

# SENATE BILL 223

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By: **Senator Conway**

Introduced and read first time: January 18, 2013

Assigned to: Education, Health, and Environmental Affairs

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## A BILL ENTITLED

1 AN ACT concerning

2 **Alcoholic Beverages – Class 7 Limited Beer Wholesaler’s License**

3 FOR the purpose of creating a Class 7 limited beer wholesaler’s license that allows the  
4 license holder to sell, deliver, and distribute its own beer produced at the  
5 holder’s premises to a retail license holder or permit holder in the State under  
6 certain circumstances; repealing certain prohibitions against issuing a  
7 nonresident dealer’s permit to a certain person; authorizing the Office of the  
8 Comptroller to issue a nonresident brewery permit to a certain person licensed  
9 outside the State to sell and deliver a certain amount of beer to a retail license  
10 holder or permit holder in the State under certain circumstances; authorizing  
11 certain holders of a Class 5 manufacturer’s license or a Class 7 micro–brewery  
12 license to apply for and obtain a Class 7 limited beer wholesaler’s license if  
13 certain requirements are met; specifying certain annual license fees for a Class  
14 7 limited beer wholesaler’s license and a nonresident brewery permit;  
15 authorizing a holder of a Class 7 limited beer wholesaler’s license to use  
16 additional locations for certain purposes on the payment of a certain fee;  
17 allowing a Class 7 limited beer wholesaler’s license to be issued only to certain  
18 persons; authorizing a holder of a Class 7 limited beer wholesaler’s license to  
19 distribute not more than a certain amount of its own beer annually; and  
20 generally relating to Class 7 beer wholesaler’s licenses.

21 BY repealing and reenacting, with amendments,  
22 Article 2B – Alcoholic Beverages  
23 Section 2–101(i)(2) and (w)(3), 2–201(b), and 2–301(a) and (b)  
24 Annotated Code of Maryland  
25 (2011 Replacement Volume and 2012 Supplement)

26 BY adding to  
27 Article 2B – Alcoholic Beverages  
28 Section 2–101(z)  
29 Annotated Code of Maryland

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



(2011 Replacement Volume and 2012 Supplement)

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

**Article 2B – Alcoholic Beverages**

2–101.

(i) (2) A nonresident dealer’s permit may not be issued to a person who:

(i) Holds a wholesaler or retailer license of any class issued under this article;

(ii) Has an interest in a wholesaler licensed under this article[, other than a disclosed legal, equity, or security interest of a malt beverage wholesaler]; or

(iii) Has an interest in a retailer licensed under this article.

(w) (3) A resident dealer’s permit may not be issued to a person who:

(i) Holds a wholesaler or retailer license of any class issued under this article;

(ii) Has an interest in a wholesaler licensed under this article[, other than a disclosed legal, equity, or security interest of a malt beverage wholesaler]; or

(iii) Has an interest in a retailer licensed under this article.

**(Z) (1) THE OFFICE OF THE COMPTROLLER MAY ISSUE A NONRESIDENT BREWERY PERMIT TO A PERSON THAT:**

**(I) IS LICENSED OUTSIDE THE STATE TO ENGAGE IN THE MANUFACTURE OF BEER;**

**(II) PRODUCES IN THE AGGREGATE FROM ALL OF ITS LOCATIONS NOT MORE THAN 22,500 BARRELS OF BEER ANNUALLY; AND**

**(III) DOES NOT HOLD A NONRESIDENT DEALER’S PERMIT.**

**(2) A HOLDER OF A NONRESIDENT BREWERY PERMIT MAY SELL AND DELIVER NOT MORE THAN 3,000 BARRELS OF ITS OWN BEER ANNUALLY**

1 FROM A LOCATION OUTSIDE THE STATE TO A RETAIL LICENSE HOLDER OR  
2 PERMIT HOLDER IN THE STATE AUTHORIZED TO ACQUIRE THE BEER.

3 (3) A NONRESIDENT BREWERY PERMIT HOLDER SHALL COMPLY  
4 WITH ALL THE REQUIREMENTS OF THIS ARTICLE, THE TAX – GENERAL  
5 ARTICLE, AND THE REGULATIONS OF THE OFFICE OF THE COMPTROLLER THAT  
6 APPLY TO A HOLDER OF A CLASS 7 LIMITED BEER WHOLESALER’S LICENSE.

