

Department of Legislative Services
Maryland General Assembly
2014 Session

FISCAL AND POLICY NOTE

House Bill 421
Economic Matters

(Delegate Olszewski, *et al.*)

Baltimore County - Alcoholic Beverages - Refillable Container Permits

This bill authorizes the Baltimore County Board of License Commissioners to issue a refillable container permit to a holder of a Class A, Class B, or Class D license.

The bill takes effect July 1, 2014.

Fiscal Summary

State Effect: None.

Local Effect: Minimal increase in local revenues from additional permit fees (\$50 annually for each permit applicant with an off-sale privilege and \$500 annually for each license applicant that does not have an off-sale privilege). Baltimore County can monitor permits with existing resources.

Small Business Effect: Minimal overall, but potential meaningful for any qualifying licensee obtaining the additional permit and having refillable container sales in excess of the annual permit fee.

Analysis

Bill Summary: A refillable container permit entitles the holder to sell draft beer for consumption off the licensed premises in a refillable container with a capacity of not less than 32 ounces and not more than 128 ounces.

The refillable container used must:

- be sealable;
- be branded with an identifying mark of a permit holder;
- bear a specified federal health warning statement;
- display instruction for cleaning the container; and
- bear a label stating that cleaning the container is the responsibility of the consumer, and that the contents of the container are perishable and should be refrigerated immediately and consumed within 48 hours after purchase.

A refillable container permit applicant must complete the form that the board provides and pay an annual permit fee of \$50 if the applicant already has an off-sale privilege or \$500 if the applicant does not already have that privilege.

The term of a refillable container permit is the same as that of the applicant's alcoholic beverage license. The bill also requires the sale of refillable containers to end at midnight, and authorizes permit holders to refill only those containers that were branded by a permit holder. The board is required to adopt implementing regulations. Additionally, an applicant who holds an alcoholic beverages license without an off-sale privilege must meet the same advertising, notice, and public hearing requirements as those for the alcoholic beverages license that the applicant holds.

Current Law: On the manufacturer's level, the Comptroller is authorized to issue a refillable container permit to a holder of a brewery license. On the retail level, statewide law prohibits any retail dealer, or agent or employee of such retail dealer, from refilling any container of alcoholic beverages with any substance whatsoever after such container has once been emptied of its original contents, except in Annapolis and Baltimore cities and Anne Arundel, Caroline, Cecil, Dorchester, Garrett, Howard, Montgomery, Queen Anne's, St. Mary's, and Wicomico counties. In these jurisdictions, the respective board of license commissioners may issue refillable container permits for draft beer. Additionally, the Howard County Board of License Commissioners may issue a refillable container license for wine.

Background: In the retail alcoholic beverages industry, refillable containers are commonly called "growlers."

Local Revenues: There are 753 alcoholic beverages licenses in Baltimore County, of which 188 are Class A licenses, 314 are Class B licenses, and 156 are Class D licenses. Accordingly, 658 licenses qualify for a refillable container permit under the bill. The number of qualified licensees which would seek and obtain the additional "growler" permit is unknown. Therefore, the increase in local revenues from additional license fees is unknown. *For purposes of illustration*, if 40 qualified licensees with off-sale privileges seek the new permit and pay an additional \$50 per permit (in addition to their

current license fee), Baltimore County revenues increase by \$2,000 annually (40 licensees x \$50). In addition, if 13 qualified licensees without off-sale privileges seek the new permit and pay the additional \$500 per permit (in addition to the current license fee), Baltimore County revenues increase by an additional \$6,500 annually (13 licensees x \$500). Accordingly, under this illustrative example, Baltimore County revenues increase by an additional \$8,500 annually.

Additional Information

Prior Introductions: None.

Cross File: None.

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

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