

Department of Legislative Services
Maryland General Assembly
2026 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

Senate Bill 803

(Senator Beidle)

Finance

Government, Labor, and Elections

**Alcoholic Beverages - Class 3 Wineries and Class 4 Limited Wineries - Bulk
Wine and Pomace Brandy**

This bill authorizes (1) a holder of a Class 3 winery license to acquire bulk wine from the holder of a Class 4 limited winery license and (2) a holder of a Class 4 limited winery license to sell and deliver bulk wine to the holder of a Class 3 winery license. The bill also modifies the definition of pomace brandy to include a brandy, not exceeding 80 proof, that is distilled by a Class 4 limited winery license from wine produced under the license with ingredients that include at least 51% Maryland-grown agricultural products. The bill specifies that all pomace brandy distilled and bottled by the Class 4 limited winery license holder must be reported by the license holder as a distilled spirit in accordance with Title 5 of the Tax-General Article. **The bill takes effect July 1, 2026.**

Fiscal Summary

State Effect: The bill is not anticipated to materially affect State operations or finances.

Local Effect: The bill is not anticipated to materially affect local government operations or finances.

Small Business Effect: Meaningful.

Analysis

Current Law:

Class 3 Winery License

A Class 3 winery license holder may, among other things, (1) establish and operate a plant for fermenting and bottling wine at the location described in the license; (2) import bulk

wine from a holder of a nonresident dealer's permit; and (3) sell and deliver wine to a wholesaler licensee, a holder of a permit authorized to acquire wine, and a person outside the State authorized to acquire wine. The annual license fee is determined by the Executive Director of Alcohol, Tobacco, and Cannabis Commission (ATCC) and may not exceed \$750.

Class 4 Limited Winery License

Generally, a Class 4 license holder must (1) own or have under contract at least 20 acres of Maryland-grown agricultural products in cultivation for use in the production of wine or (2) if less than 20 acres are owned or under contract, ensure that at least 51% of the ingredients used in the annual production of wine are Maryland-grown agricultural products.

A license holder may (1) ferment and bottle wine and distill and bottle pomace brandy, as specified; (2) sell and deliver the wine and pomace brandy to a wholesaler licensee, a holder of a permit authorized to acquire wine or pomace brandy, or a person outside the State authorized to acquire wine or pomace brandy; (3) sell or serve specified types of food; (4) distill and bottle up to 1,900 gallons of pomace brandy made from available Maryland agricultural products; (5) purchase bulk wine and pomace brandy in a specified manner; (6) import, export, and transport its product; (7) store the product of other Class 4 limited wineries in a specified manner; and (8) produce wine and pomace brandy at a warehouse for which the license holder has been issued an individual storage permit if specified conditions are met. Pomace brandy is brandy distilled from the pulpy residue of wine pressing, including the skins, pips, and stalks of grapes.

A Class 4 limited winery may only be located at the place stated on the license. Throughout the winemaking process, the licensee must maintain ownership of the wine or pomace brandy and ensure it returns to the location of the limited winery. The annual license fee is determined by the Executive Director of ATCC and may not exceed \$200.

Pomace Brandy – Alcoholic Beverage Tax

Under Title 5 of the Tax-General Article, distilled spirits includes alcohol, brandy, cordials, gin, liqueur, rum, vodka, whiskey, and solutions or mixtures of distilled spirits except fortified wine. Generally, the alcoholic beverage tax rate for distilled spirits is (1) \$1.50 for each gallon or 39.63 cents for each liter and (2) if distilled spirits contain a percentage of alcohol greater than 100 proof, an additional tax.

Small Business Effect: Revenues for small business Class 3 winery license holders and Class 4 limited winery license holders may increase due to authorized purchases and sales

under the bill. Also, revenues for a small business Class 4 limited winery license holder may increase due to new type of pomace brandy that may be produced under the bill.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: HB 1111 (Delegate Pruski) - Government, Labor, and Elections.

Information Source(s): Alcohol, Tobacco, and Cannabis Commission; Department of Legislative Services

Fiscal Note History: First Reader - February 18, 2026
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