

Department of Legislative Services
Maryland General Assembly
2017 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

House Bill 47
Economic Matters

(Delegate Arentz)
Education, Health, and Environmental Affairs

Queen Anne's County - Alcoholic Beverages - Class D Beer, Wine, and Liquor
and Class 9 Limited Distillery Licenses

This bill authorizes a holder of a Class D beer, wine, and liquor (BWL) license in Queen Anne's County, who also holds a Class 9 limited distillery license, to sell liquor distilled at the location described in the license for off-premises consumption. A holder of a Class D BWL and a Class 9 limited distillery license may sell beer, wine, and liquor for on-premises consumption but is prohibited from selling beer for off-premises consumption.

The bill takes effect June 1, 2017.

Fiscal Summary

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

Local Effect: Queen Anne's County revenues will increase by \$1,800 for each additional Class D BWL license issued. Queen Anne's County can handle the bill's requirements with existing resources.

Small Business Effect: Minimal overall but potential meaningful positive impact for any small business that realizes increased sales as a result being permitted to sell liquor for off-premises consumption.

Analysis

Current Law:

Class D Beer, Wine, and Liquor License

In Queen Anne's County, a Class D BWL license authorizes the holder to sell beer, wine, and liquor for on-premises consumption and beer for off-premises consumption. The license may not be issued for use by a drug store. The annual license fee is \$1,800.

Limited Distillery License

Chapter 449 of 2015 established a Class 9 limited distillery license in the State. The license must be issued by the Comptroller and may only be issued to a holder of a Class D BWL license or to a holder of a Class B BWL license, and only if the Class D BWL or Class B BWL license authorizes sales for both on- and off-premises consumption. A Class 9 limited distillery license authorizes the user to distill, rectify, bottle, or sell no more than 100,000 gallons of brandy, rum, whiskey, alcohol, and neutral spirits under specified conditions. The annual license fee is \$500.

A holder of a Class 9 limited distillery license may establish and operate a plant in Maryland for distilling, rectifying, and bottling brandy, rum, whiskey, alcohol, and neutral spirits if the holder meets specified conditions. A license holder may (1) acquire bulk alcoholic beverages from the holder of a distillery or rectifying license or from the holder of a nonresident dealer's permit; (2) after acquiring an individual storage permit, store products manufactured on the licensed premises; (3) sell and deliver those products to specified entities; (4) sell the products at retail in a manner consistent with the underlying Class D license; (5) conduct guided tours of the licensed premises, as specified; and (6) serve not more than three one-half ounce samples of products to persons who have attained the legal drinking age, participated in a guided tour of the premises, and are present in the portion of the premises used for the limited distillery operation.

A license holder may not (1) apply for or possess a wholesaler's license; (2) sell bottles of the products on that part of the premises used for the distillery operation; (3) distill, rectify, bottle, or sell more than 100,000 gallons of product in a calendar year; (4) sell at retail on the premises of the Class D license, for on- or off-sale consumption, more than 15,500 gallons of the products manufactured under the Class 9 limited distillery license each calendar year; and (5) own, operate, or be affiliated in any manner with another manufacturer.

To distill more than 100,000 gallons per calendar year, a holder of a Class 9 limited distillery license must divest itself of any Class D or Class B retail license and obtain a Class 1 manufacturer's (distillery) license.

Local Fiscal Effect: Queen Anne's County revenues will increase by \$1,800 for each additional Class D BWL license issued. In fiscal 2016, there were eight Class D BWL licenses and no Class 9 limited distillery licenses issued for use in Queen Anne's County. Queen Anne's County advises that one business has inquired about the ability to sell liquor for off-sale consumption. However, because no businesses currently hold a Class 9 limited distillery license in Queen Anne's County, the bill's fiscal impact is estimated to be minimal. Enforcement activities can be handled with existing resources.

Additional Information

Prior Introductions: None.

Cross File: SB 820 (Senator Hershey) - Education, Health, and Environmental Affairs.

Information Source(s): Queen Anne's County; Comptroller's Office; Department of Legislative Services

Fiscal Note History: First Reader - February 2, 2017
mm/tso Third Reader - March 17, 2017
Revised - Amendment(s) - March 17, 2017

Analysis by: Nathan W. McCurdy

Direct Inquiries to:
(410) 946-5510
(301) 970-5510