

# HOUSE BILL 1337

A1

6lr2057

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By: **Delegate Barkley**

Introduced and read first time: February 12, 2016

Assigned to: Economic Matters

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Committee Report: Favorable

House action: Adopted

Read second time: March 9, 2016

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## CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **Alcoholic Beverages – Liquor – Manufacturer’s and Wholesaler’s Licenses and**  
3 **Permits**

4 FOR the purpose of establishing a nonresident distillery permit; authorizing the  
5 Comptroller to issue the permit to certain persons who produce not more than a  
6 certain amount of liquor annually; authorizing a permit holder to sell and deliver  
7 certain liquor from a location outside the State to certain retail license or permit  
8 holders in the State; requiring a permit holder to comply with certain provisions of  
9 law; establishing a certain annual permit fee; authorizing a holder of a Class 1  
10 distillery license to apply for and obtain a certain wholesaler’s license; establishing  
11 the Class 8 liquor wholesaler’s license; authorizing the issuance of the Class 8  
12 wholesaler’s license to certain persons; authorizing a Class 8 wholesaler’s license  
13 holder to sell and deliver not more than a certain amount annually of certain liquor  
14 to certain license or permit holders; establishing a certain annual license fee;  
15 authorizing a Class 8 wholesaler’s license holder to use an additional location for the  
16 warehousing, sale, and delivery of liquor under certain circumstances; authorizing a  
17 holder of a Class 8 wholesaler’s license or a nonresident distillery permit to sell or  
18 deliver its own liquor in Montgomery County to a dispensary, restaurant, or other  
19 retail dealer authorized to sell liquor; authorizing in Montgomery County, a  
20 dispensary, restaurant, or other retail dealer authorized to sell liquor to purchase  
21 liquor directly from a holder of a Class 8 wholesaler’s license or a nonresident  
22 distillery permit; and generally relating to manufacturer’s and wholesaler’s liquor  
23 licenses and permits.

24 BY repealing and reenacting, with amendments,

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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 Article – Alcoholic Beverages

2 The part designation to be “Part IV. Beer, Wine, and Liquor Permits” immediately  
3 preceding Section 2–129

4 Annotated Code of Maryland

5 (As enacted by Chapter \_\_\_\_ (S.B. 724) of the Acts of the General Assembly of 2016)

6 BY repealing and reenacting, without amendments,

7 Article – Alcoholic Beverages

8 Section 2–129 and 2–202(a)

9 Annotated Code of Maryland

10 (As enacted by Chapter \_\_\_\_ (S.B. 724) of the Acts of the General Assembly of 2016)

11 BY adding to

12 Article – Alcoholic Beverages

13 Section 2–132.1 and 2–308.1

14 Annotated Code of Maryland

15 (As enacted by Chapter \_\_\_\_ (S.B. 724) of the Acts of the General Assembly of 2016)

16 BY repealing and reenacting, with amendments,

17 Article – Alcoholic Beverages

18 Section 2–212(b) and 25–307

19 Annotated Code of Maryland

20 (As enacted by Chapter \_\_\_\_ (S.B. 724) of the Acts of the General Assembly of 2016)

21 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,

22 That the Laws of Maryland read as follows:

23 **Article – Alcoholic Beverages**

24 Part IV. Beer [and Wine], **WINE, AND LIQUOR** Permits.

25 2–129.

26 This part applies statewide.

27 **2–132.1.**

28 **(A) THERE IS A NONRESIDENT DISTILLERY PERMIT.**

29 **(B) THE COMPTROLLER MAY ISSUE THE PERMIT TO A PERSON THAT:**

30 **(1) IS LICENSED OUTSIDE THE STATE TO ENGAGE IN THE**  
31 **MANUFACTURE OF LIQUOR;**

32 **(2) PRODUCES IN THE AGGREGATE FROM ALL OF ITS LOCATIONS NOT**  
33 **MORE THAN 100,000 GALLONS OF LIQUOR ANNUALLY; AND**

