By: Delegates Ebersole, Feldmark, Hill, Ruth, and P. Young
Introduced and read first time: February 7, 2022
Assigned to: Ways and Means and Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 Alcoholic Beverage Tax – Ready-to-Drink Cocktails

3 FOR the purpose of establishing the alcoholic beverage tax rates for ready-to-drink
   cocktails; and generally relating to alcoholic beverage taxes.

4 BY repealing and reenacting, without amendments,
   Article – Tax – General
   Section 5–101(a) and (g)
   Annotated Code of Maryland
   (2016 Replacement Volume and 2021 Supplement)

5 BY adding to
   Article – Tax – General
   Section 5–101(k)
   Annotated Code of Maryland
   (2016 Replacement Volume and 2021 Supplement)

6 BY repealing and reenacting, with amendments,
   Article – Tax – General
   Section 5–101(k) through (o) and 5–105
   Annotated Code of Maryland
   (2016 Replacement Volume and 2021 Supplement)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
That the Laws of Maryland read as follows:

Article – Tax – General

5–101.

(a) In this title the following words have the meanings indicated.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.
[Brackets] indicate matter deleted from existing law.
“Distilled spirits” means a distilled alcoholic beverage.

“Distilled spirits” includes:

(i) alcohol;
(ii) brandy;
(iii) cordials;
(iv) gin;
(v) liqueur;
(vi) rum;
(vii) vodka;
(viii) whiskey; and
(ix) solutions or mixtures of distilled spirits except fortified wines.

“Ready-to-drink cocktail” means a beverage that:

(1) contains distilled spirits mixed with nonalcoholic beverages and may contain wine;
(2) is 12% or less alcohol by volume; and
(3) is contained in original packaging consisting of a metallic container or can that is not more than 12 ounces.

“Resident dealer” means a person who is required to obtain a resident dealer’s permit under § 2–125 of the Alcoholic Beverages Article.

“Retail dealer” means a person who buys an alcoholic beverage for sale to a consumer.

“Retail dealer” includes a county department of liquor control, a liquor control board, or the Alcohol Beverage Services for Montgomery County that operates a dispensary.

“Tax stamp” means a device in the design and denomination that the Comptroller authorizes for the purpose of being affixed to a container of distilled spirits as evidence that the alcoholic beverage tax is paid.
“Wholesaler” means a person who buys or imports an alcoholic beverage for sale to another person for resale.

“Wholesaler” includes a county department of liquor control, a liquor control board, or the Alcohol Beverage Services for Montgomery County that operates a wholesale dispensary.

“Wine” means a fermented alcoholic beverage.

“Wine” includes:

(i) carbonated, flavored, imitation, sparkling, or still wine;
(ii) champagne;
(iii) cider;
(iv) fortified wine;
(v) perry;
(vi) sake; and
(vii) vermouth.

Except as provided in PARAGRAPH (2) OF THIS SUBSECTION AND subsection (d) of this section, the alcoholic beverage tax rate for distilled spirits is:

(1) \$1.50 for each gallon or 39.63 cents for each liter; and

[(2)] (II) if distilled spirits contain a percentage of alcohol greater than 100 proof, an additional tax, for each 1 proof over 100 proof, of 1.5 cents for each gallon or 0.3963 cents for each liter.

THE ALCOHOLIC BEVERAGE TAX RATE FOR READY-TO-DRINK COCKTAILS IS 40 CENTS FOR EACH GALLON OR 10.57 CENTS FOR EACH LITER.

Except as provided in subsection (d) of this section, the alcoholic beverage tax rate for wine is 40 cents for each gallon or 10.57 cents for each liter.

Except as provided in subsection (d) of this section, the alcoholic beverage tax rate on beer and mead is 9 cents for each gallon or 2.3778 cents for each liter.
(d) The tax imposed under § 5–102(b) of this subtitle shall equal the amount that
the discriminating jurisdiction charges a Maryland licensee or permit holder.

(e) The revenue generated from the tax imposed under subsection (b) of this
section on wine produced at wineries licensed under the Alcoholic Beverages Article shall
be distributed to the Maryland Wine and Grape Promotion Fund under § 2–1102 of the
Agriculture Article.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2022.