

HOUSE BILL 1370

A1, Q7, C8

8lr1864
CF SB 956

By: **Delegates Luedtke, Buckel, Ebersole, Hornberger, Mosby, Shoemaker, and M. Washington**

Introduced and read first time: February 9, 2018

Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Alcoholic Beverages – Maryland Beer and Brewery Promotion Program –**
3 **Establishment**

4 FOR the purpose of establishing the Maryland Beer and Brewery Promotion Program in
5 the Department of Commerce; providing for the purposes of the Program; requiring
6 an applicant to meet certain requirements to qualify for participation in the
7 Program; requiring an applicant to submit a certain application; authorizing the
8 Program to provide certain grants to certain nonprofit organizations and government
9 agencies, subject to a certain limitation; establishing the Maryland Beer and
10 Brewery Promotion Fund as a special, nonlapsing fund; specifying the purposes of
11 the Fund; requiring the Secretary of Commerce to administer the Fund; requiring
12 the State Treasurer to hold the Fund separately, and the Comptroller to account for
13 the Fund; specifying the contents of the Fund; specifying the purposes for which the
14 Fund may be used; providing for the investment of money in and expenditures from
15 the Fund; authorizing the Secretary to adopt certain regulations; altering the
16 distribution of certain alcoholic beverage tax revenue; defining certain terms; and
17 generally relating to the Maryland Beer and Brewery Promotion Program.

18 BY adding to

19 Article – Economic Development

20 Section 5–1701 through 5–1705 to be under the new subtitle “Subtitle 17. Maryland
21 Beer and Brewery Promotion Program”

22 Annotated Code of Maryland

23 (2008 Volume and 2017 Supplement)

24 BY repealing and reenacting, with amendments,

25 Article – Tax – General

26 Section 2–301

27 Annotated Code of Maryland

28 (2016 Replacement Volume and 2017 Supplement)

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 BY repealing and reenacting, without amendments,
2 Article – Tax – General
3 Section 5–105
4 Annotated Code of Maryland
5 (2016 Replacement Volume and 2017 Supplement)

6 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
7 That the Laws of Maryland read as follows:

8 **Article – Economic Development**

9 **SUBTITLE 17. MARYLAND BEER AND BREWERY PROMOTION PROGRAM.**

10 **5–1701.**

11 (A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS
12 INDICATED.

13 (B) “FUND” MEANS THE MARYLAND BEER AND BREWERY PROMOTION
14 FUND.

15 (C) “PROGRAM” MEANS THE MARYLAND BEER AND BREWERY PROMOTION
16 PROGRAM.

17 **5–1702.**

18 (A) THERE IS A MARYLAND BEER AND BREWERY PROMOTION PROGRAM IN
19 THE DEPARTMENT.

20 (B) THE PURPOSES OF THE PROGRAM ARE TO:

21 (1) PROVIDE GRANTS TO NONGOVERNMENTAL ORGANIZATIONS
22 CONSISTENT WITH THE PURPOSES LISTED IN § 5–1703(C) OF THIS SUBTITLE; AND

23 (2) CONDUCT OTHER ACTIVITIES FOR THE PURPOSE OF PROMOTING:

24 (I) THE PRODUCTION AND CONSUMPTION OF MARYLAND BEER;

25 (II) THE CREATION AND DEVELOPMENT OF MARYLAND
26 BREWERIES; AND

27 (III) VISITS TO MARYLAND BREWERIES, INCLUDING VISITS FOR
28 TOURISM, SPECIAL EVENTS, PRODUCT INTRODUCTIONS, AND BREWER EDUCATION.

1 **5-1703.**

2 (A) IN ORDER TO QUALIFY FOR PARTICIPATION IN THE PROGRAM, AN
3 APPLICANT SHALL BE A NONPROFIT ORGANIZATION OR A GOVERNMENT AGENCY.

4 (B) AN APPLICANT SHALL SUBMIT AN APPLICATION FOR A PROGRAM
5 GRANT ON THE FORM THAT THE SECRETARY REQUIRES.

6 (C) SUBJECT TO THE AVAILABILITY OF MONEY IN THE FUND, THE
7 PROGRAM MAY PROVIDE TO ELIGIBLE APPLICANTS GRANTS DESIGNED TO:

8 (1) PROMOTE MARYLAND BEER;

9 (2) FOSTER THE CREATION AND EXPANSION OF MARYLAND
10 BREWERIES;

11 (3) INCREASE TOURISM VISITS TO MARYLAND BREWERIES;

12 (4) ENCOURAGE AND CREATE INCENTIVES FOR SPECIAL EVENTS AT
13 BREWERIES; AND

14 (5) EDUCATE THE PUBLIC ABOUT BREWING IN MARYLAND,
15 ESPECIALLY THE HISTORY OF THE INDUSTRY.

