

Department of Legislative Services
Maryland General Assembly
2014 Session

FISCAL AND POLICY NOTE

House Bill 337
Economic Matters

(Delegate Schulz, *et al.*)
Education, Health, and Environmental Affairs

Farm Breweries - Location and Self-Distribution

This bill authorizes a holder of a Class 8 farm brewery license to obtain a Class 7 limited beer wholesaler's license.

In Frederick County, the bill removes the prohibition on the issuance of a license for the sale of alcoholic beverages for any place of business located within specified election districts if the business is a holder of a Class 8 farm brewery license.

The bill takes effect July 1, 2014.

Fiscal Summary

State Effect: General fund revenues increase by \$50 for each holder of a Class 8 farm brewery license that obtains a Class 7 limited beer wholesaler's license. In FY 2013, there were two Class 8 farm brewery licenses issued in the State. General fund revenues from alcoholic beverages taxes and sales taxes may increase minimally to the extent that additional beer is sold due to the bill's changes. Expenditures are not affected.

Local Effect: None.

Small Business Effect: Minimal overall, but potential meaningful for affected businesses.

Analysis

Current Law/Background:

Class 7 Limited Beer Wholesaler's License

Chapter 207 of 2013 established a Class 7 limited beer wholesaler's license that authorizes the license holder to sell, deliver, and distribute up to 3,000 barrels annually of its own beer produced at the holder's premises to a retail license holder or permit holder in the State under specified circumstances. A Class 7 limited beer wholesaler's license may only be issued to a Class 5 manufacturer's (brewery) license holder and a Class 7 micro-brewery license holder. There are currently six Class 7 limited beer wholesaler's licenses issued in the State. The annual license fee for a Class 7 limited beer wholesaler's license is \$50.

Class 8 Farm Brewery Manufacturer's License

Chapters 542 and 543 of 2012 established a Class 8 farm brewery manufacturer's license. There are currently two Class 8 farm brewery licenses issued in the State (Milkhouse Brewery at Stillpoint Farm in Frederick County and Manor Hill Farm in Howard County).

Alcoholic Beverages Tax and Sales Tax on Alcoholic Beverages

The sales tax on alcohol beverages is 9% and the alcoholic beverages tax on beer is \$0.09 per gallon. Revenues from these taxes are deposited into the general fund.

Frederick County

In Frederick County, a license for the sale of alcoholic beverages may not be issued for any place of business located within the following election districts:

- Catoctin (6th);
- Hauvers (10th);
- Jackson (16th);
- Linganore (19th); and
- Ballenger (23rd).

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Maryland Department of Agriculture, Comptroller's Office,
Frederick County, Department of Legislative Services

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