licensed premises in refillable containers that are sealed by the licensee at the time of each refill.

The bill takes effect July 1, 2014.

Fiscal Summary

State Effect: Minimal. General fund revenues increase by \$500 annually for each new Class 7 micro-brewery license issued in Somerset County beginning in FY 2015. Alcoholic beverages and sales tax revenues may also increase minimally. Expenditures are not affected.

Local Effect: Minimal. Somerset County revenues increase by \$1,265 annually for each new Class B beer, wine, and liquor license issued beginning in FY 2015. Expenditures are not materially affected.

Small Business Effect: Minimal overall, but potential meaningful for any business that obtains a Class 7 micro-brewery license in Somerset County.

Analysis

Current Law: Class 7 micro-brewery (on- and off-sale) licenses are issued by the Comptroller's Office for use in 23 jurisdictions – Allegany, Anne Arundel, Baltimore, Calvert, Caroline, Carroll, Charles, Dorchester, Frederick, Garrett, Harford, Howard, Kent, Montgomery, Prince George's, Queen Anne's, St. Mary's, Talbot, Washington, 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 the Town of Berlin in Worcester County, and Dorchester, Kent, Montgomery, Prince George's, and Washington counties. The annual license fee is \$500.

Class 7 micro-brewery licensees 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. License holders in the 23 jurisdictions also have an off-sale privilege to sell beer brewed under the license to customers for consumption off the licensed premises in refillable containers that are sealed by the licensee at the time of each refill.

Background: In fiscal 2013, there were 21 Class 7 micro-brewery licenses issued in the State. There were four Class B beer, wine, and liquor license holders in Somerset County in fiscal 2013.

State Revenues: General fund revenues increase by \$500 annually from each additional Class 7 micro-brewery license issued by the Comptroller in Somerset County. Assuming one license is issued, general fund revenues increase by \$500 annually due to the license fee.

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.

Local Fiscal Effect: The Somerset County Board of License Commissioners issues Class B beer, wine, and liquor restaurant licenses for an annual license fee of \$1,265. Thus, for each new Class B beer, wine, and liquor restaurant license issued, Somerset County revenues increase by \$1,265 annually. Assuming one business obtains a Class B beer, wine, and liquor restaurant license in order to obtain a Class 7 micro-brewery license, local revenues increase by \$1,265 annually. Any enforcement activities can be handled with existing resources.

Small Business Effect: To the extent that any micro-breweries are established in Somerset 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: None designated; however, HB 287 (Delegates Otto and McDermott - Economic Matters) is identical except for the title.

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

Fiscal Note History: First Reader - February 10, 2014
ncs/lgc

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