

HOUSE BILL 1158

A2

6lr3165

By: **Delegates Lisanti and Hornberger**

Introduced and read first time: February 11, 2016

Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Cecil County – Alcoholic Beverages – Class 7 Micro–Brewery Licenses**

3 FOR the purpose of applying in Cecil County a certain provision of law that authorizes the
4 issuance of a Class 7 micro–brewery license to a holder of a Class B beer, wine, and
5 liquor (on–sale) license that is issued for use on the premises of a restaurant; and
6 generally relating to alcoholic beverages in Cecil County.

7 BY repealing and reenacting, without amendments,

8 Article – Alcoholic Beverages

9 Section 2–209

10 Annotated Code of Maryland

11 (As enacted by Chapter ____ (S.B. ____)(6lr1406) of the Acts of the General
12 Assembly of 2016)

13 BY repealing and reenacting, with amendments,

14 Article – Alcoholic Beverages

15 Section 17–401

16 Annotated Code of Maryland

17 (As enacted by Chapter ____ (S.B. ____)(6lr1406) of the Acts of the General
18 Assembly of 2016)

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

21 **Article – Alcoholic Beverages**

22 2–209.

23 (a) There is a Class 7 micro–brewery license.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (b) Except as provided in Division II of this article, the license may be issued only
2 to the holder of a Class B beer, wine, and liquor (on-sale) license that is issued for use on
3 the premises of a restaurant.

4 (c) A license holder may:

5 (1) brew and bottle malt beverages at the location described in the license;

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

9 (3) contract to brew and bottle malt beverages with and on behalf of the
10 holder of a Class 2 rectifying license, Class 5 brewery license, Class 7 micro-brewery
11 license, Class 8 farm brewery license, or a nonresident dealer's permit;

12 (4) store the finished product under an individual storage permit or at a
13 licensed public storage facility for subsequent sale and delivery:

14 (i) to a holder of a wholesaler's license;

15 (ii) to an authorized person outside the State; or

16 (iii) for shipment back to the micro-brewery location for sale on the
17 retail premises; and

18 (5) enter into a temporary delivery agreement with a distributor only for
19 delivery of beer to a beer festival or a wine and beer festival, and the return of any unused
20 beer, if:

21 (i) the festival is in a sales territory for which the license holder does
22 not have a franchise with a distributor under the Beer Franchise Fair Dealing Act in Title
23 5, Subtitle 1 of this article; and

24 (ii) the temporary delivery agreement is in writing.

25 (d) (1) Subject to paragraph (2) of this subsection, a license holder may not
26 collectively brew, bottle, or contract for more than 22,500 barrels of malt beverages each
27 calendar year.

28 (2) (i) In determining the barrelage limitation under paragraph (1) of
29 this subsection, any salable beer produced under a contractual arrangement accrues only
30 to the license holder that owns the brand.

31 (ii) A license holder that wishes to produce more than the barrelage
32 authorized under paragraph (1) of this subsection shall:

- 1 1. divest itself of any retail license; and
- 2 2. obtain a Class 5 brewery license.

3 (3) A license holder that has licenses for two locations may not collectively
4 brew, bottle, or contract for more than 22,500 barrels of malt beverages in aggregate from
5 both of its locations each calendar year.

6 (e) A license holder:

7 (1) may not own, operate, or be affiliated with another manufacturer of
8 beer except for a Class 2 rectifying license authorized under subsection (c)(2) of this section;
9 and

10 (2) may not be granted a wholesaler's license.

11 (f) (1) The on-sale privilege authorizes the license holder, each calendar year,
12 to sell at retail for on-premises consumption:

13 (i) up to 4,000 barrels of beer brewed under the license; or

14 (ii) if the license holder has licenses for two locations, beer that:

15 1. totals annually up to 4,000 barrels in aggregate from both
16 its locations; and

17 2. has been brewed at the location where it is sold.

18 (2) A license holder may sell and deliver beer brewed under the license to:

19 (i) a holder of a wholesaler's license; or

20 (ii) a person outside the State that is authorized to acquire beer.

21 (g) The hours and days for retail sales under the license are those established for
22 a Class B license or for a holder of a Class B beer, wine, and liquor license.

23 (h) A license holder may sell at retail beer brewed under the license for
24 off-premises consumption:

25 (1) in a sealed refillable container that:

26 (i) may be returned for refilling; and

27 (ii) shall be sealed by the license holder when refilled; and

28 (2) as prepackaged beer in a nonrefillable container.

1 (i) The annual license fee is \$500.

2 17-401.

3 (a) The following sections of Title 2, Subtitle 2 (“Manufacturer’s Licenses”) of
4 Division I of this article apply in the County without exception or variation:

5 (1) § 2-201 (“Issuance by Comptroller”);

6 (2) § 2-202 (“Class 1 distillery license”);

7 (3) § 2-204 (“Class 2 rectifying license”);

8 (4) § 2-205 (“Class 3 winery license”);

9 (5) § 2-206 (“Class 4 limited winery license”);

10 (6) § 2-207 (“Class 5 brewery license”);

11 (7) § 2-208 (“Class 6 pub-brewery license”);

12 **(8) § 2-209 (“CLASS 7 MICRO-BREWERY LICENSE”);**

13 ~~[(8)]~~ **(9)** § 2-210 (“Class 8 farm brewery license”);

14 ~~[(9)]~~ **(10)** § 2-211 (“Residency requirement”);

15 ~~[(10)]~~ **(11)** § 2-212 (“Additional licenses”);

16 ~~[(11)]~~ **(12)** § 2-213 (“Additional fees”);

17 ~~[(12)]~~ **(13)** § 2-214 (“Sale or delivery restricted”);

18 ~~[(13)]~~ **(14)** § 2-215 (“Beer sale on credit to retail dealer prohibited”);

19 ~~[(14)]~~ **(15)** § 2-216 (“Interaction between manufacturing entities and
20 retailers”);

21 ~~[(15)]~~ **(16)** § 2-217 (“Distribution of alcoholic beverages — Prohibited
22 practices”); and

23 ~~[(16)]~~ **(17)** § 2-218 (“Restrictive agreements between producers and
24 retailers — Prohibited”).

1 (b) [The following sections] **SECTION 2-203 (“CLASS 9 LIMITED DISTILLERY**
2 **LICENSE”)** of Title 2, Subtitle 2 (“Manufacturer’s Licenses”) of Division I of this article [do]
3 **DOES** not apply in the County[:

4 (1) § 2-203 (“Class 9 limited distillery license”); and

5 (2) § 2-209 (“Class 7 micro-brewery license”)].

6 **SECTION 2. AND BE IT FURTHER ENACTED,** That this Act shall take effect July
7 1, 2016.