

Department of Legislative Services
Maryland General Assembly
2014 Session

FISCAL AND POLICY NOTE

Senate Bill 305 (Montgomery County Senators)
Education, Health, and Environmental Affairs

Economic Matters

Montgomery County - Alcoholic Beverages - Beer Sales and Delivery to Retail Dealers

This bill authorizes a holder of a Class 7 limited beer wholesaler's license or of a nonresident brewery permit to sell or deliver its own beer to a county liquor dispensary, a restaurant, or any other retail dealer in Montgomery County. The bill also authorizes a county liquor dispensary, a restaurant, or any other retail dealer in Montgomery County to purchase beer directly from a holder of a Class 7 limited beer wholesaler's license or of a nonresident brewery permit.

The bill takes effect July 1, 2014.

Fiscal Summary

State Effect: The bill does not materially affect State operations or finances.

Local Effect: Montgomery County finances are not materially affected.

Small Business Effect: Minimal.

Analysis

Current Law: The Class 7 limited beer wholesaler's license may only be obtained by the holder of a Class 5 manufacturer's license or the holder of a Class 7 micro-brewery license that produces no more than 22,500 barrels of beer annually. The Class 7 limited beer wholesaler's license allows the distribution of no more than 3,000 barrels of the brewer's own beer annually.

A nonresident brewery permit may be issued to a person that is (1) licensed outside the State to engage in manufacturing beer; (2) produces no more than 22,500 barrels of beer annually; and (3) does not hold a nonresident dealer's permit. The permit holder may sell and deliver no more than 3,000 barrels of its own beer annually from outside of the State to a retail license or permit holder in the State that is authorized to acquire the beer.

Generally, the liquor control board in each county has an absolute monopoly of the sale and distribution of any alcoholic beverage that is sparkling or fortified wine or any other alcoholic beverage it is authorized to sell. In Montgomery County, the liquor control board is the Department of Liquor Control, and it is authorized to sell any kind of alcoholic beverage. The county may sell alcoholic beverages through the use of a county liquor dispensary.

In Montgomery County, no person, firm, or corporation may keep for sale any alcoholic beverage not purchased from the Department of Liquor Control. Unless otherwise specified by law, no retailer may sell or deliver any alcoholic beverage in Montgomery County for resale except to a county liquor dispensary. Holders of a Class 6 limited wine wholesaler's license or a nonresident winery permit may sell or deliver wine directly to a restaurant, county liquor dispensary, or other retail dealer in Montgomery County, and the holder of a direct wine shipper's permit may ship wine directly to consumers in Montgomery County.

Background: In general, most Maryland jurisdictions permit the sale of alcoholic beverages through a three-tier system in which retail alcoholic beverages licensees (first tier) purchase alcoholic beverages from licensed Maryland wholesalers (second tier) who purchase alcoholic beverages from licensed manufacturers and import companies (third tier). In some counties, including Montgomery County, the counties operate dispensary systems that act as the second-tier wholesalers for retail alcoholic beverages licensees in their respective jurisdictions.

There are currently six holders of a Class 7 limited beer wholesalers license in the State, none of which are located in Montgomery County. There are no nonresident brewery permits currently issued.

Additional Information

Prior Introductions: None.

Cross File: HB 132 (Montgomery County Delegation) - Economic Matters.

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

Fiscal Note History: First Reader - February 12, 2014
ncs/lgc

Analysis by: Richard L. Duncan

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