

HOUSE BILL 953

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CF SB 458

By: **Delegates McHale, B. Robinson, and Tarrant**

Introduced and read first time: February 6, 2014

Assigned to: Economic Matters

Committee Report: Favorable with amendments

House action: Adopted with floor amendments

Read second time: March 7, 2014

CHAPTER _____

AN ACT concerning

Baltimore City – Alcoholic Beverages – Micro–Brewery Licenses

FOR the purpose of adding the 40th Alcoholic Beverages District of Baltimore City to the list of locations in which a holder of a certain Class D alcoholic beverages license may be issued a Class 7 micro–brewery license; authorizing the holder of a Class 7 micro–brewery license in Baltimore City to brew at certain locations using the same license and to obtain a Class 2 rectifying license for certain premises at certain locations, under certain circumstances; requiring a holder of a Class 7 license to submit a certain application to the State Comptroller; requiring the State Comptroller to make a certain determination and consider a certain factor; prohibiting a holder of a Class 7 license from serving or selling beer at a certain location; and generally relating to alcoholic beverages in Baltimore City.

BY repealing and reenacting, without amendments,
Article 2B – Alcoholic Beverages
Section 2–208(a)
Annotated Code of Maryland
(2011 Replacement Volume and 2013 Supplement)

BY repealing and reenacting, with amendments,
Article 2B – Alcoholic Beverages
Section 2–208(b) and (c)
Annotated Code of Maryland
(2011 Replacement Volume and 2013 Supplement)

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.



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

Article 2B – Alcoholic Beverages

2–208.

- (a) There is a Class 7 micro–brewery (on– and off–sale) license.
- (b) The license shall be issued:
 - (1) By the State Comptroller;
 - (2) Only in the following jurisdictions:
 - (i) Allegany County;
 - (ii) Baltimore City;
 - (iii) Baltimore County;
 - (iv) The City of Annapolis;
 - (v) Anne Arundel County;
 - (vi) Calvert County;
 - (vii) Caroline County;
 - (viii) Carroll County;
 - (ix) Charles County;
 - (x) Dorchester County;
 - (xi) Frederick County;
 - (xii) Garrett County;
 - (xiii) Harford County;
 - (xiv) Howard County;
 - (xv) Kent County;
 - (xvi) Montgomery County;

- (xvii) Prince George's County;
- (xviii) Queen Anne's County;
- (xix) St. Mary's County;
- (xx) Talbot County;
- (xxi) Washington County;
- (xxii) Wicomico County; and
- (xxiii) Worcester County;

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

(ii) To a holder of a Class D beer (off-sale) license that is issued for use on the premises of the existing Class D license if the premises are located in Kent County or the Town of Berlin in Worcester County; or

(iii) To a holder of a Class D alcoholic beverages license that is issued for use on the premises of the existing Class D license if the premises are located in:

1. The 22nd Alcoholic Beverages District of Prince George's County;
2. Washington County; [or]
3. Dorchester County; **OR**
4. **THE 40TH ALCOHOLIC BEVERAGES DISTRICT OF BALTIMORE CITY;** and

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

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

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

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

(iii) May contract with the holder of a Class 2 rectifying license held under § 2–203 of this subtitle, a Class 5 brewery license, a Class 7 micro–brewery license, or a Class 8 farm brewery license, or the holder of a nonresident dealer’s permit to brew and bottle malt beverages on their behalf;

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

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

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

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

2. The temporary delivery agreement is in writing.

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

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

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

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

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

(5) (I) ~~IN~~ SUBJECT TO SUBPARAGRAPHS (II), (III), AND (IV) OF THIS PARAGRAPH, IN BALTIMORE CITY ONLY, THE HOLDER OF A CLASS 7 LICENSE MAY:

~~(H)~~ 1. BREW IN TWO LOCATIONS USING THE SAME LICENSE; AND

~~(H)~~ 2. OBTAIN A CLASS 2 RECTIFYING LICENSE FOR THE PREMISES AT THE TWO LOCATIONS AUTHORIZED UNDER ITEM ~~(H)~~ 1 OF THIS PARAGRAPH SUBPARAGRAPH.

(II) THE HOLDER OF A CLASS 7 LICENSE MAY BREW IN TWO LOCATIONS USING THE SAME LICENSE IF THE LICENSE HOLDER:

1. REQUESTS PERMISSION BY SUBMITTING A WRITTEN APPLICATION TO THE STATE COMPTROLLER; AND

2. OBTAINS WRITTEN APPROVAL FROM THE STATE COMPTROLLER.

(III) BEFORE AUTHORIZING A HOLDER OF A CLASS 7 LICENSE TO BREW IN TWO LOCATIONS USING THE SAME LICENSE, THE STATE COMPTROLLER SHALL:

1. MAKE A DETERMINATION THAT A SECOND LOCATION TO BREW ADDITIONAL CAPACITY IS NECESSARY DUE TO INSUFFICIENT SPACE AT THE EXISTING CLASS 7 LICENSE LOCATION; AND

2. CONSIDER ANY OTHER FACTOR RELEVANT TO APPROVAL OF THE APPLICATION.

(IV) NOTWITHSTANDING ANY OTHER PROVISION OF THIS ARTICLE, A HOLDER OF A CLASS 7 LICENSE MAY NOT SERVE OR SELL BEER FOR ON-PREMISES OR OFF-PREMISES CONSUMPTION AT THE SECOND BREWING LOCATION.

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