

HOUSE BILL 1283

A1

7lr2206

By: ~~Delegate Branch~~ Delegates Branch, Brooks, Barkley, Adams, Arentz, Aumann, Clippinger, Fennell, S. Howard, Lisanti, W. Miller, and Waldstreicher

Introduced and read first time: February 10, 2017

Assigned to: Economic Matters

Committee Report: Favorable with amendments

House action: Adopted with floor amendments

Read second time: March 14, 2017

CHAPTER _____

1 AN ACT concerning

2 **Alcoholic Beverages – Class 5 Brewery License**

3 FOR the purpose of ~~repealing~~ altering a certain provision of law authorizing a holder of a
4 Class 5 brewery license to serve certain samples of beer brewed at the brewery to
5 certain individuals at no charge; specifying that beer sold by a holder of a Class 5
6 brewery license at retail to a certain individual for off-premises consumption must
7 be in a container other than a keg; ~~repealing~~ altering certain provisions of law
8 ~~requiring to authorize rather than require~~ a local licensing board to grant an on-site
9 consumption permit to a certain applicant ~~and to take certain related actions;~~
10 ~~repealing a certain provision of law authorizing a local licensing board to charge a~~
11 ~~certain fee; authorizing a local licensing board to issue in a certain manner a Class~~
12 ~~D beer license for on-premises consumption to a holder of a Class 5 brewery license;~~
13 establishing certain requirements for the beer that the holder of a Class 5 brewery
14 license serves for on-premises consumption; altering the maximum amount of beer
15 that the license holder may sell for on-premises consumption each year; authorizing
16 the license holder to file a request to sell up to a certain additional amount of beer in
17 a single year under certain circumstances; requiring that beer sold in excess of a
18 certain amount be purchased from a licensed wholesaler; providing that a certain
19 Class D beer license entitles the holder to sell beer brewed at the brewery under a
20 certain trade name to a certain individual for on-premises consumption; requiring a
21 holder of a ~~Class D beer~~ certain permit or license ~~or a certain employee~~ to comply
22 with certain alcohol awareness training requirements; requiring a holder of a ~~Class~~
23 ~~D beer~~ certain permit or license to abide by certain trade practice restrictions;
24 ~~repealing a certain provision of law authorizing a holder of a brewery promotional~~

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.



~~event permit to provide certain samples to consumers;~~ authorizing the holder of certain licenses and permits to exercise ~~the certain~~ privileges of the licenses and permits only during certain hours on certain days; requiring the Comptroller to report certain information to certain committees each year; authorizing the Comptroller to include certain information in a certain report; requiring certain license holders to report certain information for certain purposes; making conforming and clarifying changes; providing for the termination of certain provisions of this Act; and generally relating to Class 5 brewery licenses.

BY repealing and reenacting, with amendments,

Article – Alcoholic Beverages

Section 2–207

Annotated Code of Maryland

(2016 Volume and 2016 Supplement)

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

That the Laws of Maryland read as follows:

Article – Alcoholic Beverages

2–207.

(a) There is a Class 5 brewery license.

(b) A license holder may:

(1) establish and operate a plant for brewing and bottling malt beverages at the location described in the license;

(2) import beer from a holder of a nonresident dealer's permit;

(3) sell and deliver beer to:

(i) a holder of a wholesaler's license that is authorized to acquire beer; or

(ii) a person outside of the State that is authorized to acquire beer;

(4) ~~serve, at no charge, not more than six~~ samples of beer **FERMENTED AND** brewed **ENTIRELY** at the brewery, ~~with each sample~~ consisting of **A TOTAL OF** not more than ~~3~~ **18** ounces ~~from a single style~~ of beer **PER DAY**, to an individual who:

(i) has attained the legal drinking age; and

(ii) is participating in a guided tour of the brewery or attends a scheduled promotional event or other organized activity at the brewery;

1 ~~(5)~~ subject to subsection (c) of this section, sell beer **FERMENTED AND**
 2 brewed **ENTIRELY** at the brewery for off-premises consumption at retail **IN A CONTAINER**
 3 **OTHER THAN A KEG** to an individual participating in a guided tour of the brewery or
 4 attending a scheduled promotional event or other organized activity at the brewery; and

5 ~~(6)~~ ~~(5)~~ subject to subsection (e) of this section, sell beer **FERMENTED**
 6 **AND** brewed **ENTIRELY** at the location described in the license for on-premises
 7 consumption.

