

SENATE BILL 508

A1
SB 956/18 – FIN & B&T

9lr1379
CF HB 480

By: **Senators Eckardt, Bailey, Edwards, Gallion, Hershey, Hough, Peters, Salling,
Washington, and West**

Introduced and read first time: February 4, 2019

Assigned to: Finance and Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **Alcoholic Beverages – Maryland Brewery Promotion Program – Establishment**

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

18 BY adding to

19 Article – Economic Development

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

22 Annotated Code of Maryland

23 (2018 Replacement Volume)

24 BY repealing and reenacting, with amendments,

25 Article – Tax – General

26 Section 2–301

27 Annotated Code of Maryland

28 (2016 Replacement Volume and 2018 Supplement)

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 BY repealing and reenacting, without amendments,
2 Article – Tax – General
3 Section 5–105
4 Annotated Code of Maryland
5 (2016 Replacement Volume and 2018 Supplement)

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

8 **Article – Economic Development**

9 **SUBTITLE 17. MARYLAND BREWERY PROMOTION PROGRAM.**

10 **5–1701.**

11 (A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS
12 INDICATED.

13 (B) “FUND” MEANS THE MARYLAND BREWERY PROMOTION FUND.

14 (C) “PROGRAM” MEANS THE MARYLAND BREWERY PROMOTION
15 PROGRAM.

16 **5–1702.**

17 (A) THERE IS A MARYLAND BREWERY PROMOTION PROGRAM IN THE
18 DEPARTMENT.

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

20 (1) PROVIDE GRANTS TO NONPROFIT ORGANIZATIONS AND
21 GOVERNMENT AGENCIES CONSISTENT WITH THE PURPOSES LISTED IN § 5–1703(C)
22 OF THIS SUBTITLE; AND

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

24 (I) THE CREATION AND DEVELOPMENT OF MARYLAND
25 BREWERIES;

26 (II) VISITS TO MARYLAND BREWERIES, INCLUDING VISITS FOR
27 TOURISM, SPECIAL EVENTS, PRODUCT INTRODUCTIONS, AND BREWER EDUCATION;
28 AND

29 (III) THE PRODUCTION AND CONSUMPTION OF MARYLAND BEER.

1 **5-1703.**

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

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

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

8 (1) FOSTER THE CREATION AND EXPANSION OF MARYLAND
9 BREWERIES;

10 (2) INCREASE TOURISM VISITS TO MARYLAND BREWERIES;

11 (3) ENCOURAGE AND CREATE INCENTIVES FOR SPECIAL EVENTS AT
12 BREWERIES;

13 (4) EDUCATE THE PUBLIC ABOUT BREWING IN MARYLAND,
14 ESPECIALLY THE HISTORY OF THE INDUSTRY; AND

15 (5) PROMOTE MARYLAND BEER.

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

19 **5-1704.**

20 (A) THERE IS A MARYLAND BREWERY PROMOTION FUND.

21 (B) THE PURPOSE OF THE FUND IS TO PROVIDE GRANTS THAT PROMOTE
22 THE ADVANTAGES AND ATTRIBUTES OF MARYLAND BREWERIES AND BEER BREWED
23 IN MARYLAND.

24 (C) THE SECRETARY SHALL ADMINISTER THE FUND.

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

28 (2) THE STATE TREASURER SHALL HOLD THE FUND SEPARATELY,
29 AND THE COMPTROLLER SHALL ACCOUNT FOR THE FUND.

1 (E) THE FUND CONSISTS OF:

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

4 (2) MONEY APPROPRIATED IN THE STATE BUDGET FOR THE FUND;
5 AND

6 (3) ANY OTHER MONEY FROM ANY OTHER SOURCE ACCEPTED FOR
7 THE BENEFIT OF THE FUND.

8 (F) THE FUND MAY BE USED ONLY FOR:

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

11 (I) MARKETING;

12 (II) RESEARCH;

13 (III) ADVERTISING;

14 (IV) RETAILER PROMOTIONS;

15 (V) FESTIVAL PROMOTIONS; AND

16 (VI) EDUCATIONAL ACTIVITIES; AND

17 (2) ADMINISTRATIVE EXPENSES OF THE PROGRAM.

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

20 (2) ANY INTEREST EARNINGS OF THE FUND SHALL BE CREDITED TO
21 THE GENERAL FUND OF THE STATE.

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

24 5-1705.

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

26 Article – Tax – General

1 2-301.

2 (a) From the alcoholic beverage tax revenue, the Comptroller shall distribute the
3 amount necessary to administer the alcoholic beverage tax laws to an administrative cost
4 account.

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

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

15 5-105.

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

18 (1) \$1.50 for each gallon or 39.63 cents for each liter; and

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

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

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

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

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

32 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
33 1, 2019.

