

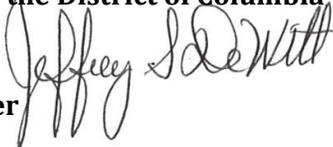
Government of the District of Columbia
Office of the Chief Financial Officer



Jeffrey S. DeWitt
Chief Financial Officer

MEMORANDUM

TO: The Honorable Phil Mendelson
Chairman, Council of the District of Columbia

FROM: Jeffrey S. DeWitt
Chief Financial Officer 

DATE: October 15, 2019

SUBJECT: Fiscal Impact Statement – Manufacturer and Pub Permit Parity
Amendment Act of 2019

REFERENCE: Bill 23-277, Draft Committee Print as shared with the Office of Revenue
Analysis on October 15, 2019

Conclusion

Funds are sufficient in the fiscal year 2020 through fiscal year 2023 budget and financial plan to implement the bill.

Background

The Alcoholic Beverage Regulation Administration (ABRA) licenses manufacturers in the District, giving them the ability to produce beer, wine, spirits, and other alcoholic beverages and products. The bill expands the allowable activities of manufacturer's licensees and reclassifies brew pub, wine pub, and distillery pub permits as brew pub, wine pub, and distillery pub endorsements.

The bill authorizes a beer manufacturer that collaborates with another brewery to sell the collaborative beverage in crowlers,¹ in addition to growlers.² The bill amends the definition of wine³

¹ Crowlers are recyclable containers that can hold up to 64 ounces of beer or wine that can be filled and sealed on-premises for off-premises consumption.

² Growlers are reusable containers that can hold up to 64 ounces of beer or wine that can be filled and sealed on-premises for off-premises consumption.

³ The bill increases the percentage of alcohol by volume allowable for wine from 15 percent to 21 percent.

The Honorable Phil Mendelson

FIS: Bill 23-277, "Manufacturer and Pub Permit Parity Amendment Act of 2019," Draft Committee Print as shared with the Office of Revenue Analysis on October 15, 2019

and legalizes collaborations among wineries that can be sold in growlers and crowlers for off-premises consumption.⁴

The bill also makes some general changes to manufacturing. The bill legalizes the in-home manufacture of beer and wine for personal consumption without a manufacturer's license. It authorizes a class C manufacturer's licensee to transport her or his alcohol-infused confectionery food products between two or more licensed premises that she or he owns. The bill also requires a manufacturer to post on its front door or window the name of the licensee, the license class, and the license number in plain, legible lettering larger than 1.25 inches in height.

The bill renames brew pub, wine pub, and distillery pub permits as brew pub, wine pub, and distillery pub endorsements and authorizes an ABRA licensee to obtain more than one permit. The bill eliminates the current fees⁵ for pub permits and establishes new minimum annual fees at \$5,000 for one endorsement, \$7,500 for two endorsements, and \$9,000 for three endorsements. The bill authorizes any pub endorsement holder to manufacture its beverages at a location other than on or adjacent to the licensed on-premises class C or D establishment if it (1) obtains an off-site production permit, (2) pays the relevant fees,⁶ (3) identifies a location within 600 feet of the licensed establishment, and (4) makes no sales for on-premises or off-premises consumption at the off-site production facility. The bill also clarifies that a brew pub, wine pub, or distillery pub endorsement should be suspended or revoked if the underlying on-premises class C or D license is suspended or revoked.

The bill allows the holder of a wine pub or distillery pub endorsement to deliver its beverages directly to a consumer for off-premises consumption, including directly from a non-District entity that collaborated with the endorsement holder or has an ownership interest in the wine pub or distillery pub. Brew pub endorsement holders have this allowance under current law.⁷ The bill allows a brew pub endorsement holder to sell beer manufactured at the licensed premises to consumers in crowlers, barrels, cans, kegs, sealed bottles, and other closed containers for off-premises consumption.

The bill expands all allowances granted to a wine pub endorsement holder to include non-beer alcoholic beverages as is consistent with the bill's provision for a class A manufacturer's licensee.

Financial Plan Impact

Funds are sufficient in the fiscal year 2020 through fiscal year 2023 budget and financial plan to implement the bill. ABRA and the Alcoholic Beverage Control Board can implement the bill's changes and allowances within their existing budgeted resources.

⁴ The names of all wineries involved must be printed on the beverage containers.

⁵ The current fees are an annual minimum of \$3,000 for brew pubs, \$5,000 for wine pubs, and \$7,500 for distillery pubs.

⁶ The bill sets a minimum annual fee of \$500 for an off-site production facility permit.

⁷ District of Columbia Alcoholic Beverage Control Act Brew Pub License Amendment Act of 1991, effective August 17, 1991 (D.C. Law 9-40; D.C. Official Code § 25-117).