

Department of Legislative Services
Maryland General Assembly
2024 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

House Bill 1377
Economic Matters

(Delegate Pippy)

Finance

Frederick County - Alcoholic Beverages - Brewery and Distillery Licenses

This bill establishes a Class DBR license in Frederick County and authorizes the Frederick County Board of License Commissioners to issue the license to a holder of a Class 5 brewery license and serve as the required on-premises consumption permit. The license holder may sell (1) food and nonalcoholic beverages and (2) beer brewed at the brewery for on- and off-premises consumption to the extent the license holder is allowed under the Class 5 brewery license. The bill also establishes a Class DDS permit and authorizes the board to issue the permit to a holder of a Class 1 distillery license and serve as the required on-premises consumption permit. The permit holder may sell (1) food and nonalcoholic beverages and (2) brandy, rum, whiskey, alcohol, and neutral spirits that are distilled, rectified, blended, and bottled at the distillery for on- and off-premises consumption to the extent the permit holder is allowed under the Class 1 distillery license. The board must adopt regulations and set the annual fee for the Class DBR license and the Class DDS permit. **The bill takes effect July 1, 2024.**

Fiscal Summary

State Effect: None.

Local Effect: Frederick County revenues may increase to the extent the board establishes and charges license and permit fees. Frederick County can handle any additional enforcement activity with existing budgeted resources.

Small Business Effect: Potential meaningful.

Analysis

Current Law:

Class 1 Distillery License

A Class 1 distillery license 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 Class 1 distillery license also permits the license holder to conduct guided tours from 10:00 a.m. to 10:00 p.m., serve samples, and sell up to 2.25 liters of products manufactured on the licensed premises, for consumption off the licensed premises, and related merchandise, to persons of legal drinking age who participate in a guided tour of the licensed premises.

Local licensing boards may grant an on-site consumption permit to a holder of a Class 1 distillery license, which authorizes the license holder to use up to 7,750 gallons of liquor annually for mixed drinks sold through an on-premises consumption permit.

Class 5 Brewery License

The holder of a Class 5 brewery license may (1) establish and operate a plant for brewing and bottling malt beverages at the location described in the license; (2) import beer from a holder of a nonresident dealer's permit; (3) contract to brew and bottle beer on behalf of other license holders; and (4) sell and deliver beer to a holder of a beer wholesaler's license. The annual license fee is \$1,500.

A Class 5 brewery may serve samples of beer, from 10:00 a.m. to 10:00 p.m., to an individual who participates in a guided tour of the brewery or attends a scheduled promotional event, as specified. Generally, the beer brewed at the brewery may also be sold for off-premises consumption at retail in a container other than a keg to an individual participating in a guided tour of the brewery or attending a scheduled promotional event or other organized activity at the brewery.

Local licensing boards may issue on-premises consumption permits to applicants that hold a Class 5 brewery license and a Class D beer license. A local licensing board that does not issue a Class D beer license must establish an equivalent license and require the applicant to obtain that license before issuing a permit for on-premises consumption.

Small Business Effect: Small business distilleries that obtain a Class DDS permit and small business breweries that obtain a Class DBR license may benefit from the ability to sell food and nonalcoholic beverages under the bill.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: SB 1002 (Frederick County Senators) - Finance.

Information Source(s): Frederick County; Department of Legislative Services

Fiscal Note History: First Reader - February 15, 2024
js/tso Third Reader - March 18, 2024
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