8 (c) An individual may purchase beer under subsection ~~[(b)(5)]~~ ~~(B)(4)~~ of this
 9 section if the individual:

10 (1) purchases not more than 288 ounces of beer **PER DAY**; and

11 (2) has attained the legal drinking age.

12 (d) The annual license fee is \$1,500.

13 (e) (1) A local licensing board ~~shall~~ **MAY** grant an on-site consumption
 14 permit] ~~MAY ISSUE, IN ACCORDANCE WITH TITLE 4 OF THIS ARTICLE, A CLASS D~~
 15 ~~BEER LICENSE FOR ON-PREMISES CONSUMPTION~~ to an applicant that holds a Class 5
 16 brewery license ~~and, subject to paragraph (3) of this subsection, a Class D beer license~~.

17 (2) (i) ~~[(An on-site consumption permit)]~~ **A OR A CLASS D BEER**
 18 **LICENSE OR AN EQUIVALENT LICENSE UNDER PARAGRAPH (3) OF THIS SUBSECTION**
 19 entitles the holder to sell beer **FERMENTED AND** brewed **ENTIRELY** at the brewery **UNDER**
 20 **THE TRADE NAME OF THE LICENSE HOLDER** for on-premises consumption to an
 21 individual who has attained the legal drinking age.

22 (ii) ~~The~~ **EXCEPT AS PROVIDED IN SUBPARAGRAPH (III) OF THIS**
 23 **PARAGRAPH, THE** total amount of beer sold each year for on-premises consumption under
 24 this paragraph may not exceed ~~500~~ **2,000** barrels.

25 **(III) 1. IF, IN A SINGLE YEAR, THE LICENSE HOLDER**
 26 **REACHES 80% OF THE VOLUME AUTHORIZED TO BE SOLD FOR ON-PREMISES**
 27 **CONSUMPTION UNDER SUBPARAGRAPH (II) OF THIS PARAGRAPH, THE LICENSE**
 28 **HOLDER MAY FILE A REQUEST WITH THE COMPTROLLER FOR PERMISSION TO SELL**
 29 **UP TO AN ADDITIONAL 1,000 BARRELS FOR ON-PREMISES CONSUMPTION IN THAT**
 30 **YEAR.**

31 **2. THE MAXIMUM VOLUME THAT A LICENSE HOLDER**
 32 **MAY SELL FOR ON-PREMISES CONSUMPTION IN A SINGLE YEAR IS 3,000 BARRELS.**

33 **3. ANY BEER THAT THE LICENSE HOLDER SELLS FOR**
 34 **ON-PREMISES CONSUMPTION IN EXCESS OF THE 2,000-BARREL LIMIT UNDER**

1 SUBPARAGRAPH (II) OF THIS PARAGRAPH SHALL BE PURCHASED FROM A LICENSED
 2 WHOLESALER.

3 (3) ~~¶~~ Before a local licensing board that does not issue a Class D beer license
 4 may grant an on-site consumption permit, the local licensing board shall:

5 (i) establish an equivalent license; and

6 (ii) require the applicant to obtain that equivalent license.

7 (4) A local licensing board may:

8 ~~(i)~~ charge a fee for granting an on-site consumption permit; ~~and,~~

9 ~~(ii) require that the holder of the permit~~ **A HOLDER OF A CLASS D**
 10 ~~BEER LICENSE or an employee designated by the holder SHALL comply with the alcohol~~
 11 ~~awareness training requirements under § 4-505 of this article.~~

12 ~~(4)~~ **(5) A LOCAL LICENSING BOARD SHALL REQUIRE THE HOLDER**
 13 **OF AN ON-SITE CONSUMPTION PERMIT OR A CLASS D BEER LICENSE SHALL OR AN**
 14 **EQUIVALENT LICENSE UNDER PARAGRAPH (3) OF THIS SUBSECTION TO:**

15 **(I) COMPLY WITH THE ALCOHOL AWARENESS REQUIREMENTS**
 16 **UNDER § 4-505 OF THIS ARTICLE; AND**

17 **(II) ABIDE BY ALL APPLICABLE TRADE PRACTICE**
 18 **RESTRICTIONS.**

19 (f) (1) The Comptroller may issue a brewery promotional event permit to a
 20 holder of a Class 5 brewery license.

