

HOUSE BILL 1334

A2

11r3094
CF SB 905

By: **Delegates McDermott and Conway**

Introduced and read first time: March 7, 2011

Assigned to: Rules and Executive Nominations

Re-referred to: Economic Matters, March 14, 2011

Committee Report: Favorable

House action: Adopted

Read second time: March 21, 2011

CHAPTER _____

1 AN ACT concerning

2 **Worcester County – Berlin – Alcoholic Beverages – Micro–Brewery License**

3 FOR the purpose of allowing a holder of a Class D beer license in the Town of Berlin in
4 Worcester County to be issued a Class 7 micro–brewery license by the
5 Comptroller under certain circumstances; specifying the hours for certain
6 consumer sales; making a stylistic change; and generally relating to
7 micro–breweries in Worcester County.

8 BY repealing and reenacting, with amendments,
9 Article 2B – Alcoholic Beverages
10 Section 2–208
11 Annotated Code of Maryland
12 (2005 Replacement Volume and 2010 Supplement)

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

15 **Article 2B – Alcoholic Beverages**

16 2–208.

17 (a) There is a Class 7 micro–brewery (on– and off–sale) license.

18 (b) The license shall be issued:

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 (1) By the State Comptroller;

2 (2) Only in the following jurisdictions:

3 (i) Allegany County;

4 (ii) Baltimore City;

5 (iii) Baltimore County;

6 (iv) The City of Annapolis;

7 (v) Anne Arundel County;

8 (vi) Calvert County;

9 (vii) Carroll County;

10 (viii) Charles County;

11 (ix) Dorchester County;

12 (x) Frederick County;

13 (xi) Garrett County;

14 (xii) Harford County;

15 (xiii) Howard County;

16 (xiv) Montgomery County;

17 (xv) Prince George's County;

18 (xvi) Talbot County;

19 (xvii) Wicomico County; and

20 (xviii) Worcester County;

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

24 **(II) TO A HOLDER OF A CLASS D BEER (OFF-SALE) LICENSE**
25 **THAT IS ISSUED FOR USE ON THE PREMISES OF THE EXISTING CLASS D LICENSE**

1 **IF THE PREMISES ARE LOCATED IN THE TOWN OF BERLIN IN WORCESTER**
2 **COUNTY; OR**

3 **[(ii)] (III)** To a holder of a Class D alcoholic beverages license
4 that is issued for use on the premises of the existing Class D license if the premises
5 are located in the 22nd Alcoholic Beverages District of Prince George's County; and

6 (4) In addition to item (3) of this subsection, in Montgomery County
7 only to a holder of a Class H beer and light wine license that is issued for use on the
8 premises of a restaurant located in the County.

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

10 (i) May brew and bottle malt beverages at the license location;

11 (ii) May obtain a Class 2 rectifying license for a premises
12 located within 1 mile of the existing Class 7 micro-brewery location to bottle malt
13 beverages brewed at the micro-brewery location only;

14 (iii) May contract with the holder of a Class 5 brewery license, a
15 Class 7 micro-brewery license, or a Class 2 rectifying license held under § 2-203 of
16 this subtitle or the holder of a nonresident dealer's permit to brew and bottle malt
17 beverages on their behalf;

18 (iv) May store the finished product under an individual storage
19 permit or at a licensed public storage facility for subsequent sale and delivery to a
20 licensed wholesaler, an authorized person outside this State, and for shipment back to
21 the micro-brewery location for sale on the retail premises;

22 (v) May not collectively brew, bottle, or contract for more than
23 22,500 barrels of malt beverages each calendar year; and

24 (vi) May enter into a temporary delivery agreement with a
25 distributor only for delivery of beer to a beer festival or wine and beer festival and the
26 return of any unused beer if:

27 1. The beer festival or wine and beer festival is in a sales
28 territory for which the holder does not have a franchise with a distributor under the
29 Beer Franchise Fair Dealing Act; and

30 2. The temporary delivery agreement is in writing.

31 (2) A Class 7 licensee who wishes to produce more than the barrelage
32 authorized under paragraph (1)(v) of this subsection shall divest of any Class B, D, or
33 any other retail license and obtain a Class 5 manufacturer's license.

1 (3) For the purposes of determining the barrelage limitation under
2 paragraph (1)(v) of this subsection, any salable beer produced under contractual
3 arrangements accrues only to the Class 7 micro-brewery licensee who is the brand
4 owner.

5 (4) In Allegany County only, the holder of a Class 7 license:

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

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

11 (d) (1) The on-sale privilege authorizes the holder, each calendar year, to
12 sell at retail up to 4,000 barrels of beer brewed under this license to customers for
13 consumption on the licensed premises.

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

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

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

20 (3) (i) This paragraph applies only in:

21 1. Allegany County;

22 2. The City of Annapolis;

23 3. Anne Arundel County;

24 4. Baltimore City;

25 5. Baltimore County;

26 6. Calvert County;

27 7. Carroll County;

28 8. Charles County;

29 9. Dorchester County;

- 1 10. Frederick County;
- 2 11. Garrett County;
- 3 12. Harford County;
- 4 13. Howard County;
- 5 14. Montgomery County;
- 6 15. Prince George's County;
- 7 16. Talbot County;
- 8 17. Wicomico County; and
- 9 18. Worcester County.

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

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

14 (1) May not own, operate or be affiliated with any other manufacturer
15 of beer except for a Class 2 rectifying license authorized by subsection (c)(1)(ii) of this
16 section; and

17 (2) Notwithstanding § 2-201(b) of this subtitle, may not be granted a
18 wholesale alcoholic beverages license.

19 (f) (1) **[The] EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS**
20 **SUBSECTION, THE** hours and days for consumer sales under **[this] A CLASS 7**
21 **MICRO-BREWERY** license are as established for **[a]**:

22 **(I) A Class B license in the respective jurisdictions listed in**
23 **subsection (b)(2) of this section, FOR A HOLDER OF A CLASS B BEER, WINE AND**
24 **LIQUOR LICENSE; OR**

25 **(II) A CLASS D BEER LICENSE IN WORCESTER COUNTY,**
26 **FOR A HOLDER OF A CLASS D BEER LICENSE IN THE TOWN OF BERLIN IN**
27 **WORCESTER COUNTY.**

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

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

5 (h) For Talbot County, the Office of the Comptroller of Maryland shall
6 specify which local license is the equivalent of the Class B beer, wine and liquor
7 license specified in subsection (b)(3) of this section.

8 (i) In Carroll County, the distance restriction requirement for
9 micro-breweries is found in § 9-207 of this article.

10 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
11 July 1, 2011.

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.