

# HOUSE BILL 356

A1

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By: **Delegates Barkley, Schulz, Haddaway–Ricchio, Clagett, Eckardt, Jameson, Olszewski, and Rudolph**

Introduced and read first time: January 23, 2014

Assigned to: Economic Matters

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Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 4, 2014

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## CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **Alcoholic Beverages – Class 8 Farm Breweries – Festival Licenses**

3 FOR the purpose of authorizing the holder of a Class 8 farm brewery license to enter  
4 into a certain temporary delivery agreement with a certain distributor for  
5 certain purposes under certain circumstances; authorizing the boards of license  
6 commissioners of certain counties to issue certain festival licenses to certain  
7 holders of certain Class 8 farm brewery licenses for certain purposes;  
8 authorizing holders of certain Class 8 farm brewery licenses to participate in  
9 certain festivals; specifying that in Garrett County, a licensee may open on  
10 Sundays during certain hours for a certain purpose in a precinct in an election  
11 district where the voters, in a certain referendum, have approved Sunday sales  
12 at a farm; making a stylistic correction; and generally relating to farm  
13 breweries and beer festivals.

14 BY repealing and reenacting, with amendments,

15 Article 2B – Alcoholic Beverages

16 Section 2–209, 8–307(d), 8–801(d), 8–802(b), 8–803(d), 8–804(d), 8–805(d),  
17 8–806(b), and 8–807(d) and (g)

18 Annotated Code of Maryland

19 (2011 Replacement Volume and 2013 Supplement)

20 BY repealing and reenacting, without amendments,

21 Article 2B – Alcoholic Beverages

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### 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 Section 8–307(a), 8–801(b), 8–802(a), 8–803(a), 8–804(b), 8–805(a), 8–806(a),  
2 and 8–807(b)  
3 Annotated Code of Maryland  
4 (2011 Replacement Volume and 2013 Supplement)

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

7 **Article 2B – Alcoholic Beverages**

8 2–209.

9 (a) (1) There is a Class 8 farm brewery license.

10 (2) Subject to paragraph (3) of this subsection, a Class 8 farm brewery  
11 license allows the licensee to sell and deliver beer manufactured in a facility on the  
12 licensed farm or in a facility other than one on the licensed farm to:

13 (i) A wholesaler licensed to sell and deliver beer in the State; or

14 (ii) A person in another state authorized to acquire beer.

15 (3) The beer to be sold and delivered under paragraph (2) of this  
16 subsection shall be manufactured with an ingredient from a Maryland agricultural  
17 product, including hops, grain, and fruit, produced on the licensed farm.

18 (4) A Class 8 farm brewery may be located only at the place stated on  
19 the license.

20 (5) Notwithstanding any local law, a licensee may exercise the  
21 privileges of a Class 8 farm brewery license.

22 (6) A licensee may:

23 (i) Sell beer produced by the licensee for consumption on the  
24 licensed farm;

25 (ii) In an amount not exceeding 6 fluid ounces per brand,  
26 provide samples of beer that the licensee produces to a consumer:

27 1. At no charge; or

28 2. For a fee; and

29 (iii) Sell or serve:

30 1. Bread and other baked goods;



1           (8)   (i)    Except as provided in subparagraph (ii) of this paragraph, a  
2 Class 8 farm brewery license allows the licensee to operate 7 days a week.

3                   (ii)   In Garrett County, a licensee may open on Sundays during  
4 the hours allowed under § 11–512(c)(3) of this article to engage in the activities listed  
5 in paragraph (3) of this subsection only in an election district **OR A PRECINCT IN AN**  
6 **ELECTION DISTRICT** where the voters, in a referendum authorized by law, have  
7 approved Sunday sales at a farm.

8           (9)    Except as provided under subsection (d) of this section, a licensee  
9 may not sell or allow to be consumed at the location of the farm brewery any alcoholic  
10 beverage other than the beer produced by the licensee under the authority of this  
11 section.

12           (10) Nothing in this subsection limits the application of relevant  
13 provisions of Title 21 of the Health – General Article, and regulations adopted under  
14 that title, to a licensee.

