

HOUSE BILL 330

A1

5lr1645
CF SB 643

By: **Allegany County Delegation**

Introduced and read first time: February 5, 2015

Assigned to: Economic Matters

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 3, 2015

CHAPTER _____

1 AN ACT concerning

2 **Alcoholic Beverages – Micro-Breweries ~~and Farm Breweries~~ – Additional**
3 **License**

4 FOR the purpose of authorizing the holder of a micro-brewery ~~or farm brewery~~ license to
5 apply for and obtain ~~one or more certain additional licenses for the same or an~~
6 additional micro-brewery license for another premises; specifying certain limitations
7 on the distribution and sale of beer brewed by a holder of an additional
8 micro-brewery license; providing that certain provisions of law that prohibit a holder
9 of a micro-brewery license from owning, operating, or being affiliated with certain
10 other manufacturers of beer, or being granted a wholesaler alcoholic beverages
11 license, do not apply in Allegany County or Frederick County; and generally relating
12 to alcoholic beverages manufacturers in the State.

13 BY repealing and reenacting, with amendments,
14 Article 2B – Alcoholic Beverages
15 Section 2-201(b) and ~~2-208(c)~~ 2-208(c)(1), (d)(1), and (e)
16 Annotated Code of Maryland
17 (2011 Replacement Volume and 2014 Supplement)

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

20 **Article 2B – Alcoholic Beverages**

21 2-201.

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.



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

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

(II) THE HOLDER OF A MICRO-BREWERY LICENSE MAY APPLY FOR AND OBTAIN NOT MORE THAN ONE ADDITIONAL MICRO-BREWERY LICENSE FOR 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 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.

4. A HOLDER OF ONE OR TWO CLASS 7 MICRO-BREWERY LICENSES THAT PRODUCES IN AGGREGATE FROM ALL OF ITS LOCATIONS NOT MORE THAN 22,500 BARRELS OF BEER ANNUALLY MAY OBTAIN A CLASS 7 LIMITED BEER WHOLESALER'S LICENSE AND DISTRIBUTE BEER THAT:

1 **A. TOTALS ANNUALLY NOT MORE THAN 3,000 BARRELS**
2 **IN AGGREGATE FROM ALL OF ITS LOCATIONS; AND**

3 **B. HAS BEEN BREWED AT THE LOCATION FROM WHERE**
4 **IT IS DISTRIBUTED.**

5 2–208.

6 (c) (1) **(I) A holder of a Class 7 micro–brewery license:**

7 **[(i)] 1. May brew and bottle malt beverages at the license**
8 **location;**

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

12 **[(iii)] 3. May contract with the holder of a Class 2 rectifying license**
13 **held under § 2–203 of this subtitle, a Class 5 brewery license, a Class 7 micro–brewery**
14 **license, or a Class 8 farm brewery license, or the holder of a nonresident dealer’s permit to**
15 **brew and bottle malt beverages on their behalf;**

16 **[(iv)] 4. May store the finished product under an individual**
17 **storage permit or at a licensed public storage facility for subsequent sale and delivery to a**
18 **licensed wholesaler, an authorized person outside this State, and for shipment back to the**
19 **micro–brewery location for sale on the retail premises;**

20 **[(v)] 5. [May] SUBJECT TO SUBPARAGRAPH (II) OF THIS**
21 **PARAGRAPH, MAY not collectively brew, bottle, or contract for more than 22,500 barrels of**
22 **malt beverages each calendar year; and**

23 **[(vi)] 6. May enter into a temporary delivery agreement with a**
24 **distributor only for delivery of beer to a beer festival or wine and beer festival and the**
25 **return of any unused beer if:**

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

29 **[2.] B. The temporary delivery agreement is in writing.**

30 **(II) A LICENSE HOLDER THAT HAS LICENSES FOR TWO**
31 **LOCATIONS MAY NOT COLLECTIVELY BREW, BOTTLE, OR CONTRACT FOR MORE**

1 THAN 22,500 BARRELS OF MALT BEVERAGES IN AGGREGATE FROM BOTH OF ITS
 2 LOCATIONS EACH CALENDAR YEAR.

3 (d) (1) The on-sale privilege authorizes the holder, each calendar year, to sell
 4 at retail [up] FOR ON-PREMISES CONSUMPTION:

5 (I) UP to 4,000 barrels of beer brewed under this license [to
 6 customers for consumption on the licensed premises]; OR

7 (II) IF THE HOLDER HAS LICENSES FOR TWO LOCATIONS, BEER
 8 THAT:

9 1. TOTALS ANNUALLY UP TO 4,000 BARRELS IN
 10 AGGREGATE FROM BOTH ITS LOCATIONS; AND

11 2. HAS BEEN BREWED AT THE LOCATION WHERE IT IS
 12 SOLD.

13 (e) (1) THIS SUBSECTION DOES NOT APPLY IN ALLEGANY COUNTY OR
 14 FREDERICK COUNTY.

15 (2) A holder of a Class 7 micro-brewery license:

16 [(1)] (I) May not own, operate or be affiliated with any other
 17 manufacturer of beer except for a Class 2 rectifying license authorized by subsection
 18 (e)(1)(ii) of this section; and

19 [(2)] (II) Notwithstanding § 2-201(b) of this subtitle, may not be granted
 20 a wholesale alcoholic beverages license.

21 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
 22 1, 2015.

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.