



LARRY HOGAN  
GOVERNOR

STATE OF MARYLAND  
OFFICE OF THE GOVERNOR

May 26, 2017

The Honorable Michael E. Busch  
Speaker of the House of Delegates  
State House Annapolis, MD 21401

Dear Mr. Speaker:

In accordance with Article II Section 17 of the Maryland Constitution, House Bill 1283 Alcoholic Beverages - Class 5 Brewery License, will become law without my signature.

Among other provisions, House Bill 1283 increases the number of barrels a Class 5 brewery may sell for on-site consumption from 500 to 2,000.

This legislation clears the way for Diageo to open a brewery in Baltimore County for their Guinness brand beers, which is a welcome economic development project.

However, House Bill 1283 contains several troubling provisions, which will more than likely prove detrimental to Maryland's burgeoning craft beer industry - hampering the economic growth, job creation, and tax revenue it produces.

This legislation punishes new entrants into the market through shorter tap room hours, requires an onerous buy-back provision for breweries seeking to sell more than 2,000 barrels, and places limits on contract brewing, which hurts an integral piece of many brewers' business models.

The number of Maryland craft breweries has increased 160% between 2011-2016, bringing with it \$652 million in economic benefits. Maryland's craft brewing industry encompasses manufacturing, agriculture, tourism, and entertainment--all of which are vital elements of our state's economy. Provisions of House Bill 1283 threaten the future growth of this increasingly important industry.

It is clear from the debate surrounding this bill that Maryland's beer laws - dating back to the end of Prohibition - are in need of reform as they threaten to reverse the incredible growth of our state's craft brewing industry. Failing to do so will possibly force new and existing breweries to look outside of Maryland to expand their operations.

Indeed, Virginia has already seized upon HB 1283 and the unfriendly perception it created to lure not only start-up breweries, but to pursue Maryland's existing breweries.

Despite the reservations I have expressed above, I am allowing HB 1283 to become law without

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my signature so that the Diageo project can move forward. However, I urge the General Assembly to explore modernizing our state's brewery laws, and lift the legislative impediments to Maryland's craft brewers so that their industry can continue to grow and thrive.

Sincerely,



Lawrence J. Hogan, Jr.  
Governor

cc: The Honorable Thomas V. Mike Miller, Jr.