15           (b)    The place listed on the Class 8 farm brewery license shall be in  
16 compliance with § 9–103 of this article.

17           (c)    A licensee may:

18                   (1)   Store on its licensed farm, in a segregated area approved by the  
19 Comptroller, beer produced at the licensed farm for sale and delivery to a wholesaler  
20 licensed in the State or a person outside of the State authorized to acquire the beer;

21                   (2)   Brew, bottle, or contract for not more than 15,000 barrels of beer  
22 each calendar year;

23                   (3)   Contract with the holder of a Class 2 rectifying license, a Class 5  
24 brewery license, or a Class 7 micro–brewery license to brew and bottle beer from  
25 ingredients produced on the licensed farm;

26                   (4)   Import, export, and transport its beer in accordance with this  
27 section; [and]

28                   (5)   Store beer at a warehouse for which the licensee has been issued  
29 an individual storage permit, for sale and delivery to a wholesaler licensed in the State  
30 or a person outside of the State authorized to acquire the beer, or shipment back to the  
31 licensed farm, if:

32                           (i)   The licensee does not serve or sell beer at the warehouse;  
33 and

1 (ii) The Comptroller has full access at all times to the  
2 warehouse to enforce this article; AND

3 (6) ENTER INTO A TEMPORARY DELIVERY AGREEMENT WITH A  
4 DISTRIBUTOR ONLY FOR DELIVERY OF BEER TO A BEER FESTIVAL OR WINE AND  
5 BEER FESTIVAL AND THE RETURN OF ANY UNUSED BEER IF:

6 (I) THE BEER FESTIVAL OR WINE AND BEER FESTIVAL IS IN  
7 A SALES TERRITORY FOR WHICH THE HOLDER DOES NOT HAVE A FRANCHISE  
8 WITH A DISTRIBUTOR UNDER THE BEER FRANCHISE FAIR DEALING ACT; AND

9 (II) THE TEMPORARY DELIVERY AGREEMENT IS IN WRITING.

10 (d) (1) A licensee may sponsor a multibrewery activity at the licensed  
11 farm that:

12 (i) Includes the products of other Maryland breweries; and

13 (ii) Provides for the sale of beer by the glass for consumption on  
14 the premises only.

15 (2) In a segregated area approved by the Comptroller on the licensed  
16 farm, a licensee may store the products of other Maryland breweries for the  
17 multibrewery activity.

18 (3) The multibrewery activity:

19 (i) May be held from 10 a.m. to 10 p.m. each day; and

20 (ii) May not exceed 3 consecutive days.

21 (e) (1) The Office of the Comptroller may issue a special brewery  
22 promotional event permit to a licensee.

23 (2) At least 15 days before holding a planned promotional event, the  
24 licensee shall obtain a permit from the Comptroller by filing a notice of the  
25 promotional event on the form that the Comptroller provides.

26 (3) The permit authorizes the licensee to conduct at the licensed farm  
27 a promotional event at which the licensee may:

28 (i) Provide samples of not more than 6 fluid ounces per brand to  
29 consumers; and

30 (ii) Sell beer produced by the licensee to persons who participate  
31 in the event.

1           (4) The beer at the event shall be sold by the glass and for  
2 consumption on the premises only.

3           (5) The licensee may not be issued more than 12 permits in a calendar  
4 year.

5           (6) A single promotional event:

6                 (i) May be held from 10 a.m. to 10 p.m. each day; and

7                 (ii) May not exceed 3 consecutive days.

8           (7) The permit fee is \$25 per event.

9 8–307.

10           (a) This section applies only in Dorchester County.

11           (d) Notwithstanding any other provision of this article, an applicant for a  
12 special festival license shall be a holder of an existing State retail alcoholic beverages  
13 license, State Class 3 winery license, State Class 4 limited winery license, State Class  
14 6 pub–brewery license, [or] State Class 7 micro–brewery license, **OR STATE CLASS 8**  
15 **FARM BREWERY LICENSE** issued under this article.

16 8–801.

17           (b) This section applies only in Baltimore City.

