



To Lead, Advocate and Connect as the Voice of Business

Senate Bill 801: Brewery Modernization Act of 2019

Education, Health, and Environmental Affairs

February 22, 2019

SUPPORT

Senate Bill 801 eliminates the buyback and increases taproom limits to 5,000 barrels per year for Class 5 breweries, ensures the right for Class 5 brewers to sell on premises, allows Class 5 hours of operation to be determined by local license provisions, increases taproom limits to 5,000 barrels per year for Class 7 breweries, increases the production cap for Class 7 to 45,000 barrels per year, and allows holders of Class 7 licenses to hold one additional license (same class) anywhere in state.

Current Maryland law does not guarantee newly licensed Class 5 beer manufacturers in Maryland the right to sell beer they manufacture in their own taproom. This law is an artificial barrier to entry for individuals looking to open a beer manufacturing facility in Maryland and take significant capital risk. Taprooms are an essential part of having a brewery of any size. Until 2017, Maryland followed other states and had on premise consumption at a brewery as an automatic privilege. Laws like this need to be changed so that Maryland grows its beer manufacturing industry rather than falls further behind.

A barrel of beer brewed in Maryland has a 54% greater economic impact than a barrel brewed elsewhere. Production limits curb reinvestment in workforce and infrastructure expansion for Maryland's breweries. While we do not philosophically believe that Maryland should set caps for their in-state manufacturing businesses (Maryland's other production licensees - wineries, distilleries and Class 5 breweries - have no such caps) we do recognize that the precedence set by Wicomico County is significant from a legislative perspective. Wicomico County permits their Class 7 Microbreweries to produce up to 45,000 barrels of beer per year. Following Wicomico County's lead, the Montgomery County House Delegation (HB333) and the Frederick County Delegation (SB684) have endorsed bills to increase production limits for their Class 7 Microbreweries to 45,000 barrels of beer per year. Production limits, for any in-state beer manufacturer thwarts and/or significantly delays long-term growth. In the end, the more beer manufactured in Maryland, the more everyone benefits and the more Maryland's economy benefits.

For these reasons, **we request Senate Bill 801 be given a favorable report.**

The Montgomery County Chamber of Commerce (MCCC) accelerates the success of our nearly 500 members by advocating for increased business opportunities, strategic investment in infrastructure, and balanced tax reform to advance Metro Maryland as a regional, national, and global location for business success. Established in 1959, MCCC is an independent non-profit membership organization and is proud to be a Montgomery County Green Certified Business.

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