

Department of Legislative Services
Maryland General Assembly
2019 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 1271
Economic Matters

(Delegates Lisanti and Johnson)

**Maryland Wine and Grape Promotion Fund - Grants to Public Institutions of
Higher Education - Authorization**

This bill expands the purpose of the Maryland Wine and Grape Promotion Fund to include providing grants to public institutions of higher education to promote the production and consumption of Maryland wine in the State and the production of grapes in the State.

Fiscal Summary

State Effect: Overall finances of the Maryland Wine and Grape Promotion Fund are not materially affected, as discussed below. State higher education revenues and expenditures may increase minimally beginning in FY 2020 to the extent that State institutions of higher education apply for and receive grants from the fund.

Local Effect: Local revenues and expenditures may increase minimally to the extent that community colleges apply for and receive grants from the fund.

Small Business Effect: Minimal.

Analysis

Current Law/Background: The Maryland Wine and Grape Promotion Fund is a special fund in the Maryland Department of Agriculture (MDA). The purpose of the fund is to provide grants to nongovernmental organizations and to conduct other activities for the purpose of promoting (1) the production and consumption of Maryland wine in the State and (2) the production of grapes in the State.

When the fund was first established, it received general funds. Pursuant to Chapter 282 of 2015, the fund now receives alcoholic beverage tax revenues from wine produced at licensed wineries in the State. In its 2017 annual report, the Governor's Advisory Commission on Maryland Wine and Grape Growing noted that the amount of annual tax revenue the fund receives varies based on wine sales. MDA advises that revenues to the fund have averaged approximately \$87,000 annually in recent years. At the end of fiscal 2018, the fund had a balance of approximately \$195,600. The Governor's proposed fiscal 2020 budget includes \$160,000 in special funds for grants from the fund.

MDA is authorized to deduct up to 2% of proceeds paid into the fund for administrative purposes. The fund may only be used for the following purposes related to the production and consumption of Maryland wine and production of grapes in the State: (1) grants; (2) marketing; (3) research; (4) advertising; (5) retailer promotions; (6) festival promotions; and (7) educational seminars.

State/Local Fiscal Effect: Overall finances of the fund are not materially affected. To the extent any grants are provided to public institutions of higher education, grants to nongovernmental organizations likely decrease correspondingly.

State higher education revenues and expenditures and local revenues and expenditures may increase minimally to the extent any grants are provided to public institutions of higher education in the State.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Maryland Higher Education Commission; Baltimore City Community College; University System of Maryland; Morgan State University; Maryland Department of Agriculture; Comptroller's Office; Department of Legislative Services

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