

Department of Legislative Services  
 Maryland General Assembly  
 2026 Session

FISCAL AND POLICY NOTE  
 First Reader

Senate Bill 807 (Senator Bailey)  
 Finance

Alcoholic Beverages - Class 8 Farm Brewery and Class 10 Farm Distillery Licenses

This bill establishes a statewide Class 10 farm distillery license that may be issued by the Alcohol, Tobacco, and Cannabis Commission (ATCC) *only* to a holder of a Class 8 farm brewery license. The bill adds, modifies, and repeals provisions related to a Class 8 farm brewery license, consistent with a Class 10 farm distillery license, and modifies provisions related to additional licenses. **The bill takes effect July 1, 2026.**

Fiscal Summary

**State Effect:** General fund revenues increase, beginning in fiscal 2027, for each Class 10 farm distillery license issued under the bill, as discussed below. General fund expenditures for ATCC increase by \$221,700 in fiscal 2027, and by approximately \$250,000 annually thereafter, to hire additional staff, as discussed below.

(in dollars)	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
GF Revenue	-	-	-	-	-
GF Expenditure	\$221,700	\$236,500	\$245,700	\$255,100	\$264,500
Net Effect	(\$221,700)	(\$236,500)	(\$245,700)	(\$255,100)	(\$264,500)

*Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease*

**Local Effect:** The bill does not materially affect local government operations or finances.

**Small Business Effect:** Meaningful.

## Analysis

### Bill Summary:

#### *Class 10 Farm Distillery License*

A Class 10 farm distillery license holder may sell and deliver distilled spirits (manufactured with an ingredient from a Maryland agricultural product, including corn, grain, and fruit) that is produced on the licensed farm to (1) a wholesaler licensed to sell and deliver spirits in the State or (2) a person in another state authorized to acquire spirits.

The licensed farm must be (1) an agribusiness engaged in the production, showcasing, preparation, and sale of farm products and (2) actively engaged in agritourism by exposing the public to farming and value-added farming practices. A Class 10 farm distillery may be located only at the place described in the license.

In addition, a license holder may (1) establish and operate a plant on the licensed farm for distilling, rectifying, and bottling brandy, rum, whiskey, alcohol, and neutral spirits and (2) hold or obtain a Class 7 limited beer wholesaler's license or a Class 8 liquor wholesaler's license. The license holder may have more than one license issued by ATCC at the same location if the license holder maintains a single brand at any time for each product of brandy, rum, whiskey, alcohol, and neutral spirit that is distilled, rectified, and sold; and does not manufacture or rectify a product of any other brand for a separate entity.

A license holder may acquire bulk alcoholic beverages from the holder of a distillery or rectifying license in the State or the holder of a nonresident dealer's permit; and also sell and deliver the products manufactured under the license for on-premises and off-premises consumption; conduct guided tours, as specified; serve products manufactured on the licensed farm, or by another manufacturer in the State, to a consumer at no charge or for a fee; sell or serve food if the licensed holder meets specified requirements; and host festivals, provide live music or other entertainment, as specified, in accordance with the licensed farm acting as an agribusiness and engaged in agritourism as specified under the bill.

#### *Prohibitions and Limitations*

A license holder may not (1) hold or obtain a wholesaler's license (other than a Class 7 limited beer wholesaler's license or Class 8 liquor wholesaler's license); (2) own, operate, or be affiliated in any manner with another manufacturer; or (3) distill, rectify, bottle, or sell more than 100,000 gallons of brandy, rum, whiskey, alcohol, or neutral spirits each calendar year.

### *Regulatory Authority and Zoning Exemption*

ATCC has *exclusive* regulatory authority over the operation of a Class 10 farm distillery. The annual license fee is determined by the Executive Director of ATCC and may not exceed \$500. The bill exempts the premises of a Class 10 farm distillery license from all zoning laws, regulations, or ordinances passed in accordance with Divisions I of the Land Use Article.

### *Class 8 Farm Brewery License*

The bill adds, modifies, the repeals the following provisions related to the Class 8 farm brewery license, consistent with the Class 10 farm distillery license:

- adds a provision specifying that a licensed farm must be (1) an agribusiness engaged in the production, showcasing, preparation, and sale of farm products and (2) actively engaged in agritourism by exposing the public to farming and value-added farming practice;
- modifies a provision by authorizing the license holder to sell beer produced by “another manufacturer in the State” for on-premises and off-premises consumption;
- repeals the provision listing specified foods that a license holder may sell or serve, and specifies requirements that the license holder must meet to sell or serve food;
- adds a provision that, in accordance with the licensed farm acting as an agribusiness and engaged in agritourism, a license holder may host festivals, provide live music or other entertainment, as specified;
- repeals the provision requiring the license holder who sells food to meet the same ratio of gross receipts as a holder of a Class D beer and wine license, as specified;
- adds a provision that ATCC has *exclusive* regulatory authority over the operation of a Class 8 farm brewery; and
- modifies a provision so that the premises of a Class 8 farm brewery license is exempt from conforming to all zoning laws, regulations, or ordinances passed in accordance with Divisions I of the Land Use Article.

In addition, the bill specifies that except as provided in a local fire safety code, ATCC may not limit the number of visitors on the licensed premises.

