

HOUSE BILL 689

A2

5lr2583
CF SB 523

By: **Delegates Carozza and Otto**

Introduced and read first time: February 12, 2015

Assigned to: Economic Matters

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 10, 2015

CHAPTER _____

1 AN ACT concerning

2 **Worcester County – Alcoholic Beverages – ~~Craft~~ Limited Distillery License**

3 FOR the purpose of establishing a Class 9 ~~craft~~ limited distillery license in Worcester
4 County; setting a license fee; providing that the State Comptroller issue the Class 9
5 license only to a holder of a Class D beer, wine and liquor license in the county for
6 use on the premises for which the Class D license was issued; authorizing a holder
7 of a Class 9 license to establish and operate a plant for distilling, rectifying, and
8 bottling brandy, rum, whiskey, alcohol, and neutral spirits under certain
9 circumstances; authorizing a holder of Class 9 license to acquire bulk alcoholic
10 beverages, to store, sell, and deliver product, to conduct guided tours, and to serve a
11 certain number of samples to certain persons; prohibiting a holder of a Class 9 license
12 from taking certain actions; requiring a holder of a Class 9 license to abide by all
13 trade practice restrictions applicable to distilleries; requiring a holder of a Class 9
14 license to take certain actions to distill more than a certain amount of gallonage; and
15 generally relating to Class 9 distillery licenses in Worcester County.

16 BY repealing and reenacting, with amendments,
17 Article 2B – Alcoholic Beverages
18 Section 2–201(a)
19 Annotated Code of Maryland
20 (2011 Replacement Volume and 2014 Supplement)

21 BY adding to
22 Article 2B – Alcoholic Beverages
23 Section 2–202.1

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 Annotated Code of Maryland
2 (2011 Replacement Volume and 2014 Supplement)

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

5 **Article 2B – Alcoholic Beverages**

6 2–201.

7 (a) The annual fees for manufacturer’s licenses are as follows:

8	Class 1	Distillery.....	\$ 2,000
9	Class 2	Rectifying	600
10	Class 3	Winery	750
11	Class 4	Limited Winery	200
12	Class 5	Brewery	1,500
13	Class 6	Pub–Brewery.....	500
14	Class 7	Micro–Brewery.....	500
15	Class 8	Farm Brewery	200
16	CLASS 9	CRAFT <u>LIMITED DISTILLERY</u>	500

17 **2–202.1.**

18 (A) **THERE IS A CLASS 9 ~~CRAFT~~ LIMITED DISTILLERY LICENSE.**

19 (B) **THE LICENSE SHALL BE ISSUED:**

20 (1) **BY THE STATE COMPTROLLER; AND**

21 (2) **ONLY TO A HOLDER OF A CLASS D BEER, WINE AND LIQUOR**
22 **LICENSE IN WORCESTER COUNTY FOR USE ON THE PREMISES FOR WHICH THE**
23 **CLASS D LICENSE WAS ISSUED.**

24 (C) (1) **A HOLDER OF A CLASS 9 ~~CRAFT~~ LIMITED DISTILLERY LICENSE:**

25 (i) **MAY ESTABLISH AND OPERATE A PLANT IN THIS STATE FOR**
26 **DISTILLING, RECTIFYING, AND BOTTLING BRANDY, RUM, WHISKEY, ALCOHOL, AND**
27 **NEUTRAL SPIRITS IF THE HOLDER:**

28 1. **MAINTAINS ONLY ONE BRAND AT ANY ONE TIME FOR**
29 **EACH PRODUCT OF BRANDY, RUM, WHISKEY, ALCOHOL, AND NEUTRAL SPIRITS THAT**
30 **IS DISTILLED, RECTIFIED, AND SOLD; AND**

31 2. **DOES NOT MANUFACTURE OR RECTIFY PRODUCT OF**
32 **ANY OTHER BRAND FOR ANOTHER ENTITY;**

1 (II) MAY ACQUIRE BULK ALCOHOLIC BEVERAGES FROM THE
2 HOLDER OF A DISTILLERY OR RECTIFYING LICENSE IN THIS STATE OR FROM THE
3 HOLDER OF A NONRESIDENT DEALER'S PERMIT;

