

Department of Legislative Services
Maryland General Assembly
2016 Session

FISCAL AND POLICY NOTE
Third Reader

House Bill 1031
Economic Matters

(Frederick County Delegation)

Education, Health, and Environmental Affairs

Frederick County - Alcoholic Beverages - Refillable Container Permits

This bill authorizes the Frederick County Board of License Commissioners to issue a refillable container permit for draft beer and a refillable container permit for wine to the holder of a Class A or Class B alcoholic beverages license. The annual permit fee for both licenses is \$50.

The bill takes effect July 1, 2016.

Fiscal Summary

State Effect: None.

Local Effect: Frederick County revenues increase by \$50 for each permit issued. Expenditures are not materially affected.

Small Business Effect: Minimal overall, but potential meaningful impact for any qualifying licensee that obtains a refillable container permit and has significant refillable container sales.

Analysis

Current Law: Statewide law prohibits any retail dealer, or agent or employee of a retail dealer, from refilling any container of alcoholic beverages with any substance after the container has been emptied of its original contents, except in specified jurisdictions which authorize the sale of alcoholic beverages in refillable containers.

Chapter 518 of 2014 standardized requirements for refillable containers used in the sale of draft beer or wine for off-premises consumption across the State. A permit holder may refill a refillable container originating from inside or outside the State that meets the following requirements, as well as any other standards for refillable containers adopted by the Comptroller.

- 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 instructions for cleaning the container; and (5) bear a label stating that cleaning the container is the responsibility of the consumer.

Background: In the retail alcoholic beverages industry, refillable containers are commonly called “growlers.”

Local Revenues: In fiscal 2015, 310 alcoholic beverages licenses were issued for use in Frederick County, including 11 Class A beer licenses; 30 Class A beer and wine licenses; 53 Class A beer, wine, and liquor licenses; 7 Class B beer licenses; 29 Class B beer and wine licenses; and 140 beer, wine, and liquor licenses. The number of qualified licensees who will seek to obtain a refillable container permit for beer, wine, or both is unknown. However, *for illustrative purposes only*, if five license holders apply for a refillable container permit for beer and five license holders apply for a refillable container permit for wine, Frederick County revenues would increase by \$500 annually.

Additional Information

Prior Introductions: None.

Cross File: SB 860 (Senators Young and Hough) - Education, Health, and Environmental Affairs.

Information Source(s): Frederick County, Department of Legislative Services

Fiscal Note History: First Reader - February 15, 2016
mel/hlb

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