

Department of Legislative Services
Maryland General Assembly
2021 Session

FISCAL AND POLICY NOTE
Third Reader

House Bill 529

(St. Mary's County Delegation)

Economic Matters

Education, Health, and Environmental Affairs

St. Mary's County - Alcoholic Beverages - Distillery On-Site Consumption
Permit

This bill authorizes the St. Mary's County Board of License Commissioners to issue an on-site consumption permit to the holder of a Class 1 distillery license for use at the location of the licensed premises. The permit authorizes the sale of mixed drinks made from liquor produced by the distillery that is mixed with other nonalcoholic ingredients for on-premises consumption. An application for a permit must be made at least 30 days before the permit is to take effect. The annual permit fee is \$650. **The bill takes effect July 1, 2021.**

Fiscal Summary

State Effect: None.

Local Effect: St. Mary's County revenues increase up to \$1,300 beginning in FY 2022 through fees from on-site consumption permits issued under the bill. St. Mary's County can monitor licenses with existing resources.

Small Business Effect: Overall minimal but potential meaningful for distilleries that are able to obtain an on-site consumption permit under the bill.

Analysis

Current Law: A Class 1 distillery license is issued by the Comptroller's Office and authorizes the establishment and operation of a plant for distilling brandy, rum, whiskey, alcohol, and neutral spirits at the location described in the license. It also authorizes the sale and delivery of those alcoholic beverages, with specified restrictions. The annual license fee is \$2,000.

A distillery may only use up to 7,750 gallons of liquor annually for mixed drinks sold through an on-premises consumption permit.

A Class 1 distillery license also authorizes the license holder to conduct guided tours, serve samples, and sell up to 2.25 liters of products manufactured on the licensed premises, for consumption off the licensed premises, and sell related merchandise, to persons of legal drinking age who participate in a guided tour of the licensed premises.

Local Effect: St. Mary's County advises that there are two Class 1 distillery alcoholic beverages licenses issued in the county. The annual permit fee for a distillery on-site consumption permit is \$650. Therefore, St. Mary's County revenues increase up to \$1,300 annually beginning in fiscal 2022 from on-site consumption permits issued under the bill.

Small Business Effect: Small business distilleries that obtain the on-site consumption permit may benefit from increased sales and reputation as consumers visit the distillery to sample the distillery's products.

Additional Information

Prior Introductions: HB 88 of 2020, a similar bill, was referred to the House Economic Matters Committee and subsequently withdrawn.

Designated Cross File: None.

Information Source(s): St. Mary's County; Comptroller's Office; Department of Legislative Services

Fiscal Note History: First Reader - February 14, 2021
rh/tso Third Reader - March 22, 2021

Analysis by: Michael E. Sousane

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