

Department of Legislative Services
Maryland General Assembly
2025 Session

FISCAL AND POLICY NOTE
Third Reader

Senate Bill 1039

(Senator Sydnor)

Finance

Economic Matters

Alcoholic Beverages - Class 5 Breweries - On-Premises Consumption

This bill increases, from 25% to 35%, the criteria for the maximum percentage of the total number of barrels of beer not produced by the holder of a Class 5 brewery license that the licensee may sell for on-premises consumption in a calendar year under certain circumstances. **The bill takes effect July 1, 2025.**

Fiscal Summary

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

Local Effect: The bill does not materially affect local government operations or finances.

Small Business Effect: None.

Analysis

Current Law: A local licensing board may issue an on-premises consumption permit to an applicant that holds a Class 5 brewery license *and* a Class D beer license or equivalent license. Generally, a Class 5 brewery that obtains an on-premises consumption permit may sell up to 5,000 barrels of beer each year for on-premises consumption as follows:

- beer of which the Class 5 licensee is the brand owner, and that is fermented and brewed entirely by the licensee at an authorized location; and
- beer that is fermented and brewed entirely at the brewery under contract with a brand owner who does not possess a Class 5 license.

Additionally, for a Class 5 brewery that produces more than 1 million barrels of finished products annually, alone, or in combination with its affiliates, beer delivered to the Class 5 brewery in finished form may be sold for on-premises consumption, subject to the specified annual limits above, only if it is purchased from a licensed wholesaler. The beer brewed at a location other than the Class 5 brewery may be sold if (1) the brand owner of the beer is a Class 5 brewery licensee or an affiliate of a Class 5 brewery licensee; (2) the number of barrels of beer sold for on-premises consumption under the Class D beer or equivalent license, or an on-site consumption permit in a calendar year does not exceed the greater of 25% of the total number of barrels of beer sold for on-premises consumption in that calendar year, or 1.2% of total finished production under the Class 5 brewery license; and (3) the licensee contracts with or on behalf of a holder of a manufacturer's license or nonresident dealer's permit, or the beer is manufactured by an affiliate of the licensee.

Additional Comments: The Alcohol, Tobacco, and Cannabis Commission advises the bill affects one Class 5 brewery licensee in the State (Open Gate Brewery located in Baltimore County).

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: HB 1551 (Delegate McCaskill) - Economic Matters.

Information Source(s): Alcohol, Tobacco, and Cannabis Commission; Department of Legislative Services

Fiscal Note History: First Reader - March 7, 2025
km/tso Third Reader - March 15, 2025

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