1           **(3) DOES NOT HOLD A NONRESIDENT DEALER'S PERMIT.**

2           **(C) (1) THE PERMIT AUTHORIZES THE PERMIT HOLDER TO SELL AND**  
3 **DELIVER THE PERMIT HOLDER'S OWN LIQUOR FROM A LOCATION OUTSIDE THE**  
4 **STATE TO A RETAIL LICENSE HOLDER OR PERMIT HOLDER IN THE STATE**  
5 **AUTHORIZED TO ACQUIRE THE LIQUOR.**

6           **(2) THE PERMIT HOLDER SHALL COMPLY WITH ALL THE**  
7 **REQUIREMENTS OF THIS ARTICLE, THE TAX – GENERAL ARTICLE, AND THE**  
8 **REGULATIONS OF THE COMPTROLLER THAT APPLY TO A HOLDER OF A CLASS 8**  
9 **LIMITED LIQUOR WHOLESALER'S LICENSE.**

10          **(D) THE ANNUAL PERMIT FEE IS \$100.**

11 2–202.

12          (a) There is a Class 1 distillery license.

13 2–212.

14          (b) (1) The holder of a rectifying or winery license may apply for and obtain a  
15 wholesaler's license of any class for the same premises or elsewhere as provided under this  
16 article.

17                 (2) The holder of a Class 4 limited winery license may apply for and obtain  
18 a Class 6 limited wine wholesaler's license for the same premises or elsewhere as provided  
19 under this article.

20                 (3) (i) The holder of a Class 5 brewery license or Class 7 micro–brewery  
21 license may apply for and obtain a Class 7 limited beer wholesaler's license in accordance  
22 with this paragraph.

23                         (ii) A holder of a Class 5 brewery license that was selling the holder's  
24 own beer at wholesale in the State as of January 1, 2013, may obtain a Class 7 limited beer  
25 wholesaler's license to continue to sell the holder's own beer at wholesale in the same  
26 location in an amount that is not more than 3,000 barrels annually.

27                         (iii) A holder of a Class 5 brewery license that produces in aggregate  
28 from all its locations not more than 22,500 barrels of beer annually may obtain a Class 7  
29 limited beer wholesaler's license and distribute not more than 3,000 barrels of its own beer  
30 annually.

31                 (4) A holder of one or two Class 7 micro–brewery licenses that produces in  
32 aggregate from all of its locations not more than 22,500 barrels of beer annually may obtain  
33 a Class 7 limited beer wholesaler's license and distribute beer that:

1 (i) totals annually not more than 3,000 barrels in aggregate from all  
2 of its locations; and

3 (ii) has been brewed at the location from where it is distributed.

4 **(5) THE HOLDER OF A CLASS 1 DISTILLERY LICENSE MAY APPLY FOR**  
5 **AND OBTAIN A CLASS 8 LIQUOR WHOLESALER'S LICENSE FOR THE SAME PREMISES**  
6 **OR ELSEWHERE AS PROVIDED UNDER THIS ARTICLE.**

7 **2-308.1.**

8 **(A) THERE IS A CLASS 8 LIQUOR WHOLESALER'S LICENSE.**

9 **(B) THE LICENSE MAY BE ISSUED ONLY TO A PERSON THAT:**

10 **(1) HOLDS A CLASS 1 DISTILLERY LICENSE; AND**

11 **(2) PRODUCES IN THE AGGREGATE FROM ALL OF ITS LOCATIONS NOT**  
12 **MORE THAN 100,000 GALLONS OF LIQUOR ANNUALLY.**

