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FISCAL AND POLICY NOTE
Revised

Senate Bill 546

(Senators Reilly and Ferguson)

Education, Health, and Environmental Affairs

Economic Matters

Alcoholic Beverages - Refillable Containers - Permits and Labels

This bill standardizes the requirements for alcoholic beverages refillable containers used in the sale of draft beer or wine for off premises consumption. The bill also authorizes the Comptroller to establish standards for alcoholic beverages refillable containers, including containers originating from outside the State. The holder of a refillable container permit may sell, fill, or refill any container that meets the standards. The bill applies to refillable container license holders in specified jurisdictions as well as Class 5 manufacturer's license holders who sell refillable containers. The bill also standardizes the terminology for the authorization to sell refillable containers as a "permit" rather than a "license."

The bill also authorizes the boards of license commissioners in Baltimore, Carroll, Harford, Prince George's, and St. Mary's counties to issue a refillable container permit to holders of specified alcoholic beverages licenses.

Fiscal Summary

State Effect: None. State finances are not affected. The Comptroller's Office can enforce the bill's provisions with existing resources.

Local Effect: Minimal increase in local revenues from additional permit fees in Baltimore, Carroll, Harford, Prince George's, and St. Mary's counties. The affected counties can monitor permits with existing resources.

Small Business Effect: Minimal overall, but potential meaningful for any qualifying licensee obtaining the additional permit and having refillable container sales in excess of the annual permit fee.

Analysis

Bill Summary:

Standardized Requirements

A holder of a refillable container permit in all jurisdictions may only sell, fill, or refill a refillable container that meets the following requirements:

- A refillable container for beer must have a capacity of not less than 32 ounces and not more than 128 ounces and must bear a label stating that the contents of the container are perishable and should be refrigerated immediately and consumed within 48 hours after purchase.
- A refillable container for wine must have a capacity of not less than 17 ounces and not more than 34 ounces.
- A refillable container used for beer or wine must (1) be sealable; (2) be branded with an identifying mark of the seller of the container; (3) bear a specified federal health warning statement; (4) display instruction for cleaning the container; and (5) bear a label stating that cleaning the container is the responsibility of the consumer.

The bill authorizes a permit holder to refill a refillable container originating from inside or outside the State that meets the standards for refillable containers adopted by the Comptroller.

Refillable Container Permit Authority in Baltimore, Carroll, Harford, Prince George's, and St. Mary's Counties

In Baltimore, Carroll, and St. Mary's counties, the bill authorizes the boards of license commissioners to issue a refillable container permit to sell draft beer in refillable containers for consumption off the licensed premises to a holder of a Class A, Class B, or Class D license. In Harford County, the board may issue a refillable container permit to sell draft beer in refillable containers for consumption off the licensed premises to a holder of a Class A-1 or A-2 alcoholic beverages license, a Class B alcoholic beverages

license that has off-sale privileges, or a Class D alcoholic beverages license. In Prince George's County, the board may issue a refillable container permit to sell draft beer in refillable containers for consumption off the licensed premises to a holder of a Class B beer, wine, and liquor license that has off-sale privileges.

In Baltimore, Carroll, and St. Mary's counties, a refillable container permit applicant must complete the form that the board provides and pay an annual permit fee of up to \$50 if the applicant already has an off-sale privilege or up to \$500 if the applicant does not already have that privilege. In Harford County, a refillable container permit applicant must pay an annual permit fee of \$50. In Prince George's County, a refillable container permit applicant must complete the form that the board provides and pay an annual permit fee established by the board.

The term for the permit is the same as that of the applicant's alcoholic beverages license. The hours of sale for a refillable container permit begin at the same time as that of the applicant's alcoholic beverages license and end at midnight. Additionally, an applicant who holds a permit license without an off-sale privilege must meet the same advertising, posting of notice, and public hearing requirements as those for the alcoholic beverages license that the applicant holds.

In Baltimore, Prince George's, and St. Mary's counties, the boards must adopt implementing regulations.

Current Law/Background: In general, a refillable container permit entitles the holder to sell draft beer for consumption off the licensed premises in a refillable container with a capacity of not less than 32 ounces and not more than 128 ounces.

The refillable container used must:

- be sealable;
- be branded with an identifying mark of the license holder;
- bear the federal health warning statement;
- display instructions for cleaning the container; and
- bear a label stating that cleaning the container is the responsibility of the consumer, and that the contents of the container are perishable and should be refrigerated immediately and consumed within 48 hours after purchase.

Below is a summary of the current refillable container laws for the jurisdictions and licenses affected by the bill:

City of Annapolis

Chapters 214 and 215 of 2013 authorized the Annapolis City Alcoholic Beverage Control Board to issue a refillable container license to a holder of a Class A, Class B, or Class D license.

Baltimore City

Chapters 92 and 93 of 2012 authorized the Baltimore City Board of License Commissioners to issue a refillable container license to a holder of any class of alcoholic beverages license issued by the board, except a Class C license or a Class M-G (municipal golf course) license.

Anne Arundel County

Chapter 604 of 2013 authorized the Anne Arundel County Board of License Commissioners to issue a refillable container license to a holder of a Class A, Class B, or Class D license.

