

Department of Legislative Services  
Maryland General Assembly  
2017 Session

FISCAL AND POLICY NOTE  
First Reader

Senate Bill 1172 (Senator Bates)  
Education, Health, and Environmental Affairs

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Alcoholic Beverages - Class 5 Breweries - Barrelage and Hours of Sale

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This bill increases the amount of beer brewed by the license holder that a Class 5 brewery may sell for on-premises consumption each year from 500 barrels to 5,000 barrels. Additionally, a Class 5 brewery may sell more than 5,000 barrels if the brewery first purchases the additional beer from a licensed wholesaler. Unless otherwise determined by a local licensing board, the hours of sale for beer sold for on-premises consumption by a Class 5 brewery are from (1) 10 a.m. to 10 p.m. on Sunday through Thursday and (2) 10 a.m. to midnight on Friday and Saturday. Finally, the bill repeals the requirement that a Class 5 brewery obtain an on-site consumption permit in order to sell beer for on-premises consumption.

The bill takes effect July 1, 2017.

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Fiscal Summary

**State Effect:** The bill is not anticipated to materially affect State operations or finances.

**Local Effect:** Local revenues decrease to the extent that local licensing boards currently charge a fee for the on-site consumption permit being repealed by the bill.

**Small Business Effect:** Meaningful. Under the bill, a small business brewery may sell significantly more of its own beer each year.

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Analysis

**Current Law:** Class 5 brewery licenses are issued by the Comptroller's Office. A licensee is authorized to (1) establish and operate a plant in Maryland for brewing and bottling malt

beverages at the location described in the license; (2) import beer from holders of nonresident dealer's permits; and (3) sell and deliver beer to any wholesale licensee in the State, or a person outside of the State that is authorized to acquire it. A licensee may also sell up to 288 ounces, per person, of beer brewed at the brewery for off-premises consumption to anyone who participates in a guided tour of the brewery or attends a scheduled promotional event or other organized activity at the licensed premises, provided the person is of legal drinking age.

The Comptroller may issue a refillable container permit for draft beer to a holder of a Class 5 brewery license, on completion of a specified form, at no cost to the holder of the license. The hours of sale for a refillable container permit are the same as the hours when a guided tour, a promotional event, or other organized activity are held at the licensed premises.

A Class 5 brewery license holder may sell up to 500 barrels each year of beer brewed at the location for on-premises consumption. The local licensing board must issue an on-site consumption permit to an applicant that holds a Class 5 manufacturer's license and, with specified exceptions, a Class D beer license. The local licensing board may charge a fee for the permit.

**Background:** There were 29 Class 5 brewery licenses issued in the State in fiscal 2016.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Comptroller's Office; Department of Legislative Services

**Fiscal Note History:** First Reader - March 13, 2017  
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