

SENATE BILL 223

A1

3lr1916
CF HB 231

By: **Senator Conway**

Introduced and read first time: January 18, 2013

Assigned to: Education, Health, and Environmental Affairs

Committee Report: Favorable

Senate action: Adopted

Read second time: March 17, 2013

CHAPTER _____

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

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 (2011 Replacement Volume and 2012 Supplement)

2 BY adding to

3 Article 2B – Alcoholic Beverages

4 Section 2–101(z)

5 Annotated Code of Maryland

6 (2011 Replacement Volume and 2012 Supplement)

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

9 **Article 2B – Alcoholic Beverages**

10 2–101.

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

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

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

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

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

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

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

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

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

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

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

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

2 **(2) A HOLDER OF A NONRESIDENT BREWERY PERMIT MAY SELL**
3 **AND DELIVER NOT MORE THAN 3,000 BARRELS OF ITS OWN BEER ANNUALLY**
4 **FROM A LOCATION OUTSIDE THE STATE TO A RETAIL LICENSE HOLDER OR**
5 **PERMIT HOLDER IN THE STATE AUTHORIZED TO ACQUIRE THE BEER.**

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

10 **(4) THE ANNUAL FEE FOR A NONRESIDENT BREWERY PERMIT IS**
11 **\$50.**

12 2–201.

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

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

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

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

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

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

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

1 2. A HOLDER OF A CLASS 5 MANUFACTURER’S
 2 LICENSE THAT WAS SELLING THE HOLDER’S OWN BEER AT WHOLESALE IN THE
 3 STATE AS OF JANUARY 1, 2013, MAY OBTAIN A CLASS 7 LIMITED BEER
 4 WHOLESALE’S LICENSE TO CONTINUE TO SELL THE HOLDER’S OWN BEER AT
 5 WHOLESALE IN THE SAME LOCATION IN AN AMOUNT THAT IS NOT MORE THAN
 6 **3,000 BARRELS ANNUALLY.**

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

13 2-301.

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

16	Class 1	Beer, wine and liquor.....	\$ 2,000
17	Class 2	Wine and liquor.....	1,750
18	Class 3	Beer and wine	1,500
19	Class 4	Beer	1,250
20	Class 5	Wine.....	1,250
21	Class 6	Limited wine	50
22	CLASS 7	LIMITED BEER.....	50

23 (2) Upon approval of the application:

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

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

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

33 (iv) A Class 4 wholesale licensee may use additional locations for
 34 the warehousing, sale and delivery of beer upon the payment of an additional fee of
 35 \$1,250 for each additional location.

1 (v) A Class 5 wholesale licensee may use additional locations for
2 the warehousing, sale and delivery of wine upon the payment of an additional fee of
3 \$1,250 for each additional location.

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

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

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

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

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

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

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

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

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

30 **(4) A CLASS 7 LIMITED BEER WHOLESALE LICENSEE SHALL BE**
31 **ISSUED ONLY TO A PERSON THAT:**

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

1 **(II) HOLDS A CLASS 5 MANUFACTURER'S LICENSE OR**
2 **CLASS 7 MICRO-BREWERY LICENSE.**

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

5 **(I) SELL AND DELIVER ITS OWN BEER PRODUCED AT THE**
6 **HOLDER'S PREMISES TO A RETAIL LICENSE HOLDER OR PERMIT HOLDER IN THE**
7 **STATE AUTHORIZED TO ACQUIRE THE BEER; AND**

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

10 **[(4)] (6)** In Allegany County the holder of a Class 1 or Class 2
11 wholesaler's license may not sell liquor in any size container smaller than 23 ounces or
12 680 milliliters to any holder of a special permit issued under § 7-101(h) of this article.

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

18 (i) The brand owner;

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

21 (iii) A wholesale licensee that purchases from the authorized
22 United States importer.

23 **[(6)] (8)** Paragraph **[(5)] (7)** of this subsection only applies if the
24 wholesale licensee's jurisdiction and authority to sell has been submitted to the
25 Comptroller by the brand owner.

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