

## **Chapter 207**

**(Senate Bill 223)**

AN ACT concerning

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

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

BY repealing and reenacting, with amendments,

Article 2B – Alcoholic Beverages

Section 2–101(i)(2) and (w)(3), 2–201(b), and 2–301(a) and (b)

Annotated Code of Maryland

(2011 Replacement Volume and 2012 Supplement)

BY adding to

Article 2B – Alcoholic Beverages

Section 2–101(z)

Annotated Code of Maryland

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

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

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

2-201.

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

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

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

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

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

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

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

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

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

2-301.

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

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

(2) Upon approval of the application:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- (i) The brand owner;
- (ii) A wholesale licensee that purchases directly from the brand owner or the authorized agent of the brand owner; or
- (iii) A wholesale licensee that purchases from the authorized United States importer.

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

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

**Approved by the Governor, May 2, 2013.**