21 (2) The permit authorizes the holder to conduct on the premises of the
 22 brewery a promotional event at which the holder may ~~¶~~ **WITH RESPECT TO INDIVIDUALS**
 23 **WHO HAVE ATTAINED THE LEGAL DRINKING AGE:**

24 (i) provide samples CONSISTING OF A TOTAL of not more than ~~3~~
 25 18 fluid ounces ~~per brand to consumers~~ **A CONSUMER**; and

26 (ii) ~~¶~~ sell beer produced by the holder to individuals who participate in
 27 the event.

28 (3) The beer at the event shall be:

29 **(I) FERMMENTED AND BREWED ENTIRELY AT THE BREWERY;**
 30 **AND**

1 **(II)** sold by the glass for on-premises consumption only.

2 (4) To obtain a permit, an applicant, at least 15 days before the event, shall
3 file with the Comptroller an application that the Comptroller provides.

4 (5) A holder of a Class 5 brewery license may not be issued more than 12
5 permits in a calendar year.

6 (6) A single promotional event may not exceed 3 consecutive days.

7 (7) The permit fee is \$25 per event.

8 **(G) (1) ~~SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, A HOLDER OF~~**
9 **~~A CLASS 5 BREWERY LICENSE MAY EXERCISE THE PRIVILEGES OF THE LICENSE~~**
10 **~~FROM 10 A.M. TO 6 P.M. ON MONDAY THROUGH SUNDAY.~~**

11 **~~(2)~~ A NOTWITHSTANDING ANY PROVISION AUTHORIZING LATER**
12 **SALES IN THE JURISDICTION, A HOLDER OF A CLASS 5 BREWERY LICENSE AND AN**
13 **ON-SITE CONSUMPTION PERMIT OR A CLASS D BEER LICENSE OR AN EQUIVALENT**
14 **LICENSE FOR ON-PREMISES CONSUMPTION MAY ONLY EXERCISE THE SALES AND**
15 **SERVING PRIVILEGES OF THE PERMIT AND ~~LICENSES~~ THE CLASS D OR EQUIVALENT**
16 **LICENSE:**

17 **(I) FROM 10 A.M. TO ~~7~~ 9 P.M. ON SUNDAY THROUGH THURSDAY;**
18 **AND**

19 **(II) FROM 10 A.M. TO ~~9~~ 10 P.M. ON FRIDAY AND SATURDAY.**

20 **(2) THIS SUBSECTION DOES NOT APPLY TO A PROMOTIONAL EVENT**
21 **CONDUCTED UNDER SUBSECTION (F) OF THIS SECTION.**

22 **(H) ALL BEER OFFERED, SERVED, OR SOLD TO A CONSUMER UNDER**
23 **SUBSECTION (B)(4), (5), OR (6), OR (C), (E), OR (F) OF THIS SECTION SHALL BE**
24 **FERMENTED AND BREWED:**

25 **(1) ENTIRELY AT THE BREWERY; AND**

26 **(2) UNDER THE TRADE NAME OF THE LICENSE HOLDER.**

27 **[(g)] ~~(H)~~ (I) (1) (i)** The Comptroller may issue a refillable container permit
28 for draft beer under § 4-1104 or Subtitle 11 of the various titles in Division II of this article
29 to a holder of a Class 5 brewery license:

1 **(2) EACH HOLDER OF A CLASS B 5 LICENSE SHALL REPORT TO THE**
2 **COMPTROLLER THE INFORMATION NEEDED TO PREPARE THE ANNUAL REPORT**
3 **UNDER THIS SUBSECTION.**

4 **(3) THE COMPTROLLER MAY INCLUDE THE INFORMATION REPORTED**
5 **UNDER THIS SUBSECTION IN THE ANNUAL REPORT SUBMITTED UNDER § 1-306 OF**
6 **THIS ARTICLE.**

7 SECTION ~~2~~ 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
8 July 1, 2017. Section 2 of this Act shall remain effective for a period of 5 years and, at the
9 end of June 30, 2022, with no further action required by the General Assembly, Section 2
10 of this Act shall be abrogated and of no further force and effect.

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.