

BULLETIN



Comptroller of Maryland • Alcohol and Tobacco Tax Division • Goldstein Treasury Building • P.O. Box 2999
Annapolis, Maryland 21404-2999 • Telephone: 410-260-7314 • Forms-by-Fax: 410-974-FAXX(3299);
World Wide Web: www.marylandtaxes.com

No. AB-27
May 30, 2000

TO: Alcoholic Beverages Non-Resident Dealers, Wholesalers, and Wineries

SUBJECT: 2000 Legislation Affecting Alcoholic Beverages

The 2000 Maryland General Assembly passed a number of bills pertaining to the sale and distribution of alcoholic beverages in Maryland which may directly or indirectly affect certain licensees.

Please note the following bills and be guided accordingly:

- **Senate Bill 757 (Chapter 85; effective October 1, 2000).** This bill changes the category of "cider" from a wine to a malt beverage product for purposes of taxation and other regulatory requirements. The major effects of this law change are that (1) cider will be taxed at 9¢ per gallon instead of 40¢ per gallon, (2) suppliers must appoint wholesalers for each product and territory pursuant to the Maryland Beer Franchise Fair Dealing Act, and (3) cider will be considered a malt beverage product under the advertising and trade practice regulations. Under the new law, cider is defined as *"... a beverage derived primarily from apples or apple concentrate and water, containing no other fruit product, and containing at least one-half of 1% and less than 7% of alcohol by volume"*.

On or before October 1, 2000, suppliers of cider must file Beer Franchise Form 528-ATTD for

each defined cider product designating their appointed Maryland wholesaler(s) and assigned territories in this state. They should also delete all cider products from their price filing turnaround document effective October 1.

All shipments of cider into Maryland on or after October 1, 2000 will be required to have the tax prepaid in accordance with the standard requirements for malt beverage products. Suppliers (non-resident dealers) who do not already sell malt beverage products into Maryland should contact Mrs. Denise Davis at 410-260-7321 to obtain information on filing beer tax returns, setting up a tax prepayment account, and filing a surety bond.

Any cider product held in inventory by a Maryland wholesaler on October 1, 2000 must remit a one-time payment of the tax at 9¢ per gallon. This is because the malt beverage tax is prepaid in advance and the wine tax is paid by wholesalers on a monthly depletion basis. A form is being developed for this purpose which should be submitted with your September wine and distilled spirits tax return due October 10. If you are a wholesaler and handle cider products, you should contact Mrs. Davis at the above number to obtain the one-time tax reporting form.

• **House Bill 414 (Chapter 598; effective October 1, 2000).** This bill is intended to promote Maryland wines and has three major components:

- Permits Maryland wineries to sell wine by the glass at the winery.
- Permits Maryland wineries to bring product onto a retail licensed premises, under certain conditions, for bonafide promotional activities.
- Creates a “Winery Special Event Permit” for Maryland wineries to promote and, to a limited extent, sell their products at off-site locations such as farmer’s markets, festivals, fairs, etc. The permit costs \$25 and may be issued for a period not to exceed three consecutive days. Any given Maryland winery may obtain up to 12 permits per year with no more than one permit being issued for use in a single political subdivision. Application forms for this permit will be available on or about September 1, 2000. Contact the License and Permit Section at 410-260-7327.

• **House Bill 513 (Chapter 613; effective October 1, 2000).** This bill increases the value of a malt beverage advertising sign that can be provided to a licensed retailer from \$50 to \$150 if it is manufactured by a malt beverage supplier (non-resident dealer). However, advertising signs which are manufactured and distributed by a beer wholesaler remain at the \$50 limit.

General questions pertaining to the above may be directed to this office at 410-260-7314.

Charles W. Ehart, DPA
Director
Alcohol and Tobacco Tax Division