

Department of Legislative Services
Maryland General Assembly
2015 Session

FISCAL AND POLICY NOTE
Revised

Senate Bill 643 (Senator Edwards)

Education, Health, and Environmental Affairs

Economic Matters

Alcoholic Beverages - Micro-Breweries - Additional License

This bill authorizes the holder of a Class 7 micro-brewery license to apply for and obtain one additional micro-brewery license for another premises and specifies requirements for a Class 7 micro-brewery license holder with an additional micro-brewery license. Additionally, the bill exempts a licensee in Allegany and Frederick counties from the prohibition that a Class 7 micro-brewery license holder may not own, operate, or be affiliated with any other beer manufacturer except for a specified Class 2 rectifying license. A Class 7 micro-brewery licensee in Allegany and Frederick counties may be granted a wholesale alcoholic beverages license.

The bill takes effect July 1, 2015.

Fiscal Summary

State Effect: The bill does not materially affect State finances or operations. Any increase in general fund revenues from additional license fees is not anticipated to be significant. The Comptroller's Office can monitor licenses with existing resources.

Local Effect: None.

Small Business Effect: Minimal overall, but potential meaningful for small businesses that are able to obtain additional alcoholic beverages licenses under the bill.

Analysis

Bill Summary: A Class 7 micro-brewery licensee that produces in aggregate from all of its locations up to 22,500 barrels of beer annually may obtain a Class 7 limited beer

wholesaler's license and distribute beer that totals annually up to 3,000 barrels in aggregate from all of its locations and has been brewed at the location from where it is distributed. A Class 7 micro-brewery licensee with two locations may collectively brew, bottle, or contract for up to 22,500 barrels of malt beverages in aggregate from both of its locations each calendar year. A Class 7 micro-brewery licensee with two locations may sell beer brewed at the location where it is sold, up to 4,000 barrels of beer in aggregate from both of its locations to customers for consumption on the premises.

Current Law: The holder of a distillery, rectifying, winery, limited winery, or brewery license may apply for and obtain, under a different name, one or more additional licenses for the same or other premises.

Class 7 Micro-brewery License

Class 7 micro-brewery (on- and off-sale) licenses are issued by the Comptroller's Office for use in 24 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, Somerset, 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 specified exceptions. 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 24 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.

A Class 7 micro-brewery license holder may not own, operate, or be affiliated with any other beer manufacturer except for a specified Class 2 rectifying license. Additionally, a Class 7 micro-brewery license holder may not be granted a wholesale alcoholic beverages license, except for a Class 7 limited beer wholesaler's license. A Class 7 micro-brewery licensee that produces up to 22,500 barrels of beer annually may obtain a Class 7 limited beer wholesaler's license and distribute up to 3,000 barrels of its own beer annually.

Background: There are currently 27 Class 7 micro-brewery licenses issued in the State, 2 of which are located in Frederick County.

Additional Information

Prior Introductions: None.

Cross File: HB 330 (Allegany County Delegation) - Economic Matters.

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

Fiscal Note History: First Reader - February 25, 2015
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