7 (4) THE ANNUAL FEE FOR A NONRESIDENT BREWERY PERMIT IS  
8 \$50.

9 2–201.

10 (b) (1) This subsection does not apply to a Class 6 pub–brewery license.

11 (2) The holder of a distillery, rectifying, winery, limited winery, or  
12 brewery license may apply for and obtain, under a different name, one or more  
13 additional distillery, rectifying, winery, limited winery, or brewery licenses for the  
14 same or another premises.

15 (3) Those licenses may be issued to different persons or under trade  
16 names used by persons occupying a part of or all of the same premises.

17 (4) A holder of a license listed in paragraph (2) of this subsection may  
18 hold additional licenses listed in paragraph (2) of this subsection of the same or of a  
19 different class.

20 (5) (i) The holder of a rectifying[,] OR winery[, or brewery] license  
21 may apply for and obtain a wholesaler’s license of any class for the same premises or  
22 elsewhere as provided under this article.

23 (ii) The holder of a limited winery license may apply for and  
24 obtain a Class 6 limited wine wholesaler’s license for the same premises or elsewhere  
25 as provided under this article.

26 (III) 1. THE HOLDER OF A CLASS 5 MANUFACTURER’S  
27 LICENSE OR CLASS 7 MICRO–BREWERY LICENSE MAY APPLY FOR AND OBTAIN A  
28 CLASS 7 LIMITED BEER WHOLESALER’S LICENSE IN ACCORDANCE WITH THIS  
29 SUBPARAGRAPH.

30 2. A HOLDER OF A CLASS 5 MANUFACTURER’S  
31 LICENSE THAT WAS SELLING THE HOLDER’S OWN BEER AT WHOLESALE IN THE  
32 STATE AS OF JANUARY 1, 2013, MAY OBTAIN A CLASS 7 LIMITED BEER  
33 WHOLESALER’S LICENSE TO CONTINUE TO SELL THE HOLDER’S OWN BEER AT

1 WHOLESALE IN THE SAME LOCATION IN AN AMOUNT THAT IS NOT MORE THAN  
2 3,000 BARRELS ANNUALLY.

3 3. A HOLDER OF A CLASS 5 MANUFACTURER’S  
4 LICENSE OR CLASS 7 MICRO-BREWERY LICENSE THAT PRODUCES IN  
5 AGGREGATE FROM ALL ITS LOCATIONS NOT MORE THAN 22,500 BARRELS OF  
6 BEER ANNUALLY MAY OBTAIN A CLASS 7 LIMITED BEER WHOLESALER’S  
7 LICENSE AND DISTRIBUTE NOT MORE THAN 3,000 BARRELS OF ITS OWN BEER  
8 ANNUALLY.

9 2-301.

10 (a) (1) The annual fees for the following classes of wholesaler’s licenses  
11 are:

12	Class 1	Beer, wine and liquor.....	\$ 2,000
13	Class 2	Wine and liquor.....	1,750
14	Class 3	Beer and wine .....	1,500
15	Class 4	Beer .....	1,250
16	Class 5	Wine.....	1,250
17	Class 6	Limited wine .....	50
18	<b>CLASS 7</b>	<b>LIMITED BEER.....</b>	<b>50</b>

19 (2) Upon approval of the application:

20 (i) A Class 1 wholesale licensee may use additional locations for  
21 the warehousing, sale and delivery of beer, wine and liquor upon the payment of an  
22 additional fee of \$2,000 for each additional location.

23 (ii) A Class 2 wholesale licensee may use additional locations for  
24 the warehousing, sale and delivery of wine and liquor upon the payment of an  
25 additional fee of \$1,750 for each additional location.

26 (iii) A Class 3 wholesale licensee may use additional locations for  
27 the warehousing, sale and delivery of beer and wine upon the payment of an  
28 additional fee of \$1,500 for each additional location.

29 (iv) A Class 4 wholesale licensee may use additional locations for  
30 the warehousing, sale and delivery of beer upon the payment of an additional fee of  
31 \$1,250 for each additional location.

