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**By: Chairman, Economic Matters Committee (Departmental - Comptroller)**

Introduced and read first time: January 15, 1997

Assigned to: Economic Matters

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A BILL ENTITLED

1 AN ACT concerning

2 **Alcoholic Beverages - Micro-Brewery License Authority**

3 FOR the purpose of altering the number of barrels a Class 7 micro-brewery licensee may  
4 brew; restricting the amount that such a licensee may sell on the retail premises;  
5 authorizing a Class 7 micro-brewery licensee to hold a Class 2 rectifying license  
6 under certain conditions; authorizing the holder of a Class 2 rectifying license to sell  
7 to the holder of any class of wholesale license; authorizing a Class 7 micro-brewery  
8 licensee to contract, brew, and store the finished product at another licensed  
9 location; and generally relating to micro-brewery licenses.

10 BY repealing and reenacting, with amendments,  
11 Article 2B - Alcoholic Beverages  
12 Section 2-203 and 2-208  
13 Annotated Code of Maryland  
14 (1996 Replacement Volume)

15 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
16 MARYLAND, That the Laws of Maryland read as follows:

17 **Article 2B - Alcoholic Beverages**

18 2-203.

19 A Class 2 manufacturer's license:

20 (1) Is a rectifying license;

21 (2) Authorizes the holder to:

22 (i) Establish and operate in this State a plant for rectifying, blending  
23 and bottling alcoholic beverages; and

24 (ii) Sell and deliver alcoholic beverages to a holder of a distillery,  
25 rectifying, or [Class 1 or 2] wholesaler's license, or to permit holders authorized to  
26 acquire those alcoholic beverages and to persons outside this State;

27 (3) Permits a licensee to acquire alcoholic beverages from the holder of a:

28 (i) Distillery, rectifying, winery, or [Class 1 or 2] wholesaler's license  
29 in this State; or

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1 (ii) Nonresident dealer's permit; and

2 (4) Permits a rectifier to rectify, blend, bottle and store alcoholic beverages  
3 for another person or under another trade name if a rectifying license has been issued in  
4 the name of that person or under that trade name, as the case may be.

5 2-208.

6 (a) There is a Class 7 micro-brewery (on- and off-sale) license.

7 (b) The license shall be issued:

8 (1) By the State Comptroller;

9 (2) Only in the following jurisdictions:

10 (i) Allegany County;

11 (ii) Baltimore City;

12 (iii) Baltimore County;

13 (iv) The City of Annapolis;

14 (v) Anne Arundel County;

15 (vi) The thirteenth election district of Carroll County;

16 (vii) Charles County;

17 (viii) Dorchester County;

18 (ix) Frederick County;

19 (x) Garrett County;

20 (xi) Howard County;

21 (xii) Montgomery County; and

22 (xiii) Prince George's County; and

23 (3) (i) Only to a holder of a Class B beer, wine and liquor (on-sale)  
24 license that is issued for use on the premises of a restaurant located in a jurisdiction listed  
25 in paragraph (2) of this subsection; or

26 (ii) To a holder of a Class D alcoholic beverages license that is issued  
27 for use on the premises of the existing Class D license if the premises are located in the  
28 22nd Alcoholic Beverages District of Prince George's County.

29 (c) (1) A holder of a Class 7 micro-brewery license:

30 (i) May brew and bottle malt beverages at [a single] THE LICENSE  
31 location; [and]

32 [(ii) May not brew more than 10,000 barrels of malt beverage each  
33 calendar year.]

1 (II) MAY OBTAIN A CLASS 2 RECTIFYING LICENSE FOR A PREMISES  
2 LOCATED WITHIN 1 MILE OF THE EXISTING CLASS 7 MICRO-BREWERY LOCATION TO  
3 BOTTLE MALT BEVERAGES BREWED AT THE MICRO-BREWERY LOCATION ONLY;

4 (III) MAY CONTRACT WITH A CLASS 5 BREWERY OR HOLDER OF A  
5 NONRESIDENT DEALER'S PERMIT TO BREW AND BOTTLE MALT BEVERAGES ON  
6 THEIR BEHALF;

7 (IV) MAY STORE THE FINISHED PRODUCT UNDER AN INDIVIDUAL  
8 STORAGE PERMIT OR AT A LICENSED PUBLIC STORAGE FACILITY FOR SUBSEQUENT  
9 SALE AND DELIVERY TO A LICENSED WHOLESALER, AN AUTHORIZED PERSON  
10 OUTSIDE THIS STATE, AND FOR SHIPMENT BACK TO THE MICRO-BREWERY  
11 LOCATION FOR SALE ON THE RETAIL PREMISES; AND

12 (V) MAY NOT COLLECTIVELY BREW, BOTTLE, OR CONTRACT FOR  
13 MORE THAN 22,500 BARRELS OF MALT BEVERAGES EACH CALENDAR YEAR.

14 (2) In Allegany County only, the holder of a Class 7 license:

15 (i) May brew in one location and may contract for the bottling of the  
16 malt beverage in another location; and

17 (ii) Need not meet the hotel/motel requirements for a Class B beer,  
18 wine and liquor licensee but shall meet the requirements for those Class B restaurants.

19 (d) (1) The on-sale privilege authorizes the holder to sell at retail UP TO 4,000  
20 BARRELS OF beer brewed under this license to customers for consumption on the  
21 licensed premises.

22 (2) The off-sale privilege authorizes the holder to sell and deliver beer  
23 brewed under this license to:

24 (i) Any wholesaler licensed under this article to sell beer in this State;  
25 or

26 (ii) Any person who is located in a state other than Maryland who is  
27 authorized under the laws of that state to receive brewed beverages.

28 (3) (i) This paragraph applies only in the City of Annapolis, Anne  
29 Arundel County, Baltimore City, Baltimore County, Charles County, Dorchester County,  
30 Frederick County, Howard County, and Prince George's County.

31 (ii) The holder may sell at retail beer brewed under this license to  
32 customers for consumption off the licensed premises in refillable containers that are  
33 sealed by the micro-brewery licensee at the time of each refill.

34 (e) A holder of a Class 7 micro-brewery license:

35 (1) May not own, operate or be affiliated with any other manufacturer of  
36 beer EXCEPT FOR A CLASS 2 RECTIFYING LICENSE AUTHORIZED BY SUBSECTION  
37 (C)(1)(II) OF THIS SECTION; and

38 (2) Notwithstanding § 2-201(b) of this article, may not be granted a  
39 wholesale alcoholic beverages license.

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1           (f) (1) The hours and days for consumer sales under this license are as  
2 established for a Class B license in the respective jurisdictions listed in subsection (b)(2)  
3 of this section.

4           (2) For Class D licensees in the 22nd Alcoholic Beverages District in Prince  
5 George's County only, the hours and days for consumer sales under this license are as  
6 established for a Class D license in Prince George's County.

7           (g) In Montgomery County, a holder of a Class 7 micro-brewery license shall  
8 enter into a written agreement with the Department of Liquor Control for Montgomery  
9 County for the sale and resale of malt beverages brewed under this license in accordance  
10 with this article.

11           SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
12 October 1, 1997.