

**Department of Legislative Services**  
Maryland General Assembly  
2016 Session

**FISCAL AND POLICY NOTE**  
**First Reader**

House Bill 1158 (Delegates Lisanti and Hornberger)  
Economic Matters

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**Cecil County - Alcoholic Beverages - Class 7 Micro-Brewery Licenses**

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This bill authorizes the Comptroller to issue a Class 7 micro-brewery license to a holder of a Class B beer, wine, and liquor (BWL) (on-sale) license issued to a restaurant in Cecil County. The hours and days of sale are the same as those of a Class B license.

The bill takes effect July 1, 2016.

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**Fiscal Summary**

**State Effect:** General fund revenues increase by \$500 annually for each Class 7 micro-brewery license issued in Cecil County. Alcoholic beverages and sales tax revenues may also increase by a minimal amount. Expenditures are not materially affected.

**Local Effect:** The bill does not materially affect Cecil County finances or operations.

**Small Business Effect:** Minimal overall, but potential meaningful positive impact for any small business that applies for and obtains a Class 7 micro-brewery license.

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**Analysis**

**Current Law:**

*Micro-brewery License*

Class 7 micro-brewery (on- and off-sale) licenses are issued by the Comptroller's Office for use in 24 jurisdictions – Allegany, Anne Arundel, Baltimore, Calvert, Caroline, Carroll, Charles, Dorchester, Frederick, Garrett, Harford, Howard, Kent, Montgomery,

Prince George's, Queen Anne's, St. Mary's, Somerset, Talbot, Washington, Wicomico, and Worcester counties; Baltimore City; and the City of Annapolis. In general, the license is issued only to a holder of a Class B BWL (on-sale) license that is issued for use on the premises of a restaurant with limited exceptions. The annual license fee is \$500.

Class 7 micro-brewery licensees may sell up to 4,000 barrels of beer to customers for consumption on the premises and may collectively brew, bottle, or contract for up to 22,500 barrels of malt beverages each calendar year. License holders in the 24 jurisdictions also have an off-sale privilege to sell beer brewed under the license to customers for consumption off the licensed premises in refillable containers that are sealed by the licensee at the time of each refill.

#### *Class B Beer, Wine, and Liquor License*

Generally, a Class B BWL license may be issued to a hotel or restaurant that meets specified qualifications. In Cecil County, a Class B BWL license may also be issued to the owner of a hotel that is in a building at least three stories tall that was originally constructed for hotel purposes, has a capital investment of at least \$500,000, and has at least one passenger elevator. The hotel is required to have at least 100 rooms, and a dining room with facilities for preparing and serving regular meals for at least 125 individuals. The annual fee for a Class B BWL license is \$750. The hours of sale are Monday through Saturday from 6 a.m. to 2 a.m. the following day and, with specified limitations, on Sunday from 8 a.m. to 2 a.m. the following day.

**Background:** In fiscal 2015, there were 90 Class B BWL alcoholic beverages licenses issued for use in Cecil County.

**State Fiscal Effect:** General fund revenues from license fees increase by \$500 annually for each Class 7 micro-brewery license issued by the Comptroller. Alcoholic beverages and sales tax revenues may increase minimally from additional beer produced and sold by micro-breweries. Any increase in tax revenues cannot be reliably estimated and depends on the amount of product brewed; however, it is not anticipated to be significant. The sales tax on alcoholic beverages is 9%.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Cecil County, Comptroller's Office, Department of Legislative Services

**Fiscal Note History:** First Reader - February 18, 2016  
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