32 (v) A Class 5 wholesale licensee may use additional locations for  
33 the warehousing, sale and delivery of wine upon the payment of an additional fee of  
34 \$1,250 for each additional location.

1 (vi) A Class 6 limited wine wholesale licensee may use  
2 additional locations for the warehousing, sale and delivery of wine upon the payment  
3 of an additional fee of \$50 for each additional location.

4 (VII) A CLASS 7 LIMITED BEER WHOLESALE LICENSEE MAY  
5 USE ADDITIONAL LOCATIONS FOR THE WAREHOUSING, SALE, AND DELIVERY OF  
6 BEER ON THE PAYMENT OF AN ADDITIONAL FEE OF \$50 FOR EACH ADDITIONAL  
7 LOCATION.

8 (b) (1) Except as otherwise provided in this subsection, a wholesaler's  
9 license issued in accordance with the fee paid entitles the holder to acquire the  
10 alcoholic beverages indicated on the license from licensees and holders of nonresident  
11 dealer's permits and resident dealer's permits authorized by this State to make the  
12 sales and deliveries. The license authorizes the sale and delivery of those alcoholic  
13 beverages from the licensed premises to licensees and permit holders in Maryland and  
14 to persons outside of this State.

15 (2) A Class 6 limited wine wholesaler's license shall be issued only to a  
16 wine manufacturer that:

17 (i) Produces not more than 27,500 gallons of its own wine  
18 annually; and

19 (ii) Holds a Class 4 limited winery manufacturer's license issued  
20 under this article.

21 (3) A person who holds a Class 6 limited wine wholesaler's license, on  
22 approval of the application and payment of the fee:

23 (i) May sell and deliver its own brand of wine produced at the  
24 licensee's premises to a retail licensee or permit holder in the State authorized to  
25 acquire the wine; and

26 (ii) May not sell its wine to a licensed wholesaler.

27 (4) A CLASS 7 LIMITED BEER WHOLESALER'S LICENSE SHALL BE  
28 ISSUED ONLY TO A PERSON THAT:

29 (I) PRODUCES IN AGGREGATE FROM ALL ITS LOCATIONS  
30 NOT MORE THAN 22,500 BARRELS OF BEER ANNUALLY; AND

31 (II) HOLDS A CLASS 5 MANUFACTURER'S LICENSE OR  
32 CLASS 7 MICRO-BREWERY LICENSE.

33 (5) ON APPROVAL OF THE APPLICATION AND PAYMENT OF THE  
34 FEE, A HOLDER OF A CLASS 7 LIMITED BEER WHOLESALER'S LICENSE MAY:

1                   **(I)     SELL AND DELIVER ITS OWN BEER PRODUCED AT THE**  
2 **HOLDER’S PREMISES TO A RETAIL LICENSE HOLDER OR PERMIT HOLDER IN THE**  
3 **STATE AUTHORIZED TO ACQUIRE THE BEER; AND**

4                   **(II)    DISTRIBUTE NOT MORE THAN 3,000 BARRELS OF ITS**  
5 **OWN BEER ANNUALLY.**

6                   **[(4)] (6)**     In Allegany County the holder of a Class 1 or Class 2  
7 wholesaler’s license may not sell liquor in any size container smaller than 23 ounces or  
8 680 milliliters to any holder of a special permit issued under § 7–101(h) of this article.

9                   **[(5)] (7)**     A wholesaler’s license of the appropriate class authorizes the  
10 holder to directly import beer, wine, or distilled spirits from sources outside the  
11 continental limits and possessions of the United States. However, any wholesale  
12 licensee that imports for subsequent distribution in or outside the State of Maryland  
13 shall be:

14                   (i)     The brand owner;

15                   (ii)    A wholesale licensee that purchases directly from the brand  
16 owner or the authorized agent of the brand owner; or

17                   (iii)   A wholesale licensee that purchases from the authorized  
18 United States importer.

19                   **[(6)] (8)**     Paragraph **[(5)] (7)** of this subsection only applies if the  
20 wholesale licensee’s jurisdiction and authority to sell has been submitted to the  
21 Comptroller by the brand owner.

22                   SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
23 July 1, 2013.