

HOUSE BILL 972

A1

(8lr0447)

ENROLLED BILL

— *Economic Matters/ Education, Health, and Environmental Affairs* —

Introduced by **Delegates Lisanti, Impallaria, and K. Young**

Read and Examined by Proofreaders:

Proofreader.

Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this

_____ day of _____ at _____ o'clock, _____ M.

Speaker.

CHAPTER _____

1 AN ACT concerning

2 **Alcoholic Beverages – Class 4 Limited Winery Licenses**

3 FOR the purpose of requiring a holder of a Class 4 limited winery license to own or have
4 under contract a minimum number of acres of grapes or other fruit in cultivation for
5 use in the production of wine in the State or to ensure that a certain percentage of
6 the ingredients used in the annual production of wine are grapes or other fruit grown
7 in the State; authorizing the Secretary of Agriculture to grant a certain exemption
8 from a certain percentage requirement; requiring the Secretary to adopt certain
9 regulations after consultation with certain parties; repealing a certain requirement
10 for the Maryland Department of Agriculture to make a certain determination;
11 providing for the application of this Act; and generally relating to Class 4 limited
12 winery licenses.

13 BY repealing and reenacting, with amendments,
14 Article – Alcoholic Beverages

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.

Italics indicate opposite chamber/conference committee amendments.



1 Section 2–206
2 Annotated Code of Maryland
3 (2016 Volume and 2017 Supplement)

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

6 **Article – Alcoholic Beverages**

7 2–206.

8 (a) There is a Class 4 limited winery license.

9 (b) (1) A license holder may:

10 (i) subject to paragraph (2) of this subsection, from available
11 Maryland agricultural products:

12 1. ferment and bottle wine; and

13 2. distill and bottle pomace brandy; and

14 (ii) sell and deliver the wine and pomace brandy to:

15 1. a holder of a wholesaler’s license;

16 2. a holder of a permit that is authorized to acquire wine or
17 pomace brandy; or

18 3. a person outside the State that is authorized to acquire
19 wine or pomace brandy.

20 [(2) (i) On or before January 31 of each year, the Maryland Department
21 of Agriculture shall determine if an insufficient supply of Maryland agricultural products
22 exists.

23 (ii) If an insufficient supply is determined to exist, a license holder
24 may use agricultural products from outside the State to manufacture wine and pomace
25 brandy during the period covered by the determination of the Department.]

26 **(2) A LICENSE HOLDER:**

27 **(I) SHALL OWN OR HAVE UNDER CONTRACT AT LEAST 20 ACRES**
28 **OF GRAPES OR OTHER FRUIT IN CULTIVATION IN THE STATE FOR USE IN THE**
29 **PRODUCTION OF WINE; OR**

1 **(II) EXCEPT AS PROVIDED IN PARAGRAPH (3) OF THIS**
2 **SUBSECTION, IF LESS THAN 20 ACRES ARE OWNED OR UNDER CONTRACT, SHALL**
3 **ENSURE THAT AT LEAST 51% OF THE INGREDIENTS USED IN THE ANNUAL**
4 **PRODUCTION OF THE LICENSE HOLDER'S WINE ARE GRAPES OR OTHER FRUIT**
5 **GROWN IN THE STATE.**

6 **(3) (I) THE SECRETARY OF AGRICULTURE EACH YEAR MAY GRANT**
7 **A 1-YEAR EXEMPTION TO AN APPLICANT FROM THE PERCENTAGE REQUIREMENT**
8 **UNDER PARAGRAPH (2)(II) OF THIS SUBSECTION.**

9 **(II) THE SECRETARY SHALL ADOPT REGULATIONS GOVERNING**
10 **THE GRANTING OF AN EXEMPTION UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH,**
11 **AFTER CONSULTATION WITH THE GOVERNOR'S WINE AND GRAPE ADVISORY**
12 **COMMISSION, THE MARYLAND GRAPE GROWERS ASSOCIATION, THE MARYLAND**
13 **WINERIES ASSOCIATION, AND OTHER INTERESTED PARTIES.**

14 **[(3)] (4)** Except as provided in Subtitle 3 of this title, a license holder need
15 not obtain any other license to possess, manufacture, sell, or transport wine or pomace
16 brandy.