16 **5-1704.**

17 (A) THERE IS A MARYLAND BEER AND BREWERY PROMOTION FUND.

18 (B) THE PURPOSE OF THE FUND IS TO PROVIDE GRANTS THAT PROMOTE
19 THE ADVANTAGES AND ATTRIBUTES OF MARYLAND BREWERIES AND BEER BREWED
20 IN MARYLAND.

21 (C) THE SECRETARY SHALL ADMINISTER THE FUND.

22 (D) (1) THE FUND IS A SPECIAL, NONLAPSING FUND THAT IS NOT
23 SUBJECT TO REVERSION UNDER § 7-302 OF THE STATE FINANCE AND
24 PROCUREMENT ARTICLE.

25 (2) THE STATE TREASURER SHALL HOLD THE FUND SEPARATELY,
26 AND THE COMPTROLLER SHALL ACCOUNT FOR THE FUND.

27 (E) THE FUND CONSISTS OF:

1 (1) REVENUE DISTRIBUTED TO THE FUND UNDER § 2-301(B) OF THE
2 TAX – GENERAL ARTICLE;

3 (2) MONEY APPROPRIATED IN THE STATE BUDGET FOR THE FUND;
4 AND

5 (3) ANY OTHER MONEY FROM ANY OTHER SOURCE ACCEPTED FOR
6 THE BENEFIT OF THE FUND.

7 (F) THE FUND MAY BE USED ONLY FOR:

8 (1) GRANTS THAT ARE CONSISTENT WITH PURPOSES OF THE
9 PROGRAM UNDER § 5-1703(C) OF THIS SUBTITLE TO ELIGIBLE APPLICANTS FOR:

10 (I) MARKETING;

11 (II) RESEARCH;

12 (III) ADVERTISING;

13 (IV) RETAILER PROMOTIONS;

14 (V) FESTIVAL PROMOTIONS; AND

15 (VI) EDUCATIONAL ACTIVITIES; AND

16 (2) ADMINISTRATIVE EXPENSES OF THE PROGRAM.

17 (G) (1) THE STATE TREASURER SHALL INVEST THE MONEY OF THE FUND
18 IN THE SAME MANNER AS OTHER STATE MONEY MAY BE INVESTED.

19 (2) ANY INTEREST EARNINGS OF THE FUND SHALL BE CREDITED TO
20 THE GENERAL FUND OF THE STATE.

21 (H) EXPENDITURES FROM THE FUND MAY BE MADE ONLY IN ACCORDANCE
22 WITH THE STATE BUDGET.

23 5-1705.

24 THE SECRETARY MAY ADOPT REGULATIONS TO CARRY OUT THIS SUBTITLE.

1 2-301.

2 (a) From the alcoholic beverage tax revenue, the Comptroller shall distribute the
3 amount necessary to administer the alcoholic beverage tax laws to an administrative cost
4 account.

5 **(B) AFTER MAKING THE DISTRIBUTION REQUIRED UNDER SUBSECTION (A)**
6 **OF THIS SECTION, THE COMPTROLLER SHALL DISTRIBUTE THE ALCOHOLIC**
7 **BEVERAGE TAX REVENUE COLLECTED UNDER § 5-105(C) OF THIS ARTICLE TO THE**
8 **MARYLAND BEER AND BREWERY PROMOTION FUND ESTABLISHED UNDER § 5-1704**
9 **OF THE ECONOMIC DEVELOPMENT ARTICLE.**

10 **[(b)] (C)** After making the **[distribution] DISTRIBUTIONS** required under
11 **[subsection (a)] SUBSECTIONS (A) AND (B)** of this section, the Comptroller shall distribute
12 the remaining alcoholic beverage tax revenue to the General Fund of the State.

13 5-105.

14 (a) Except as provided in subsection (d) of this section, the alcoholic beverage tax
15 rate for distilled spirits is:

16 (1) \$1.50 for each gallon or 39.63 cents for each liter; and

17 (2) if distilled spirits contain a percentage of alcohol greater than 100 proof,
18 an additional tax, for each 1 proof over 100 proof, of 1.5 cents for each gallon or 0.3963 cents
19 for each liter.

20 (b) Except as provided in subsection (d) of this section, the alcoholic beverage tax
21 rate for wine is 40 cents for each gallon or 10.57 cents for each liter.

22 (c) Except as provided in subsection (d) of this section, the alcoholic beverage tax
23 rate on beer is 9 cents for each gallon or 2.3778 cents for each liter.

24 (d) The tax imposed under § 5-102(b) of this subtitle shall equal the amount that
25 the discriminating jurisdiction charges a Maryland licensee or permit holder.

26 (e) The revenue generated from the tax imposed under subsection (b) of this
27 section on wine produced at wineries licensed under Article 2B shall be distributed to the
28 Maryland Wine and Grape Promotion Fund under § 2-1102 of the Agriculture Article.

29 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
30 1, 2018.