

**Department of Legislative Services**  
Maryland General Assembly  
2017 Session

**FISCAL AND POLICY NOTE**  
**First Reader**

House Bill 409  
Economic Matters

(Delegate Grammer)

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**Baltimore County - Freedom in Brewing Act**

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This bill authorizes a holder of a Class 5 brewery license or a Class 7 micro-brewery license in Baltimore County to sell at retail kegs of beer brewed at the brewery for off-premises consumption to an individual who has attained the legal drinking age.

The bill takes effect July 1, 2017.

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**Fiscal Summary**

**State Effect:** The Comptroller's Office can adopt any regulations required as a result of the bill's provisions with existing resources. Any impact on enforcement activity is expected to be minimal. Revenues are not materially affected.

**Local Effect:** The bill is not anticipated to materially affect Baltimore County finances or operations.

**Small Business Effect:** Minimal overall, but potential meaningful positive impact for any small business that applies for and obtains a license under the bill.

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**Analysis**

**Current Law:**

*Class 5 Brewery License*

Class 5 brewery licenses are issued by the Comptroller's office. A licensee is authorized to (1) establish and operate a plant in Maryland for brewing and bottling malt beverages at

the location described in the license; (2) import beer from holders of nonresident dealer's permits; and (3) sell and deliver beer to any wholesale licensee in the State, or person outside of this State, authorized to acquire it. A licensee may also sell up to 288 ounces, per person, of beer brewed at the brewery for off-premises consumption to anyone who participates in a guided tour of the brewery or attends a scheduled promotional event or other organized activity at the licensed premises, provided the person is of legal drinking age.

The Comptroller may issue a refillable container permit for draft beer to a holder of a Class 5 brewery license, on completion of a specified form, at no cost to the holder of the license. The hours of sale for a refillable container permit are the same as the hours when a guided tour, a promotional event, or other organized activity is held at the licensed premises.

A Class 5 brewery license holder may sell up to 500 barrels each year of beer brewed at the location for on-premises consumption. The local licensing board must issue an on-site consumption permit to the brewery, as well as a Class D beer license.

#### *Class 7 Micro-brewery License*

Class 7 micro-brewery licenses are issued by the Comptroller's Office. 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 limited exceptions.

A Class 7 micro-brewery licensee is authorized to (1) brew and bottle malt beverages at the location described in the license; (2) obtain a Class 2 rectifying license under specified circumstances; (3) contract to brew and bottle malt beverages with and on behalf of other specified license holders; (4) store finished product under an individual storage permit or at a licensed public storage facility for subsequent sale and delivery to a holder of a wholesaler's license, an authorized person outside the State, or for shipment back to the micro-brewery location for sale on the retail premises; and (5) enter into a temporary delivery agreement with a distributor only for delivery of beer to a beer festival or a wine and beer festival, and the return of any unused beer under specified circumstances.

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 local 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.

### *Sale or Transfer of Keg*

A license holder may not sell or otherwise transfer a keg for off-premises consumption unless the license holder provides the purchaser with a keg registration form, created by the Comptroller, which is attached to the keg and indicates the name and address of the licensed establishment and a registration number. With specified exceptions, the purchaser must provide identification and complete a registration form that includes the purchaser's name, address, and date of purchase. The license holder must attach the completed registration form to the keg and retain a copy of the form for 30 days.

### *Return of Keg*

On return of a registered keg, the license holder must remove the keg registration form and note the date of the removal on their copy of the keg registration. If a keg is disposable and does not have to be returned, the license holder must indicate on the registration form that the keg is disposable. A license holder may charge a keg registration fee to a purchaser. A license holder who violates any of the requirements may face a fine of up to \$100, a suspension or revocation of the license, or both.

**Background:** In fiscal 2016, there were 29 Class 5 brewery licenses and 33 Class 7 micro-brewery licenses issued in the State.

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## **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

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

**Fiscal Note History:** First Reader - February 14, 2017  
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