

Department of Legislative Services  
Maryland General Assembly  
2019 Session

FISCAL AND POLICY NOTE  
First Reader

Senate Bill 288 (Senators Young and Hough)  
Education, Health, and Environmental Affairs

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**Frederick County - Alcoholic Beverages - Class DDS (Distillery) License**

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This bill authorizes the Frederick County Board of License Commissioners to issue a Class DDS (distillery) license to a holder of a Class 1 distillery license or a Class 9 limited distillery license. The license authorizes the license holder to sell, for on-premises consumption, mixed drinks made from liquor produced by the license holder mixed with other, nonalcoholic ingredients. The license holder may annually use up to 7,750 gallons of liquor that the license holder produces for mixed drinks sold under the license. The hours of sale for a Class DDS license are the same as those for a Class DBR license. The board may establish and charge a fee for the license and must require the license holder to comply with existing alcohol awareness training requirements and all applicable trade practice restrictions. **The bill takes effect July 1, 2019.**

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**Fiscal Summary**

**State Effect:** None.

**Local Effect:** Frederick County revenues may increase to the extent that the board establishes and charges a license fee and issues the license to eligible distilleries under the bill. Frederick County can handle any additional enforcement activity with existing resources.

**Small Business Effect:** Potential meaningful for eligible licensed distilleries in Frederick County.

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## Analysis

### Current Law:

#### *Class 1 Distillery License*

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.

#### *Class 9 Limited Distillery License*

Chapter 449 of 2015 established a Class 9 limited distillery license in the State. Chapter 308 of 2016 authorized the Comptroller to issue a Class 9 limited distillery license to a Class B beer, wine, and liquor license holder or a Class D beer, wine, and liquor license holder in any jurisdiction in the State if the license authorizes sales for both on- and off-premises consumption. The Class 9 license authorizes the license holder to distill, rectify, bottle, or sell up to 100,000 gallons of brandy, rum, whiskey, alcohol, and neutral spirits each year under specified conditions. The license also authorizes the sale of up to 31,000 gallons of liquor at retail. The annual license fee is \$500.

#### *Alcohol Awareness Training Requirements for Alcoholic Beverages Licensees*

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:** Frederick County advises that there are three Class 1 distillery licenses and no Class 9 limited distillery licenses issued for use in the county.

### *Class DBR License*

A local licensing board may grant an on-site consumption permit to a Class 5 brewery license holder who also holds a Class D beer license. A local licensing board that does not issue a Class D beer license must, before granting an on-site consumption permit, establish an equivalent license and require an applicant for the permit to obtain the equivalent license. In Frederick County, the board does not issue a Class D beer license but has adopted a policy establishing a Class DBR license to permit a Class 5 Manufacturer's license holder to sell beer brewed by the license holder for on-premises consumption.

**Small Business Effect:** A small business distillery in Frederick County that obtains a Class DDS license may benefit from increased sales and reputation as customers visit the distillery to sample the distillery's products.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** HB 446 (Frederick County Delegation) - Economic Matters.

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

**Fiscal Note History:** First Reader - February 14, 2019  
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