18           (d) Notwithstanding any other provisions of this article, an applicant for a  
19 special festival license shall be the holder of an existing Class 5 brewery, Class 6  
20 pub–brewery, [or] Class 7 micro–brewery, **OR CLASS 8 FARM BREWERY**  
21 **manufacturer’s license** issued under this article. Each manufacturer in the beer  
22 festival shall obtain a license.

23 8–802.

24           (a) The Baltimore County Board of License Commissioners may issue a  
25 special beer festival license.

26           (b) Notwithstanding any other provision to the contrary, an applicant for a  
27 special beer festival license shall be a holder of an existing retail alcoholic beverages  
28 license issued in the State, Class 5 brewery license, [or] Class 7 micro–brewery  
29 license, **OR CLASS 8 FARM BREWERY LICENSE** issued in accordance with this article.

30 8–803.

1 (a) In this section, “Board” means the Board of License Commissioners for  
2 Frederick County.

3 (d) Notwithstanding any other provision of this article, an applicant for a  
4 special beer festival license shall be the holder of a current retail alcoholic beverages  
5 license issued in the State, a Class 5 brewery license, [or] a Class 7 micro-brewery  
6 license, **OR A CLASS 8 FARM BREWERY LICENSE.**

7 8–804.

8 (b) This section applies only in Wicomico County.

9 (d) (1) Notwithstanding any other provision in this article, an applicant  
10 for a special beer festival license shall be the holder of an existing Class 5 brewery,  
11 Class 6 pub-brewery, [or] Class 7 micro-brewery, **OR CLASS 8 FARM BREWERY**  
12 **manufacturer’s license issued under this article.**

13 (2) Each manufacturer that participates in the beer festival shall  
14 obtain a special beer festival license.

15 8–805.

16 (a) In this section, “Board” means the Board of License Commissioners for  
17 Carroll County.

18 (d) Notwithstanding any other provision of this article, an applicant for a  
19 special beer festival license shall be the holder of a current retail alcoholic beverages  
20 license issued in the State, a Class 5 brewery license, [or] a Class 7 micro-brewery  
21 license, **OR A CLASS 8 FARM BREWERY LICENSE.**

22 8–806.

23 (a) The Alcoholic Beverage Board of St. Mary’s County may issue a special  
24 beer festival (BF) license.

25 (b) Notwithstanding any other law, an applicant for a special BF license  
26 shall be a holder of an existing retail alcoholic beverages license issued in the State  
27 authorizing the sale of beer, a State Class 5 brewery license, a State Class 6  
28 pub-brewery license, [or] a State Class 7 micro-brewery license, **OR A CLASS 8 FARM**  
29 **BREWERY LICENSE.**

30 8–807.

31 (b) This section applies only in Garrett County.

1 (d) Notwithstanding any other provision of this article, an applicant for a  
2 festival license shall be a holder of a:

3 (1) Retail alcoholic beverages license issued by the Board;

4 (2) Class 5 brewery license;

5 (3) Class 6 pub–brewery license; [or]

6 (4) Class 7 micro–brewery license; **OR**

7 **(5) CLASS 8 FARM BREWERY LICENSE.**

8 (g) (1) A product to be displayed and sold at a beer festival shall be:

9 (i) Invoiced to the holder of the beer festival license by a  
10 licensed State wholesaler or holder of a Class 5 brewery license, Class 6 pub–brewery  
11 license [or], Class [6] 7 micro–brewery license, **OR CLASS 8 FARM BREWERY**  
12 **LICENSE**; and

13 (ii) Delivered to the beer festival from the licensed premises of  
14 the wholesaler.

15 (2) When a beer festival license is issued, a holder of a wholesaler’s  
16 license, a Class 5 brewery license, a Class 6 pub–brewery license, [or] a Class 7  
17 micro–brewery license, **OR A CLASS 8 FARM BREWERY LICENSE** may enter into an  
18 agreement with the holder of the beer festival license to deliver beer 2 days before the  
19 effective date of the beer festival license and to accept returns not later than 2 days  
20 after the expiration date of the beer festival license.

21 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
22 July 1, 2014.

Approved:

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Governor.

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Speaker of the House of Delegates.

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President of the Senate.