

Department of Legislative Services  
Maryland General Assembly  
2020 Session

FISCAL AND POLICY NOTE  
First Reader

House Bill 1269  
Economic Matters

(Delegate Hornberger, *et al.*)

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Alcoholic Beverages - Manufacturers - Direct Transfer Permit

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This bill establishes a direct transfer permit that may be issued by a local licensing board to the holder of an alcoholic beverages manufacturer's license. The permit authorizes the sale and sampling, for on-premises consumption, of alcoholic beverages produced by either the permit holder or another manufacturer. Alcoholic beverages sold under the permit and produced by another manufacturer may not count toward any sales limit established for the underlying manufacturer's license. The hours of sale for the permit are the same as those for the underlying manufacturer's license. The annual permit fee is \$250. **The bill takes effect July 1, 2020.**

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Fiscal Summary

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

**Local Effect:** Local government revenues increase to the extent that a local jurisdiction chooses to issue the direct transfer permit established by the bill. Expenditures are not materially affected.

**Small Business Effect:** Potential meaningful.

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Analysis

**Current Law/Background:** Alcoholic beverages manufacturers (breweries, wineries, and distilleries) are currently licensed and regulated by the Comptroller's Office; however, these regulatory and licensing duties must transfer to the Alcohol and Tobacco Commission by July 1, 2020, pursuant to Chapter 12 of 2019. There are nine licenses that authorize the production of alcoholic beverages in the State: four for beer, two for wine,

and three for liquor. Each license authorizes the production of different amounts of beer, wine, or liquor and grants the license holder various other privileges and responsibilities related to, among other things, the sale and sampling of beer, wine, or liquor products on the licensed premises and the sale of food. In fiscal 2019, there were 298 manufacturer's licenses issued in the State.

The State's 23 counties and the cities of Baltimore and Annapolis all have boards of license commissioners to issue retail alcoholic beverages licenses. Within each jurisdiction, the most common type of retail licenses are Class A, Class B, Class C, and Class D licenses. Each license authorizes the sale of alcoholic beverages in a different manner. Class A licenses are generally issued to liquor stores and allow off-premises consumption. Class B licenses are generally issued to restaurants and hotels but allow off- and on-premises consumption. Class C licenses are generally issued to clubs and nonprofit organizations and allow on-premises consumption. Class D licenses are generally issued to bars and taverns and allow off- and on-premises consumption.

While the general requirements and authorizations of the licenses tend to be similar, these licenses are subject to additional restrictions as determined by each jurisdiction. Local boards can also restrict the issuance of a particular license class within the jurisdiction.

**Small Business Effect:** A small business alcoholic beverages manufacturer that is able to obtain a direct transfer permit may be positively affected through increased sales.

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### **Additional Information**

**Prior Introductions:** None.

**Designated Cross File:** None.

**Information Source(s):** Comptroller's Office; Anne Arundel and Baltimore counties; Department of Legislative Services

**Fiscal Note History:** First Reader - February 11, 2020  
mm/tso

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