



MARYLAND ASSOCIATIONS OF ALCOHOL MANUFACTURERS HB550/SB476

POSITION: SUPPORT THE 6-MONTH SUNSET EXTENSION FOR THE PRIVILEGES SET FORTH IN HB1232/SB821 FROM LAST SESSION.

BILL SUMMARY: In recognition of the devastating and ongoing economic impact to small businesses due to the COVID19 pandemic (including the prevalence of new variants) and the current consumer expectations, HB550/SB476 proposes a 6-month sunset extension (from December 31st, 2022 to June 30th, 2023) on the privileges codified in in the passage of HB1232/SB821 last session.

RATIONALE: The members of the alcohol manufacturing industry help support thousands of jobs across the state and generate billions of dollars in economic impact. **Yet, due to the precipitous decline of on-premise visitation at Maryland's breweries, wineries and distilleries, our members were forced to overhaul our collective business operations overnight in order to survive. In so doing, we had no choice but to shift our focus to off-premise sales in order to stay in business and keep Marylanders employed.**

This legislation ensures that the state does not jeopardize the economic viability of Maryland's alcohol manufacturing industry – given the harsh and unpredictable realities caused by the COVID19 pandemic. As we all witnessed this past fall with the rise and spread of the Omicron variant, the pandemic (and resulting impact on certain businesses) is still with us. We cannot run the risk that the off-premise delivery and shipping privileges (already granted by the General Assembly) cease during the winter months. That is why we support an additional 6-month extension. Certainly, another extension may be warranted during the 2023 legislative session as well depending on the relevant circumstances.

A REMINDER ON LAST YEAR – WHAT DID HB 1232/SB821 FROM 2021 DO?

- **CODIFIED OFF-PREMISE DELIVERY AND SHIPPING:** Granted Maryland's 275 alcohol manufacturers the right to deliver their products using an employee (§2-219) or to directly ship their products using a third-party common carrier (§2-219) to Maryland consumers without caps (§2-202 & §2-207). Note that wineries already have the statutory right under Maryland law to ship product using a common carrier (this bill extends that privilege to breweries and distilleries while streamlining the process for all three). The proposed legislation also provides flexibility for the Alcohol and Tobacco Commission to set fees for statewide licenses and permits.
 - **CREATED A SINGLE MANUFACTURER OFF-SITE PERMIT (§2-130):** Struck individual permits for wineries, breweries and distilleries in an effort to consolidate and make consistent the language and authorities granted. With some manufacturers now holding multiple licenses (winery, brewery, etc.), they are currently obtaining up to three
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different—and conflicting—off-site permits annually. This bill also eliminates the current 3,000-barrel conditional production threshold for a Class 5 or Class 7 brewery to obtain an off-site permit. *This promotes equitable treatment for all three manufacturers. It is based on existing law and previous precedent within consensus legislation over the last few years.*

- **CREATED A NEW BREWERY SPECIAL EVENT PERMIT (§2-140):** Struck the “promotional event permit” from the Class 5 and Class 8 statutes. The new “Brewery Special Event Permit” is based off existing authorities and previous agreements. The existing language and lack of continuity within each license creates gray areas requiring constant interpretation by the Comptroller’s office. This legislation makes clear the permit holder’s authority during an event. *This will help ensure a clear interpretation for permit applicants, the permit issuer and localities seeking clarification from the permit holder. It is based on existing law and previous precedent within consensus legislation over the last few years.*
- **CLARIFIED CONFLICTING STATUTE (§2-210):** Adds the authority to sell for off-premise consumption back into the Class 8 Farm Brewery. Makes consistent the consensus self-distribution caps. *This is to address unintentional conflicting language caused by the 2019 Brewery Modernization Act.*

NOTABLE INDUSTRY STATISTICS

According to the *Value-Added Agriculture in Maryland Economic Analysis* (2020), the members that make up the Maryland Alcohol Manufacturers:

- **Account for over 275 wineries, breweries, distilleries, cideries and meaderies.**
- **Bring an annual estimated total economic impact of \$3.4 billion.**
- **Generate an annual \$52 million in tax revenue.**
- **Support over 8,500 jobs in the tourism, agriculture, hospitality, and manufacturing industries.**

PLEASE SUPPORT YOUR LOCAL ALCOHOL MANUFACTURERS AND PASS HB550/SB476!

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