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Subject: 2023 Montgomery County Farm Alcohol Production Report
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Attachments: [OAG Farm Alcohol Production Report - June 2023.pdf](#)
[OAG Farm Alcohol Production Report - November 2020.pdf](#)

Dear Secretary Atticks,

This is Natalia Salazar from the Montgomery County Office of Agriculture (OAG). I just wanted to share with you a report that we just submitted to the County Council on the status of farm alcohol production (FAP) in the county (see attached).

Since the enactment of ZTAs 18-03 and 18-14, the OAG is required to submit a biennial report to the Council on the status of FAP in the county. OAG submitted its first report in November 2020 (also attached) and just submitted its second report.

The current report shows that since 2018 the FAP industry has increasingly contributed significantly to the county's tax base and number of jobs. It has also benefitted other agricultural businesses in the county by sourcing ingredients from local farms and contracting custom farming services. While this report focuses solely on FAP, the OAG believes in the importance of supporting all types of farm businesses in the county and is pleased to report that FAP is contributing to a stronger local agricultural economy.

Please let us know if you have any questions.

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The Status of Farm Alcohol Production (FAP) in Montgomery County: June 2023 Update from the Office of Agriculture (OAG)

The purpose of this document is to provide an update to the County Council on the progress of the farm alcohol production (FAP) industry in Montgomery County since the initial October 2020 report, which detailed the history, status, and future of the industry at that point in time. It also quantified the economic contribution of FAP to the county in 2018 and 2019.

Since 2019, the county's FAP industry has seen the establishment of three more businesses, a 2.8-fold increase in annual gross sales, and a 3.8-fold increase in the total number of jobs. This growth has benefitted local farms and businesses that supply the FAP industry with products and services (e.g. fruits, honey, specialty barley, custom farming services). The county's eleven FAP businesses source ingredients from 28 local farms, grow their own ingredients on a total of 163 acres, and sell their beverages to 728 businesses.



Photo credit: Rocklands Farm Winery

Economic Data for FAP in Montgomery County

	2018	2019	2020	2021	2022
Licensed wineries	2	3	3	4	4
Licensed breweries	3	3	4	5	5
Licensed cideries	1	2	2	2	2
Tasting room capacity	380	455	504	583	583
Full-time jobs	16	25	46	57	71
Part-time jobs	71	87	248	262	354
Gross sales	\$2,892,054	\$4,529,298 ¹	\$9,426,090	\$12,312,716	\$12,778,810

¹ Captures some data from 2020



Photo credit: Waredaca Brewing Co.

Total On-Farm Beer Production in the County²

FY20: 3,958 barrels | 1,316 barrels for on-site sales

FY21: 5,266 barrels | 2,194 barrels for on-site sales

² Comptroller of MD Alcohol and Tobacco Tax Reports

Promoting FAP Businesses

- During the 2022 Farm Tour, seven of the eleven FAP businesses participated. In 2023, eight will participate.
- The [Grape & Grain Tour Guide](#) on OAG's website offers mapped routes for visiting all eleven FAP businesses.
- Visit Montgomery also highlights all of these businesses on their Montgomery County [Tastemakers Trail](#) site.

The Future of FAP in Montgomery County

Since November 2020, the OAG has received inquiries from 23 unrelated individuals interested in starting a FAP business (other than those reflected in this report). OAG has also received several requests for assistance from the established FAP businesses related to expanding their operations. Evidently, the success of the industry has spurred increased interest.



Photo credit: Landmade Brewery

Supporting Future Growth of the Industry

Since November 2020, there have been some changes to county and state regulations in favor of FAP. With the adoption of State House Bill 805, existing buildings used for agritourism, including tasting rooms, are now exempt from a building permit as long as the maximum occupancy is less than 100 people. County Subdivision Regulation Amendment 21-01 exempted new agritourism and FAP buildings from the plat and subdivision requirements. This led OAG to hold monthly meetings with DPS and M-NCPPC in order to discuss upcoming FAP businesses and improvements to existing businesses, which has proved highly beneficial. Finally, County Bill 38-20 reduced the development impact tax rate for all agricultural facilities.

However, the OAG 2022 survey of FAP producers illustrated the continued difficulties and expense resulting from the county’s regulatory environment. When asked how the county government could further support the start-up, expansion, and diversification of the industry, producers said they would benefit from reduced barriers to selling alcohol from other local farms and operating a licensed food facility on-site.

In order to make the legal requirements consistent among wineries, breweries, cideries, and distilleries, the OAG recommends an amendment to the County Zoning Code requiring all types of FAP businesses to have a minimum site area of 25 acres and to meet the ingredients requirements specified for wineries and cideries in Chapter 59 Section 3.2.10 of the Code.

FAP Comparison Between Montgomery and Loudon Counties in 2022

	Montgomery County, MD	Loudon County, VA
Number of businesses	11	75
Gross sales	\$12.8 million	\$30.7 million



Photo credit: Doc Waters Cidery

Conclusions

Since 2019, the county’s FAP industry has significantly increased its contribution to the tax base and number of jobs. Annual gross sales have not reached a plateau, suggesting that the demand still exceeds the supply. As the number of FAP businesses has grown, the county has become more attractive to out-of-county visitors, who bring their expendable income and, in the process, learn about the Agricultural Reserve and its farms. With reduced regulatory and financial barriers, Montgomery County is capable of establishing itself as a FAP destination similar to Loudon County, VA and thus help make agriculture as a whole stronger in the county.