

Department of Legislative Services
Maryland General Assembly
2019 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 549
Economic Matters

(Delegate Lisanti, *et al.*)

Alcoholic Beverages - Class 1 Distillery License - On-Site Consumption Permit

This bill authorizes a local alcoholic beverages licensing board in the State to issue an on-site consumption permit to the holder of a Class 1 distillery license; a board may charge a fee for the permit. The permit authorizes the sale of mixed drinks made from liquor produced by the distillery for on-premises consumption. A local licensing board must require the permit holder to abide by all applicable trade practice restrictions and comply with existing requirements for alcohol awareness training. **The bill takes effect July 1, 2019.**

Fiscal Summary

State Effect: The bill does not directly affect State operations or finances.

Local Effect: Local government revenues increase, likely minimally, as local licensing boards establish the on-site consumption permit. Any additional enforcement activity can likely be handled using existing resources.

Small Business Effect: Potential meaningful.

Analysis

Bill Summary: A distillery may only use up to 7,750 gallons of liquor for mixed drinks each year. At least 75% of the liquor used in the mixed drinks must be produced by the distillery, and the remainder must have been purchased from a licensed retailer. The distillery may not keep more than 10 varieties of alcohol that is not produced by the distillery.

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 Class 1 distillery license also permits 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 related merchandise, to persons of legal drinking age who participate in a guided tour of the licensed premises.

Generally, for a premises that is licensed to sell alcoholic beverages with off-sale privileges, or a premises that is licensed with on-sale privileges and sells alcoholic beverages directly to a customer from a bar or service bar, the license holder or specified employees must complete training in an approved alcohol awareness program in order to obtain and retain their alcoholic beverages license. The training program must be approved and certified by the Comptroller, and it must provide information on how alcohol affects a person's body and behavior, the dangers of drinking and driving, refusing service before a customer becomes intoxicated, and determining if a customer is old enough to legally consume alcohol. The training is valid for four years.

Background: As of February 2019, there were 29 Class 1 distillery licenses issued in the State.

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: SB 909, a similar bill, passed the Senate and received a hearing in the House Economic Matters Committee, but no further action was taken.

Cross File: None.

Information Source(s): Comptroller's Office; Department of Legislative Services

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