

Department of Legislative Services
Maryland General Assembly
2019 Session

FISCAL AND POLICY NOTE
Third Reader

House Bill 550
Economic Matters

(Delegate R. Lewis, *et al.*)

Education, Health, and Environmental Affairs

Alcoholic Beverages - Class 9 Limited Distillery License - On-Premises
Consumption Permit

This bill authorizes a local licensing board that does not issue a Class D beer, wine, and liquor license to grant an on-premises and off-premises consumption permit to the holder of a Class 9 limited distillery license for use on the licensed premises. The permit authorizes (1) the sale of products the applicant produces for off-premises consumption and (2) the sale of liquor manufactured by the applicant that is mixed with other ingredients for on-premises consumption. A local licensing board may charge a fee for the permit and must require the permit holder to comply with existing requirements for alcohol awareness training. **The bill takes effect July 1, 2019.**

Fiscal Summary

State Effect: The bill does not directly affect State operations or finances.

Local Effect: Local government revenues increase minimally as local licensing boards establish the bill's permit. Any additional enforcement activity can likely be handled using existing resources.

Small Business Effect: Potential meaningful.

Analysis

Current Law: Chapter 449 of 2015 established a Class 9 limited distillery license in the State. Chapter 308 of 2016 authorized the Comptroller to issue a Class 9 limited distillery license to a Class B beer, wine, and liquor license holder or a Class D beer, wine, and liquor license holder in any jurisdiction in the State if the license authorizes sales for both on- and

off-premises consumption. The Class 9 license authorizes the license holder to distill, rectify, bottle, or sell up to 100,000 gallons of brandy, rum, whiskey, alcohol, and neutral spirits each year under specified conditions. The license also authorizes the sale of up to 31,000 gallons of liquor at retail. The annual license fee is \$500.

Generally, for a premises that is licensed to sell alcoholic beverages with off-sale privileges, or a premises that is licensed with on-sale privileges and sells alcoholic beverages directly to a customer from a bar or service bar, the license holder or specified employees must complete training in an approved alcohol awareness program in order to obtain and retain their alcoholic beverages license. The training program must be approved and certified by the Comptroller, and it must provide information on how alcohol affects a person's body and behavior, the dangers of drinking and driving, refusing service before a customer becomes intoxicated, and determining if a customer is old enough to legally consume alcohol. The training is valid for four years.

Background: As of February 2019, there were three Class 9 limited distillery licenses issued in the State.

Small Business Effect: Small business limited distilleries that obtain the permit may benefit from increased sales and reputation as consumers visit the limited distillery to sample the distillery's products.

Additional Information

Prior Introductions: SB 910 of 2018 passed the Senate and received a hearing in the House Economic Matters Committee, but no further action was taken.

Cross File: None.

Information Source(s): Charles and Frederick counties; Comptroller's Office; Department of Legislative Services

Fiscal Note History: First Reader - February 13, 2019
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