



Peter Franchot

NEWS *release*

Testimony of Comptroller Franchot on House Bill 1283

ANNAPOLIS, Md. (Wednesday, March 29, 2017) – With the goal of supporting and protecting Maryland’s thriving craft brewing industry, Comptroller Peter Franchot today testified against House Bill 1283 (Alcoholic Beverages – Class 5 Brewery License) before the Senate Education, Health and Environmental Affairs Committee. Below is his submitted testimony:

“Chairwoman Conway, Vice Chairman Pinsky, and members of the Committee, I’m proud to join breweries across our state to express my strong opposition to House Bill 1283 – Alcoholic Beverages – Class 5 Brewery License as passed by the House of Delegates.

“The existing version of House Bill 1283 would jeopardize the future Maryland’s thriving craft brewing industry. The legislation that the House unanimously adopted is bad for business and bad for our state’s economy. This bill discourages innovation, collaboration, and expansion in an industry that continues to grow despite current regulations that are more restrictive than the laws of every other state in the Union.

“Instead of lifting unnecessary restrictions and supporting our breweries, House Bill 1283 creates roadblocks that will not only result in a considerable decline in economic activity, but will also make the process more difficult for starting a new craft brewery in Maryland. I am deeply concerned and remain vehemently opposed to three key provisions that severely impact our craft breweries.

“First, the legislation establishes hours of operations that would severely limit breweries’ ability to showcase and sell their products to Maryland consumers. Currently, Class 5 license holders who possess an on-premise consumption permit can operate until midnight or 2 a.m., depending on the permit holder’s jurisdiction. This legislation establishes a statewide limit on the hours of operation, reducing breweries’ taproom hours to 10 a.m. to 9 p.m. from Sunday through Thursday, and 10 a.m. to 10 p.m. from Friday through Saturday.

“While Maryland craft beer products are widely available at local independent retailers, many consumers are understandably interested in visiting brewery taprooms. The vast majority of brewery taprooms across our state experience high foot traffic especially in the afternoons and evenings, and reducing hours of operation would drastically impact their ability to grow their brand and attract new customers. This provision is a step in the wrong direction and could potentially result in both staff layoffs and negatively impact brewery revenues.

“Second, the current version of House Bill 1283 imposes heavy restrictions on the types of beer that a brewery can sell in its taproom. In essence, this would effectively end the collaborative relationships that many breweries share by only permitting a brewery to sell products that are fermented and brewed on

premises. For example, Peabody Heights in Baltimore – a large incubator for small startups that brew and sell off-site brands in its taproom – would be unable to continue to support start-up brewers who want to join our state’s growing brewery community.

“For many years, our brewers have joined forces to produce special beers that not only attract consumers from across the state and around the country, but to support our communities and philanthropic causes. Last September, four local breweries – Key Brewing Co., Monument City Brewing Co., Brewer’s Art, and White Marsh Brewers’ Co. – collaborated and brewed a special beer – *Ryelief* – to support the relief efforts after the devastating floods in Ellicott City and the Baltimore region. In addition, Jailbreak Brewing Co. and Flying Dog Co. jointly brewed the *Watershed Moment Belgian IPA*, whose proceeds went toward the Ellicott City Partnership.

“What’s more, these strong partnerships between our brewers directly help our retailers and wholesalers, by increasing variety and interest in Maryland beer. A beer enthusiast from Western Maryland who visits a Baltimore-based tasting room and becomes a fan of their products will most likely purchase those products at a local independent retailer. Simply put, a rising tide lifts all boats – and we need to continue to support, not hinder, the relationships that have been built and fortified by our brewers.

“Lastly, the provisions that were added to increase the production cap from 500 barrels to 2,000 barrels are also a cause of great concern. Under the current version of the bill, brewers who exceed the 2,000-barrel production cap to sell the products in their taprooms would essentially be required to buy back the beer they’ve sold to distributors. Burdensome regulations such as this are precisely the reason why so many Marylanders – and Americans across our nation – have lost faith in their government and those that represent them. By requiring brewers to take this extra, unnecessary, and costly step, the State is erecting yet another roadblock for our businesses to function efficiently and successfully.

“The passage of this legislation would effectively end the innovative and collaborative spirit that is flourishing in the Maryland beer community, and no one – not the brewer, not the consumer, and not our state – will benefit.

“As Maryland’s chief fiscal officer and its alcohol regulator, I am cognizant and appreciative of the vital role that our breweries play in our communities and our state’s economy. As this Committee is well-aware, the beer industry is pivotal in our state and local economies – directly supporting more than 14,000 brewing, distributing, and retail jobs and generating more than \$150 million in state and local revenue.

“Our state is proud to be home to some of the best breweries in the country, and this industry continues to grow at a rapid pace every year. As policymakers, we must work to ensure their continued success and growth and identify even more ways to make it easier for aspiring brewers to do business in Maryland.

“For these reasons, I respectfully request an unfavorable report on House Bill 1283.”

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