

Department of Legislative Services
Maryland General Assembly
2018 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

Senate Bill 253

(Senator Conway, *et al.*)

Education, Health, and Environmental Affairs

Economic Matters

Alcoholic Beverages - Sale of Powdered Alcohol - Prohibition

This bill makes permanent the prohibition on selling or offering for sale alcoholic beverages that are sold in powder or crystalline form to be used directly or in combination with water or any other substance. **The bill takes effect June 1, 2018.**

Fiscal Summary

State Effect: Prohibiting the sale of powder or crystalline alcohol does not materially affect State finances.

Local Effect: Prohibiting the sale of powder or crystalline alcohol does not materially affect local finances.

Small Business Effect: None. Since alcoholic beverage distributors in the State cannot currently sell powdered alcohol, the bill does not change current practice.

Analysis

Current Law: Chapter 475 of 2015 prohibited a person from selling or offering for sale alcoholic beverages that are sold in powder or crystalline form to be used directly or in combination with water or any other substance. The prohibition initially terminated on June 30, 2016; however, Chapter 564 of 2016 extended the prohibition for two years so that it terminates June 30, 2018. A violator is guilty of a misdemeanor and on conviction is subject to a fine of up to \$1,000. Each violation is a separate offense.

Background: The Alcohol and Tobacco Tax and Trade Bureau of the U.S. Department of the Treasury approved labels for Palcohol, a brand of powdered alcohol, on

March 10, 2015, making it legal for Palcohol to be sold in the United States. Palcohol is a prepackaged powder that can be dissolved in a liquid to produce an alcoholic beverage. Additionally, the U.S. Food and Drug Administration has determined that the nonalcohol ingredients in Palcohol comply with agency regulations.

At the request of the Comptroller, the Maryland State Licensed Beverage Association, the Maryland Beer Wholesalers Association, and the Licensed Beverage Distributors of Maryland agreed in 2015 to a voluntary ban on the sale of powdered alcohol.

Additional Information

Prior Introductions: None.

Cross File: HB 213 (Delegates Lam and Davis) - Economic Matters.

Information Source(s): Comptroller's Office, Judiciary (Administrative Office of the Courts); Maryland Department of Health; Department of Legislative Services

Fiscal Note History: First Reader - January 29, 2018
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