

## SENATE BILL 523

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5lr1640  
CF HB 689

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**By: Senator Mathias**

Introduced and read first time: February 6, 2015

Assigned to: Education, Health, and Environmental Affairs

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Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 6, 2015

Returned to second reading: March 10, 2015

Senate action: Adopted with floor amendments

Read second time: March 10, 2015

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## 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 a 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)

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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 BY adding to  
 2 Article 2B – Alcoholic Beverages  
 3 Section 2–202.1  
 4 Annotated Code of Maryland  
 5 (2011 Replacement Volume and 2014 Supplement)

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

8 **Article 2B – Alcoholic Beverages**

9 2–201.

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

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

20 **2–202.1.**

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

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

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

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

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

28 **(I) MAY ESTABLISH AND OPERATE A PLANT IN THIS STATE FOR**  
 29 **DISTILLING, RECTIFYING, AND BOTTLING BRANDY, RUM, WHISKEY, ALCOHOL, AND**  
 30 **NEUTRAL SPIRITS IF THE HOLDER:**

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

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

6                   (ii)   **MAY ACQUIRE BULK ALCOHOLIC BEVERAGES FROM THE**  
7 **HOLDER OF A DISTILLERY OR RECTIFYING LICENSE IN THIS STATE OR FROM THE**  
8 **HOLDER OF A NONRESIDENT DEALER'S PERMIT;**

9                   (iii)   **AFTER ACQUIRING AN INDIVIDUAL STORAGE PERMIT, MAY**  
10 **STORE ON THE LICENSED PREMISES THOSE PRODUCTS MANUFACTURED UNDER THE**  
11 **CLASS 9 ~~CRAFT~~ LIMITED DISTILLERY LICENSE;**

12                   (iv)   **MAY SELL AND DELIVER THOSE PRODUCTS**  
13 **MANUFACTURED UNDER THE CLASS 9 ~~CRAFT~~ LIMITED DISTILLERY LICENSE ONLY**  
14 **TO A LICENSED WHOLESALE IN THIS STATE OR PERSON AUTHORIZED TO ACQUIRE**  
15 **DISTILLED SPIRITS IN ANOTHER STATE AND NOT TO A COUNTY DISPENSARY;**

16                   (v)   **MAY SELL THE PRODUCTS MANUFACTURED UNDER THE**  
17 **CLASS 9 ~~CRAFT~~ LIMITED DISTILLERY LICENSE AT RETAIL IN A MANNER CONSISTENT**  
18 **WITH THE UNDERLYING CLASS D LICENSE;**

19                   (vi)   **MAY CONDUCT GUIDED TOURS OF THAT PORTION OF THE**  
20 **LICENSED PREMISES USED FOR THE ~~CRAFT~~ LIMITED DISTILLERY OPERATION; AND**

21                   (vii)   **MAY SERVE NOT MORE THAN THREE SAMPLES OF**  
22 **PRODUCTS MANUFACTURED AT THE LICENSED PREMISES, WITH EACH SAMPLE**  
23 **CONSISTING OF NOT MORE THAN ONE-HALF OUNCE FROM A SINGLE PRODUCT, TO**  
24 **PERSONS WHO:**

25                   1.     **HAVE ATTAINED THE LEGAL DRINKING AGE;**

26                   2.     **PARTICIPATED IN A GUIDED TOUR; AND**

27                   3.     **ARE PRESENT ON THAT PORTION OF THE PREMISES**  
28 **USED FOR THE ~~CRAFT~~ LIMITED DISTILLERY OPERATION.**

29                   (2)   **A HOLDER OF A CLASS 9 ~~CRAFT~~ LIMITED DISTILLERY LICENSE**  
30 **MAY NOT:**

1 (I) APPLY FOR OR POSSESS A MARYLAND WHOLESALER'S  
2 LICENSE;

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

6 (III) DISTILL, RECTIFY, BOTTLE, OR SELL MORE THAN 100,000  
7 GALLONS OF BRANDY, RUM, WHISKEY, ALCOHOL, AND NEUTRAL SPIRITS EACH  
8 CALENDAR YEAR;

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

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

15 (3) A HOLDER OF A CLASS 9 ~~CRAFT~~ LIMITED DISTILLERY LICENSE  
16 SHALL ABIDE BY ALL TRADE PRACTICE RESTRICTIONS APPLICABLE TO  
17 DISTILLERIES.

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

22 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July  
23 1, 2015.

Approved:

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Governor.

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President of the Senate.

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Speaker of the House of Delegates.