

# SENATE BILL 956

A1, Q7, C8

8lr2721  
CF HB 1370

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By: ~~Senator Eckardt~~ **Senators Eckardt, Middleton, Astle, Benson, Feldman,  
Hershey, Jennings, Klausmeier, Mathias, Reilly, and Rosapepe**

Introduced and read first time: February 5, 2018

Assigned to: Education, Health, and Environmental Affairs

Reassigned: Finance and Budget and Taxation, February 8, 2018

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Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 16, 2018

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## CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **Alcoholic Beverages – Maryland Beer and Brewery Promotion Program –**  
3 **Establishment**

4 FOR the purpose of establishing the Maryland Beer and Brewery Promotion Program in  
5 the Department of Commerce; providing for the purposes of the Program; requiring  
6 an applicant to meet certain requirements to qualify for participation in the  
7 Program; requiring an applicant to submit a certain application; authorizing the  
8 Program to provide certain grants to certain nonprofit organizations and government  
9 agencies, subject to a certain limitation; prohibiting a certain applicant from using a  
10 certain grant in a certain manner; establishing the Maryland Beer and Brewery  
11 Promotion Fund as a special, nonlapsing fund; specifying the purposes of the Fund;  
12 requiring the Secretary of Commerce to administer the Fund; requiring the State  
13 Treasurer to hold the Fund separately, and the Comptroller to account for the Fund;  
14 specifying the contents of the Fund; specifying the purposes for which the Fund may  
15 be used; providing for the investment of money in and expenditures from the Fund;  
16 authorizing the Secretary to adopt certain regulations; altering the distribution of  
17 certain alcoholic beverage tax revenue; defining certain terms; and generally relating  
18 to the Maryland Beer and Brewery Promotion Program.

19 BY adding to

20 Article – Economic Development

21 Section 5–1701 through 5–1705 to be under the new subtitle “Subtitle 17. Maryland  
22 Beer and Brewery Promotion Program”

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 Annotated Code of Maryland  
2 (2008 Volume and 2017 Supplement)

3 BY repealing and reenacting, with amendments,  
4 Article – Tax – General  
5 Section 2–301  
6 Annotated Code of Maryland  
7 (2016 Replacement Volume and 2017 Supplement)

8 BY repealing and reenacting, without amendments,  
9 Article – Tax – General  
10 Section 5–105  
11 Annotated Code of Maryland  
12 (2016 Replacement Volume and 2017 Supplement)

13 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,  
14 That the Laws of Maryland read as follows:

15 **Article – Economic Development**

16 **SUBTITLE 17. MARYLAND BEER AND BREWERY PROMOTION PROGRAM.**

17 **5–1701.**

18 (A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS  
19 INDICATED.

20 (B) “FUND” MEANS THE MARYLAND BEER AND BREWERY PROMOTION  
21 FUND.

22 (C) “PROGRAM” MEANS THE MARYLAND BEER AND BREWERY PROMOTION  
23 PROGRAM.

24 **5–1702.**

25 (A) THERE IS A MARYLAND BEER AND BREWERY PROMOTION PROGRAM IN  
26 THE DEPARTMENT.

27 (B) THE PURPOSES OF THE PROGRAM ARE TO:

28 (1) PROVIDE GRANTS TO ~~NONGOVERNMENTAL ORGANIZATIONS~~  
29 NONPROFIT ORGANIZATIONS AND GOVERNMENT AGENCIES CONSISTENT WITH THE  
30 PURPOSES LISTED IN § 5–1703(C) OF THIS SUBTITLE; AND

31 (2) CONDUCT OTHER ACTIVITIES FOR THE PURPOSE OF PROMOTING:

1 (I) THE PRODUCTION AND CONSUMPTION OF MARYLAND BEER;

2 (II) THE CREATION AND DEVELOPMENT OF MARYLAND  
3 BREWERIES; AND

4 (III) VISITS TO MARYLAND BREWERIES, INCLUDING VISITS FOR  
5 TOURISM, SPECIAL EVENTS, PRODUCT INTRODUCTIONS, AND BREWER EDUCATION.

6 5-1703.

7 (A) IN ORDER TO QUALIFY FOR PARTICIPATION IN THE PROGRAM, AN  
8 APPLICANT SHALL BE A NONPROFIT ORGANIZATION OR A GOVERNMENT AGENCY.

9 (B) AN APPLICANT SHALL SUBMIT AN APPLICATION FOR A PROGRAM  
10 GRANT ON THE FORM THAT THE SECRETARY REQUIRES.

11 (C) SUBJECT TO THE AVAILABILITY OF MONEY IN THE FUND, THE  
12 PROGRAM MAY PROVIDE TO ELIGIBLE APPLICANTS GRANTS DESIGNED TO:

13 (1) PROMOTE MARYLAND BEER;

14 (2) FOSTER THE CREATION AND EXPANSION OF MARYLAND  
15 BREWERIES;

16 (3) INCREASE TOURISM VISITS TO MARYLAND BREWERIES;

17 (4) ENCOURAGE AND CREATE INCENTIVES FOR SPECIAL EVENTS AT  
18 BREWERIES; AND

19 (5) EDUCATE THE PUBLIC ABOUT BREWING IN MARYLAND,  
20 ESPECIALLY THE HISTORY OF THE INDUSTRY.

21 (D) AN ELIGIBLE APPLICANT MAY NOT USE A GRANT PROVIDED UNDER THIS  
22 SUBTITLE TO SATISFY ANY PART OF A MATCHING FUND REQUIREMENT OF ANOTHER  
23 STATE GRANT PROVIDED TO THE ELIGIBLE APPLICANT.