Cecil County

Chapter 253 of 2013 authorized the Cecil County Board of License Commissioners to issue a refillable container license to a holder of a Class A or Class B alcoholic beverages license.

Dorchester County

Chapters 446 and 447 of 2013 authorized the Dorchester County Board of License Commissioners to issue a refillable container license to a holder of a Class B or Class D alcoholic beverages license.

Garrett County

Chapter 387 of 2013 authorized the Garrett County Board of License Commissioners to issue a refillable container permit to a draft beer license holder who also holds any class of alcoholic beverages license issued by the board, except a Class C license or Class A license.

Howard County

Chapter 412 of 2012 authorized the Howard County Board of License Commissioners to issue a refillable container permit to a holder of any class of alcoholic beverages license issued by the board except a Class C license and a Class GC (golf course) license.

Chapter 117 of 2013 authorized the holder of a refillable container license in Howard County to sell wine for consumption off the licensed premises in a refillable container.

Montgomery County

Chapter 130 of 2013 authorized the Montgomery County Board of License Commissioners to issue a refillable container permit to a holder of a Class B or Class D beer and light wine license issued in the county.

Wicomico County

Chapters 460 and 461 of 2013 authorized the Wicomico County Board of License Commissioners to issue a refillable container license to a holder of any class of alcoholic beverages license issued by the board, except a Class C license, Class D license, Class B-Conference Center license, or Class B-Stadium license.

Class 5 Manufacturer's License

Chapter 589 of 2013 authorized the Comptroller to issue a refillable container permit to a holder of a Class 5 manufacturer's (brewery) license. There are currently 18 Class 5 manufacturer's licenses issued in the State.

Local Revenues:

Baltimore County

There are 753 alcoholic beverages licenses in Baltimore County, of which 188 are Class A licenses, 314 are Class B licenses, and 156 are Class D licenses. Accordingly, 658 licenses qualify for a refillable container permit under the bill. The number of qualified licensees which seek and obtain the additional "growler" permit is unknown. Therefore, the increase in local revenues from additional license fees is unknown. *For purposes of illustration*, if 40 qualified licensees with off-sale privileges seek the new permit and pay an additional \$50 per permit (in addition to their current license fee), Baltimore County revenues increase by \$2,000 annually (40 licensees x \$50). In addition, if 13 qualified licensees without off-sale privileges seek the new permit and pay the additional \$500 per permit (in addition to the current license fee), Baltimore County

revenues increase by an additional \$6,500 annually (13 licensees x \$500). Accordingly, under this illustrative example, Baltimore County revenues increase by an additional \$8,500 annually.

Carroll County

There are 145 alcoholic beverages licenses in Carroll County, of which 41 are Class A licenses, 82 are Class B licenses, and 5 are Class D licenses. Accordingly, 128 licensees qualify to apply for a refillable container permit under the bill. The number of qualified licensees which seek and obtain the additional “growler” permit is unknown, but Carroll County estimates the board may issue 25 permits to licensees with off-sale privileges and no permits to licensees without off-sale privileges. *For purposes of illustration*, if 25 qualified licensees with off-sale privileges seek the new permit and pay an additional \$50 per permit (in addition to their current license fee), Carroll County revenues increase by \$1,250 annually (25 licensees x \$50).

Harford County

There are 198 alcoholic beverages licenses in Harford County, of which 53 are Class A licenses, 112 are Class B licenses, and 7 are Class D licenses. Accordingly, 172 licensees qualify to apply for a refillable container permit under the bill. The number of qualified licensees which seek and obtain the additional “growler” permit is unknown, but Harford County estimates the board issues up to 10 permits to licensees with off-sale privileges under the bill. *For purposes of illustration*, if 10 qualified licensees with off-sale privileges seek the new permit and pay an additional \$50 per permit (in addition to their current license fee), Harford County revenues increase by \$500 annually (10 licensees x \$50).

Prince George’s County

There are 296 Class B beer, wine, and liquor alcoholic beverages licenses in Prince George’s County, of which 99 include off-sale privileges and qualify to apply for a refillable container permit under the bill. The bill authorizes the board to set the refillable container permit fee; thus, the amount of the fee is unknown. Prince George’s County permit fee revenues increase to the extent qualified licensees with off-sale privileges seek the new permit and pay the permit fee established by the board.

St. Mary’s County

There are 172 alcoholic beverages licenses in St. Mary’s County, of which 49 are Class A licenses, 76 are Class B licenses, and 46 are Class D licenses. Accordingly, 171 licenses qualify for a refillable container permit under the bill. The number of qualified licensees

which seek and obtain the additional “growler” permit is unknown. Therefore, the increase in St. Mary’s County revenues from additional permit fees is unknown. *For purposes of illustration*, if 20 qualified licensees with off-sale privileges seek the new permit and pay an additional \$50 per permit (in addition to their current license fee), St. Mary’s County revenues increase by \$1,000 annually (20 licensees x \$50).

Additional Information

Prior Introductions: None.

Cross File: HB 208 (Delegate Barkley, *et al.*) - Economic Matters.

Information Source(s): Baltimore, Carroll, Harford, Prince George’s, and St. Mary’s counties; Comptroller’s Office; Department of Legislative Services

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