4 (III) AFTER ACQUIRING AN INDIVIDUAL STORAGE PERMIT, MAY
5 STORE ON THE LICENSED PREMISES THOSE PRODUCTS MANUFACTURED UNDER THE
6 CLASS 9 ~~CRAFT~~ LIMITED DISTILLERY LICENSE;

7 (IV) MAY SELL AND DELIVER THOSE PRODUCTS
8 MANUFACTURED UNDER THE CLASS 9 ~~CRAFT~~ LIMITED DISTILLERY LICENSE ONLY
9 TO A LICENSED WHOLESALER IN THIS STATE OR PERSON AUTHORIZED TO ACQUIRE
10 DISTILLED SPIRITS IN ANOTHER STATE AND NOT TO A COUNTY DISPENSARY;

11 (V) MAY SELL THE PRODUCTS MANUFACTURED UNDER THE
12 CLASS 9 ~~CRAFT~~ LIMITED DISTILLERY LICENSE AT RETAIL IN A MANNER CONSISTENT
13 WITH THE UNDERLYING CLASS D LICENSE;

14 (VI) MAY CONDUCT GUIDED TOURS OF THAT PORTION OF THE
15 LICENSED PREMISES USED FOR THE ~~CRAFT~~ LIMITED DISTILLERY OPERATION; AND

16 (VII) MAY SERVE NOT MORE THAN THREE SAMPLES OF
17 PRODUCTS MANUFACTURED AT THE LICENSED PREMISES, WITH EACH SAMPLE
18 CONSISTING OF NOT MORE THAN ONE-HALF OUNCE FROM A SINGLE PRODUCT, TO
19 PERSONS WHO:

- 20 1. HAVE ATTAINED THE LEGAL DRINKING AGE;
- 21 2. PARTICIPATED IN A GUIDED TOUR; AND
- 22 3. ARE PRESENT ON THAT PORTION OF THE PREMISES
23 USED FOR THE ~~CRAFT~~ LIMITED DISTILLERY OPERATION.

24 (2) A HOLDER OF A CLASS 9 ~~CRAFT~~ LIMITED DISTILLERY LICENSE
25 MAY NOT:

26 (I) APPLY FOR OR POSSESS A MARYLAND WHOLESALER'S
27 LICENSE;

28 (II) SELL BOTTLES OF THE PRODUCTS MANUFACTURED AT THE
29 CLASS 9 ~~CRAFT~~ LIMITED DISTILLERY ON THAT PART OF THE PREMISES USED FOR
30 THE DISTILLERY OPERATION;

1 **(III) DISTILL, RECTIFY, BOTTLE, OR SELL MORE THAN 100,000**
 2 **GALLONS OF BRANDY, RUM, WHISKEY, ALCOHOL, AND NEUTRAL SPIRITS EACH**
 3 **CALENDAR YEAR;**

4 **(IV) SELL AT RETAIL ON THE PREMISES OF THE CLASS D**
 5 **LICENSE, FOR ON- OR OFF-SALE CONSUMPTION, MORE THAN 15,500 GALLONS OF**
 6 **THE PRODUCTS MANUFACTURED UNDER THE CLASS 9 ~~CRAFT~~ LIMITED DISTILLERY**
 7 **LICENSE EACH CALENDAR YEAR; AND**

8 **(V) OWN, OPERATE, OR BE AFFILIATED IN ANY MANNER WITH**
 9 **ANOTHER MANUFACTURER.**

10 **(3) A HOLDER OF A CLASS 9 ~~CRAFT~~ LIMITED DISTILLERY LICENSE**
 11 **SHALL ABIDE BY ALL TRADE PRACTICE RESTRICTIONS APPLICABLE TO**
 12 **DISTILLERIES.**

13 **(D) TO DISTILL MORE THAN THE GALLONAGE SPECIFIED IN SUBSECTION**
 14 **(C)(2)(III) OF THIS SECTION, A HOLDER OF A CLASS 9 ~~CRAFT~~ LIMITED DISTILLERY**
 15 **LICENSE SHALL DIVEST ITSELF OF ANY CLASS D RETAIL LICENSE AND OBTAIN A**
 16 **CLASS 1 MANUFACTURER'S LICENSE.**

17 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
 18 1, 2015.

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.