13 **(C) THE LICENSE AUTHORIZES THE LICENSE HOLDER TO:**

14 **(1) SELL AND DELIVER ITS OWN LIQUOR PRODUCED AT THE LICENSE**  
15 **HOLDER'S PREMISES TO:**

16 **(I) A HOLDER OF A RETAIL LICENSE THAT IS AUTHORIZED TO**  
17 **ACQUIRE LIQUOR FROM A WHOLESALER; AND**

18 **(II) A HOLDER OF A PERMIT THAT IS AUTHORIZED TO ACQUIRE**  
19 **LIQUOR FROM A WHOLESALER; AND**

20 **(2) DISTRIBUTE NOT MORE THAN 27,500 GALLONS OF ITS OWN**  
21 **LIQUOR ANNUALLY.**

22 **(D) THE ANNUAL LICENSE FEE IS \$100.**

23 **(E) THE LICENSE HOLDER MAY USE AN ADDITIONAL LOCATION FOR THE**  
24 **WAREHOUSING, SALE, AND DELIVERY OF LIQUOR:**

25 **(1) IF APPROVED BY THE COMPTROLLER FOLLOWING SUBMISSION OF**  
26 **A SEPARATE APPLICATION FOR EACH LOCATION; AND**

1           **(2) ON THE PAYMENT OF A \$100 FEE FOR EACH ADDITIONAL**  
2 **LOCATION.**

3 25–307.

4           (a) This section does not apply to a holder of a Class F license.

5           (b) (1) Except as provided in paragraphs (2) through (8) of this subsection:

6                       (i) the Department has a monopoly on the wholesale distribution of  
7 beer, wine, and liquor and retail distribution of off–sale liquor in the County, subject to §  
8 1–309 of this article; and

9                       (ii) a person may sell only alcoholic beverages that are purchased  
10 from the Department.

11           (2) The holders of the following wholesaler’s licenses may sell or deliver  
12 alcoholic beverages for resale to a dispensary:

13                       (i) a Class 1 beer, wine, and liquor license;

14                       (ii) a Class 2 wine and liquor license;

15                       (iii) a Class 3 beer and wine license;

16                       (iv) a Class 4 beer license; or

17                       (v) a Class 5 wine license.

18           (3) The holder of a Class 6 limited wine wholesaler’s license or nonresident  
19 winery permit may sell or deliver wine directly to a dispensary, restaurant, or other retail  
20 dealer in the County.

21           (4) The holder of a Class 7 limited beer wholesaler’s license or nonresident  
22 brewery permit may sell or deliver its own beer to a dispensary, restaurant, or other retail  
23 dealer in the County.

24           **(5) THE HOLDER OF A CLASS 8 LIQUOR WHOLESALER’S LICENSE OR**  
25 **NONRESIDENT DISTILLERY PERMIT MAY SELL OR DELIVER ITS OWN LIQUOR TO A**  
26 **DISPENSARY, RESTAURANT, OR OTHER RETAIL DEALER AUTHORIZED TO SELL**  
27 **LIQUOR IN THE COUNTY.**

28           **(6)** A holder of a direct wine shipper’s permit may ship wine directly to a  
29 consumer in the County.

1            ~~[(6)] (7)~~ A dispensary, restaurant, or other retail dealer in the County  
 2 may purchase wine directly from a holder of a Class 6 limited wine wholesaler's license or  
 3 of a nonresident winery permit.

4            ~~[(7)] (8)~~ A dispensary, restaurant, or other retail dealer in the County  
 5 may purchase beer directly from a holder of a Class 7 limited beer wholesaler's license or  
 6 of a nonresident brewery permit.

7            ~~[(8)] (9)~~ A DISPENSARY, RESTAURANT, OR OTHER RETAIL DEALER  
 8 AUTHORIZED TO SELL LIQUOR IN THE COUNTY MAY PURCHASE LIQUOR DIRECTLY  
 9 FROM A HOLDER OF A CLASS 8 LIQUOR WHOLESALER'S LICENSE OR OF A  
 10 NONRESIDENT DISTILLERY PERMIT.

11            (10) A holder of a charity wine auction permit in the County may receive  
 12 and sell wine obtained from any source listed under § 2-137 of this article.

13            SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
 14 October 1, 2016.

Approved:

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Governor.

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Speaker of the House of Delegates.

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President of the Senate.