

Department of Legislative Services
Maryland General Assembly
2015 Session

FISCAL AND POLICY NOTE
Revised

House Bill 756

(Delegate Arentz, *et al.*)

Economic Matters

Education, Health, and Environmental Affairs

Alcoholic Beverages - Charles County and Queen Anne's County

This bill authorizes the Charles County Board of License Commissioners to issue a refillable container permit to the holder of a Class A, Class B, or Class D license to sell draft beer. The bill also authorizes the Queen Anne's County Board of License Commissioners to issue a refillable container permit to the holder of a Class A, Class B, Class C, or Class D license to sell draft beer. The annual permit fee in both Charles and Queen Anne's counties is \$500 for an applicant whose alcoholic beverages license does not have an off-sale privilege, and \$50 for an applicant whose license has an off-sale privilege. The boards may adopt regulations to implement the refillable container provisions. The bill also exempts, in Queen Anne's County, an applicant for a Class B (on-sale) hotel and restaurant license of any type from specified distance restrictions between a proposed establishment and specified schools, churches, public libraries, and youth centers.

The bill takes effect July 1, 2015.

Fiscal Summary

State Effect: None.

Local Effect: Charles County and Queen Anne's County revenues increase by \$500 annually for every refillable container permit issued to an applicant whose alcoholic beverages license does not have an off-sale privilege, and by \$50 annually for every permit issued to an applicant whose license has an off-sale privilege, as discussed below. Expenditures are not materially affected.

Small Business Effect: Minimal overall, but potential meaningful for any qualifying licensee in Charles County or Queen Anne's County that obtains the refillable container

permit and has significant refillable container sales, or for any applicant in Queen Anne's County no longer subject to specified distance restrictions.

Bill Summary: A refillable container permit in both Charles and Queen Anne's counties entitles the permit 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 the seller of the container;
- bear a specified federal health warning statement;
- display instructions for cleaning the container; and
- bear a label stating that cleaning the container is the responsibility of the consumer, and that the contents are perishable and should be refrigerated immediately and consumed within 48 hours.

The Comptroller may adopt standards for containers that qualify for use in Charles and Queen Anne's counties as refillable containers for beer, including containers that originate from outside the State. A refillable container that originates from inside or outside the State may be refilled as long as the container meets any standards adopted by the Comptroller.

The term of a refillable container permit is the same as that of the applicant's alcoholic beverages license. The hours of sale for a refillable container permit begin at the same time as those for the license held by the permittee and end at midnight.

An applicant without an off-sale privilege must meet the same advertising, posting of notice, and public hearing requirements as those for the license that the applicant holds.

Current Law:

Refillable Container Permits in Maryland

Statewide law prohibits any retail dealer, or agent or employee of a retail dealer, from refilling any container of alcoholic beverages with any substance after the container has been emptied of its original contents, except in specified jurisdictions which authorize the sale of alcoholic beverages in refillable containers.

Chapter 518 of 2014 standardized requirements for refillable containers used in the sale of draft beer or wine for off-premises consumption across the State. A permit holder may refill a refillable container originating from inside or outside the State that meets the following requirements, as well as any other standards for refillable containers adopted by the Comptroller.

- A refillable container for beer must have a capacity of not less than 32 ounces and not more than 128 ounces and must bear a label stating that the contents of the container are perishable and should be refrigerated immediately and consumed within 48 hours after purchase.
- A refillable container for wine must have a capacity of not less than 17 ounces and not more than 34 ounces.
- A refillable container used for beer or wine must (1) be sealable; (2) be branded with an identifying mark of the seller of the container; (3) bear a specified federal health warning statement; (4) display instructions for cleaning the container; and (5) bear a label stating that cleaning the container is the responsibility of the consumer.

Distance Restrictions in Queen Anne's County

The distance between an establishment proposed for licensure and a secondary or elementary school, church or other place of worship, public library, or a youth center that is sponsored or conducted by any governmental agency, must be 500 feet. For a Class B (on-sale) hotel and restaurant beer, wine, and liquor license, the required distance is 250 feet. Any distance restriction is measured from the nearest point of the building of the establishment for which a license is proposed to the nearest point of the property line of the school, place of worship, library, or youth center.

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

Local Revenues:

Charles County

In fiscal 2014, there were 186 alcoholic beverages licenses issued for use in Charles County; 174 of these were Class A, Class B, or Class D licenses eligible to apply for a refillable container permit under the bill. The number of qualified licensees which will seek to obtain a refillable container permit is unknown, and Charles County advises that

interest is minimal. However, *for illustrative purposes only*, if two license holders that have off-sale privileges apply for a refillable container permit, Charles County revenues increase by \$100 annually.

Queen Anne's County

In fiscal 2014, there were 96 alcoholic beverages licenses issued for use in Queen Anne's County, all of which were Class A, Class B, Class C, or Class D licenses eligible to apply for a refillable container permit under the bill. The number of qualified licensees which will seek to obtain a refillable container permit is unknown. However, *for illustrative purposes only*, if 25 license holders that have off-sale privileges apply for a refillable container permit, Queen Anne's County revenues increase by \$1,250 annually.

Additional Information

Prior Introductions: None.

Cross File: None designated; however, SB 354 (Senator Hershey – Education, Health, and Environmental Affairs) is identical.

Information Source(s): Charles and Queen Anne's counties, Comptroller's Office, Department of Legislative Services

Fiscal Note History: First Reader - February 19, 2015
md/lgc Revised - House Third Reader - March 25, 2015
Revised - Updated Information - May 5, 2015

Analysis by: Nathan W. McCurdy

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