24 5-1704.

25 (A) THERE IS A MARYLAND BEER AND BREWERY PROMOTION FUND.

26 (B) THE PURPOSE OF THE FUND IS TO PROVIDE GRANTS THAT PROMOTE  
27 THE ADVANTAGES AND ATTRIBUTES OF MARYLAND BREWERIES AND BEER BREWED  
28 IN MARYLAND.

29 (C) THE SECRETARY SHALL ADMINISTER THE FUND.

1           **(D) (1) THE FUND IS A SPECIAL, NONLAPSING FUND THAT IS NOT**  
2 **SUBJECT TO REVERSION UNDER § 7-302 OF THE STATE FINANCE AND**  
3 **PROCUREMENT ARTICLE.**

4           **(2) THE STATE TREASURER SHALL HOLD THE FUND SEPARATELY,**  
5 **AND THE COMPTROLLER SHALL ACCOUNT FOR THE FUND.**

6           **(E) THE FUND CONSISTS OF:**

7                   **(1) REVENUE DISTRIBUTED TO THE FUND UNDER § 2-301(B) OF THE**  
8 **TAX – GENERAL ARTICLE;**

9                   **(2) MONEY APPROPRIATED IN THE STATE BUDGET FOR THE FUND;**  
10 **AND**

11                   **(3) ANY OTHER MONEY FROM ANY OTHER SOURCE ACCEPTED FOR**  
12 **THE BENEFIT OF THE FUND.**

13           **(F) THE FUND MAY BE USED ONLY FOR:**

14                   **(1) GRANTS THAT ARE CONSISTENT WITH PURPOSES OF THE**  
15 **PROGRAM UNDER § 5-1703(C) OF THIS SUBTITLE TO ELIGIBLE APPLICANTS FOR:**

16                           **(I) MARKETING;**

17                           **(II) RESEARCH;**

18                           **(III) ADVERTISING;**

19                           **(IV) RETAILER PROMOTIONS;**

20                           **(V) FESTIVAL PROMOTIONS; AND**

21                           **(VI) EDUCATIONAL ACTIVITIES; AND**

22                   **(2) ADMINISTRATIVE EXPENSES OF THE PROGRAM.**

23           **(G) (1) THE STATE TREASURER SHALL INVEST THE MONEY OF THE FUND**  
24 **IN THE SAME MANNER AS OTHER STATE MONEY MAY BE INVESTED.**

25                   **(2) ANY INTEREST EARNINGS OF THE FUND SHALL BE CREDITED TO**  
26 **THE GENERAL FUND OF THE STATE.**

1 (H) EXPENDITURES FROM THE FUND MAY BE MADE ONLY IN ACCORDANCE  
2 WITH THE STATE BUDGET.

3 5-1705.

4 THE SECRETARY MAY ADOPT REGULATIONS TO CARRY OUT THIS SUBTITLE.

5 Article – Tax – General

6 2-301.

7 (a) From the alcoholic beverage tax revenue, the Comptroller shall distribute the  
8 amount necessary to administer the alcoholic beverage tax laws to an administrative cost  
9 account.

10 (B) AFTER MAKING THE DISTRIBUTION REQUIRED UNDER SUBSECTION (A)  
11 OF THIS SECTION, THE COMPTROLLER SHALL DISTRIBUTE THE ALCOHOLIC  
12 BEVERAGE TAX REVENUE COLLECTED UNDER § 5-105(C) OF THIS ARTICLE ON BEER  
13 FROM A BREWERY FOR WHICH A CLASS 5 BREWERY, CLASS 7 MICRO-BREWERY, OR  
14 CLASS 8 FARM BREWERY LICENSE IS ISSUED TO THE MARYLAND BEER AND  
15 BREWERY PROMOTION FUND ESTABLISHED UNDER § 5-1704 OF THE ECONOMIC  
16 DEVELOPMENT ARTICLE.

17 [(b)] (C) After making the [distribution] DISTRIBUTIONS required under  
18 [subsection (a)] SUBSECTIONS (A) AND (B) of this section, the Comptroller shall distribute  
19 the remaining alcoholic beverage tax revenue to the General Fund of the State.

20 5-105.

21 (a) Except as provided in subsection (d) of this section, the alcoholic beverage tax  
22 rate for distilled spirits is:

23 (1) \$1.50 for each gallon or 39.63 cents for each liter; and

24 (2) if distilled spirits contain a percentage of alcohol greater than 100 proof,  
25 an additional tax, for each 1 proof over 100 proof, of 1.5 cents for each gallon or 0.3963 cents  
26 for each liter.

27 (b) Except as provided in subsection (d) of this section, the alcoholic beverage tax  
28 rate for wine is 40 cents for each gallon or 10.57 cents for each liter.

29 (c) Except as provided in subsection (d) of this section, the alcoholic beverage tax  
30 rate on beer is 9 cents for each gallon or 2.3778 cents for each liter.

31 (d) The tax imposed under § 5-102(b) of this subtitle shall equal the amount that  
32 the discriminating jurisdiction charges a Maryland licensee or permit holder.

1 (e) The revenue generated from the tax imposed under subsection (b) of this  
2 section on wine produced at wineries licensed under Article 2B shall be distributed to the  
3 Maryland Wine and Grape Promotion Fund under § 2-1102 of the Agriculture Article.

4 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July  
5 1, 2018.

Approved:

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Governor.

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President of the Senate.

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Speaker of the House of Delegates.