

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

A BILL ENTITLED

1 AN ACT concerning

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

3 FOR the purpose of establishing a Class 9 craft distillery license in Worcester County;
4 setting a license fee; providing that the State Comptroller issue the Class 9 license
5 only to a holder of a Class D beer, wine and liquor license in the County for use on
6 the premises for which the Class D license was issued; authorizing a holder of a Class
7 9 license to establish and operate a plant for distilling and bottling brandy, rum,
8 whiskey, alcohol, and neutral spirits under certain circumstances; authorizing a
9 holder of Class 9 license to acquire bulk alcoholic beverages, to store, sell, and deliver
10 product, to conduct guided tours, and to serve a certain number of samples to certain
11 persons; prohibiting a holder of a Class 9 license from taking certain actions;
12 requiring a holder of a Class 9 license to abide by all trade practice restrictions
13 applicable to distilleries; requiring a holder of a Class 9 license to take certain actions
14 to distill more than a certain amount of gallonage; and generally relating to Class 9
15 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
24 Annotated Code of Maryland
25 (2011 Replacement Volume and 2014 Supplement)

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

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



Article 2B – Alcoholic Beverages

2–201.

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

4	Class 1	Distillery.....	\$ 2,000
5	Class 2	Rectifying	600
6	Class 3	Winery	750
7	Class 4	Limited Winery	200
8	Class 5	Brewery	1,500
9	Class 6	Pub–Brewery.....	500
10	Class 7	Micro–Brewery.....	500
11	Class 8	Farm Brewery	200
12	CLASS 9	CRAFT DISTILLERY.....	500

2–202.1.

(A) THERE IS A CLASS 9 CRAFT DISTILLERY LICENSE.

(B) THE LICENSE SHALL BE ISSUED:

(1) BY THE STATE COMPTROLLER; AND

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

(C) (1) A HOLDER OF A CLASS 9 CRAFT DISTILLERY LICENSE:

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

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

2. DOES NOT MANUFACTURE PRODUCT OF 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 DISTILLERY LICENSE;

7 (IV) MAY SELL AND DELIVER THOSE PRODUCTS
8 MANUFACTURED UNDER THE CLASS 9 CRAFT DISTILLERY LICENSE ONLY TO A
9 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 DISTILLERY LICENSE AT RETAIL IN A MANNER CONSISTENT WITH
13 THE UNDERLYING CLASS D LICENSE;

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

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

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

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

30 (III) DISTILL MORE THAN 100,000 GALLONS OF BRANDY, RUM,
31 WHISKEY, ALCOHOL, AND NEUTRAL SPIRITS EACH CALENDAR YEAR;

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

5 (V) OWN, OPERATE, OR BE AFFILIATED IN ANY MANNER WITH
6 ANOTHER MANUFACTURER.

7 (3) A HOLDER OF A CLASS 9 CRAFT DISTILLERY LICENSE SHALL
8 ABIDE BY ALL TRADE PRACTICE RESTRICTIONS APPLICABLE TO DISTILLERIES.

9 (D) TO DISTILL MORE THAN THE GALLONAGE SPECIFIED IN SUBSECTION
10 (C)(2)(III) OF THIS SECTION, A HOLDER OF A CLASS 9 CRAFT DISTILLERY LICENSE
11 SHALL DIVEST ITSELF OF ANY CLASS D RETAIL LICENSE AND OBTAIN A CLASS 1
12 MANUFACTURER'S LICENSE.

13 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
14 1, 2015.