17 **[(4)] (5)** A license holder may:

18 (i) sell wine and pomace brandy produced by the license holder for
19 consumption;

20 (ii) in an amount not exceeding 2 fluid ounces per brand, provide
21 samples of wine and pomace brandy that the license holder produces to a consumer:

22 1. at no charge; or

23 2. for a fee; and

24 (iii) subject to paragraph **[(5)] (6)** of this subsection, sell or serve
25 only:

26 1. bread and other baked goods;

27 2. chili;

28 3. chocolate;

29 4. crackers;

30 5. cured meat;

HOUSE BILL 972

- 1 6. fruits (whole and cut);
- 2 7. hard and soft cheese (whole and cut);
- 3 8. salads and vegetables (whole and cut);
- 4 9. the following items made with Maryland wine:
- 5 A. ice cream;
- 6 B. jam;
- 7 C. jelly; and
- 8 D. vinegar;
- 9 10. pizza;
- 10 11. prepackaged sandwiches and other prepackaged foods
11 ready to be eaten;
- 12 12. soup; and
- 13 13. condiments.

14 **[(5)] (6)** (i) A caterer is not limited to selling or serving only the foods
15 specified in paragraph **[(4)(iii)] (5)(III)** of this subsection.

16 (ii) A license holder or entity in which the license holder has a
17 pecuniary interest may not act as a caterer of food.

18 **[(6)] (7)** Subject to paragraph **[(7)] (8)** of this subsection, a license holder
19 may conduct the activities specified in paragraph **[(4)] (5)** of this subsection:

20 (i) for off–premises consumption of wine and pomace brandy and for
21 sampling, from 10 a.m. to 10 p.m. each day; and

22 (ii) for on–premises consumption of wine and pomace brandy and
23 sales and service of food on the licensed premises:

24 1. from 10 a.m. to 6 p.m. each day; or

25 2. if guests are attending a planned promotional event or
26 other organized activity on the licensed premises, from 10 a.m. to 10 p.m. each day.

1 ~~[(7)] (8)~~ Except as provided in Division II of this article, the license allows
2 the license holder to operate 7 days a week.

3 ~~[(8)] (9)~~ At least 14 days before holding a planned promotional event after
4 6 p.m., a license holder shall file a notice of the promotional event with the Comptroller on
5 the form that the Comptroller provides.

6 ~~[(9)] (10)~~ Nothing in this subsection limits the application of relevant
7 provisions of Title 21 of the Health – General Article, and regulations adopted under that
8 title, to a license holder.

9 (c) The place listed on the license shall be in compliance with § 1–405(b) of this
10 article.

11 (d) A license holder may:

12 (1) store on its licensed premises, in a segregated area approved by the
13 Comptroller, the product of other Class 4 limited wineries to be used at Maryland Wineries
14 Association promotional activities, provided records are maintained and reports filed
15 regarding the storage under this item as may be required by the Comptroller;

16 (2) distill and bottle not more than 1,900 gallons of pomace brandy made
17 from available Maryland agricultural products;

18 (3) purchase bulk wine fermented by a manufacturer licensed under this
19 article and blend the wine with the license holder's wine and pomace brandy if the
20 aggregate purchase does not exceed 25% of the license holder's annual wine and pomace
21 brandy production;

22 (4) purchase pomace brandy only for blending with wine;

23 (5) import, export, and transport its wine and pomace brandy in accordance
24 with this section; and

25 (6) produce wine and pomace brandy at a warehouse for which the license
26 holder has been issued an individual storage permit, if:

27 (i) the license holder does not serve or sell wine or pomace brandy
28 at a warehouse to the public; and

29 (ii) the Comptroller has full access at all times to the warehouse to
30 enforce this article.

31 (e) A Class 4 limited winery may be located only at the place stated on the license.

1 (f) If a license holder maintains the records and files the reports that the
2 Comptroller requires, the license holder may:

3 (1) in the State, conduct winemaking and packaging activities at another
4 federally bonded winery or limited winery; or

5 (2) outside the State, conduct winemaking and packaging activities, other
6 than fermentation, at another federally bonded winery.

7 (g) Throughout the winemaking process, the license holder shall:

8 (1) maintain ownership of the wine or pomace brandy; and

9 (2) ensure that the wine or pomace brandy returns to the location of the
10 limited winery.

11 (h) The annual license fee is \$200.

12 SECTION 2. AND BE IT FURTHER ENACTED, That *for* ~~for~~ persons who hold a
13 Class 4 limited winery license on or before June 30, 2018;

14 ~~(1), shall continue to be governed by~~

15 (1) the law in effect on June 30, 2018, *continues to apply until April 30,*
16 *2022; and*

17 (2) *this Act shall apply beginning on May 1, 2022,* ~~continues to apply until~~
18 ~~April 30, 2022; and~~

19 ~~(2) this Act shall apply beginning on May 1, 2022.~~

20 SECTION 3. AND BE IT FURTHER ENACTED, That, *subject to Section 2 of this*
21 ~~Act, subject to Section 2 of this Act,~~ this Act shall take effect July 1, 2018.

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.