### *Additional Licenses*

The bill adds “farm distillery” to those license holders who may apply for and obtain under a different name, one or more additional licenses for the same or different premises. Also, a Class 10 farm distillery license may apply for and obtain a Class 8 liquor wholesaler’s

license for the same premises or elsewhere under the Alcoholic Beverages and Cannabis Article and distribute its own liquor.

**Current Law:**

*Class 8 Farm Brewery License*

In general, a Class 8 farm brewery license, which is issued by the Executive Director of ATCC at an annual license fee of \$200, authorizes the licensee to brew, bottle, or contract for up to 15,000 barrels of beer each year. However, that beer must be manufactured with an ingredient from a Maryland agricultural product, including hops, grain, and fruit, and produced on the licensed farm. The license holder may sell and deliver the beer to a licensed wholesaler or a person in another state authorized to acquire beer. In addition, a license holder may sell, for on-premises and off-premises consumption, beer produced by the licensee and may sell or serve food, as specified. A Class 8 farm brewery license may not be issued unless the licensed premises conforms with all zoning laws, regulations, and ordinances passed in accordance with Division I of the Land Use Article.

*Class 7 Limited Beer Wholesaler's License*

The Executive Director of ATCC may issue, at an annual license fee of \$50, a Class 7 limited beer wholesaler's license to a person that (1) holds a Class 5 manufacturer's license, a Class 7 micro-brewery license, or a Class 8 farm brewery license and (2) produces, in aggregate, no more than 45,000 barrels of beer annually from all of its locations. The license authorizes the licensee to sell and deliver its own beer produced at the license holder's premises to a person authorized in the State to acquire beer from a wholesaler. A licensee may distribute up to 5,000 barrels of its own beer annually. A Class 7 limited beer wholesaler's licensee in the county may use a second location for the warehousing, sale, and delivery of beer (1) if approved by the Executive Director of ATCC following submission of a separate application for each location and (2) on payment of a \$50 fee for each additional location.

*Class 8 Liquor Wholesaler's License*

A Class 8 liquor wholesaler's license may be issued only to a person that holds a Class 1 distillery license or a Class 9 limited distillery license and produces in the aggregate from all of its locations not more than 100,000 gallons of liquor annually. A license holder may sell and deliver its own liquor produced at the license holder's premises to a holder of a retail license that is authorized to acquire liquor from a wholesaler; and a holder of a permit that is authorized to acquire liquor from a wholesaler. However, the holder may not distribute more than 27,500 gallons of its own liquor annually. The annual license fee is

\$100. The license holder may use an additional location for the warehousing, sale, and delivery of liquor, as specified.

**State Revenues:** ATCC advises there are currently 37 Class 8 farm brewery licenses in the State. If all 37 license holders obtain a Class 10 farm distillery license under the bill, general fund revenues increase by \$25,900 in fiscal 2027, and \$19,610 annually thereafter from license, application, and renewal fees. This estimate reflects an annual license fee of \$500 for each Class 10 farm distillery license as well as an initial application fee of \$200 for each license. License renewal fees are \$30 annually in subsequent years. However, ATCC notes that the bill requires a Class 8 farm brewery license holder to be an agribusiness and engaged in agritourism, as specified, which may limit or reduce the number of licensees eligible for the license; and thus, the potential revenue under the bill.

**State Expenditures:** General fund expenditures for ATCC increase by \$221,687 in fiscal 2027, which accounts for a 90-day start-up delay, and approximately \$250,000 annual thereafter. This estimate reflects the cost of hiring (1) one full-time environmental health specialist to perform health and safety inspections related to the operation of a farm distillery and farm brewery to ensure compliance with food safety, water quality, sewage disposal, and environmental sanitation regulations and (2) one full-time occupational safety and health compliance officer to inspect the farm distillery and farm brewery machinery and equipment and monitor compliance with regulations to ensure worker safety.

The estimate also includes one-time programming costs of \$25,000 in fiscal 2027 only, for ATCC to make modifications to its licensing platform to add the new license; and annual costs of \$50,000 associated with contractual services with a local or statewide health department to assist in health inspections of farm distilleries and farm breweries and law enforcement agencies to assist with underage compliance checks. It includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses.

Positions	2.0
Salaries and Fringe Benefits	\$140,905
One-time programming costs	25,000
Contractual Services*	37,500
Operating Expenses	<u>18,282</u>
<b>Total FY 2027 State Expenditures</b>	<b>\$221,687</b>

(\* fiscal 2027 assuming 90-day start-up delay)

Future year expenditures reflect full salaries with annual increases and employee turnover, as well as annual increases in ongoing operating expenses.

**Small Business Effect:** Revenues may increase for small business holders of a Class 8 farm brewery license that obtain a Class 10 farm distillery license, due to the increased manufacturing capacity, and on-premises or off-premises sales of distilled spirits. Conversely, the agribusiness and agritourism requirements under the bill for a Class 8 farm brewery license may disqualify a farm brewery from maintaining a license or require additional costs to remain eligible for the license.

---

### **Additional Information**

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

**Designated Cross File:** HB 1590 (Delegate Ziegler) - Rules and Executive Nominations.

**Information Source(s):** Anne Arundel and Baltimore counties; Alcohol, Tobacco, and Cannabis Commission; Maryland Department of Agriculture; Department of Legislative Services

**Fiscal Note History:** First Reader - February 18, 2026  
jg/tso

---

Analysis by: Joanne E. Tetlow

Direct Inquiries to:  
(410) 946-5510  
(301) 970-5510