

# HOUSE BILL 972

A1

8lr0447

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By: **Delegates Lisanti, Impallaria, and K. Young**

Introduced and read first time: February 5, 2018

Assigned to: Economic Matters

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Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 10, 2018

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## 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

15 Section 2–206

16 Annotated Code of Maryland

17 (2016 Volume and 2017 Supplement)

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

20 **Article – Alcoholic Beverages**

21 2–206.

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

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

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

5 1. ferment and bottle wine; and

6 2. distill and bottle pomace brandy; and

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

8 1. a holder of a wholesaler's license;

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

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

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

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

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

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

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

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

1                   **(ii) THE SECRETARY SHALL ADOPT REGULATIONS GOVERNING**  
2 **THE GRANTING OF AN EXEMPTION UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH,**  
3 **AFTER CONSULTATION WITH THE GOVERNOR’S WINE AND GRAPE ADVISORY**  
4 **COMMISSION, THE MARYLAND GRAPE GROWERS ASSOCIATION, THE MARYLAND**  
5 **WINERIES ASSOCIATION, AND OTHER INTERESTED PARTIES.**

6                   **[(3)] (4)** Except as provided in Subtitle 3 of this title, a license holder need  
7 not obtain any other license to possess, manufacture, sell, or transport wine or pomace  
8 brandy.

9                   **[(4)] (5)** A license holder may:

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

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

14                               1. at no charge; or

15                               2. for a fee; and

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

18                               1. bread and other baked goods;

19                               2. chili;

20                               3. chocolate;

21                               4. crackers;

22                               5. cured meat;

23                               6. fruits (whole and cut);

24                               7. hard and soft cheese (whole and cut);

25                               8. salads and vegetables (whole and cut);

26                               9. the following items made with Maryland wine:

27                                   A. ice cream;

28                                   B. jam;

1 C. jelly; and

2 D. vinegar;

3 10. pizza;

4 11. prepackaged sandwiches and other prepackaged foods  
5 ready to be eaten;

6 12. soup; and

7 13. condiments.

8 **[(5)] (6)** (i) A caterer is not limited to selling or serving only the foods  
9 specified in paragraph **[(4)(iii)] (5)(III)** of this subsection.

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

12 **[(6)] (7)** Subject to paragraph **[(7)] (8)** of this subsection, a license holder  
13 may conduct the activities specified in paragraph **[(4)] (5)** of this subsection:

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

16 (ii) for on-premises consumption of wine and pomace brandy and  
17 sales and service of food on the licensed premises:

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

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

21 **[(7)] (8)** Except as provided in Division II of this article, the license allows  
22 the license holder to operate 7 days a week.

23 **[(8)] (9)** At least 14 days before holding a planned promotional event after  
24 6 p.m., a license holder shall file a notice of the promotional event with the Comptroller on  
25 the form that the Comptroller provides.

26 **[(9)] (10)** Nothing in this subsection limits the application of relevant  
27 provisions of Title 21 of the Health – General Article, and regulations adopted under that  
28 title, to a license holder.

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

3 (d) A license holder may:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

4 SECTION 2. AND BE IT FURTHER ENACTED, That ~~for~~ persons who hold a Class  
5 4 limited winery license on or before June 30, 2018:

6 ~~(1), shall continue to be governed by the law in effect on June 30, 2018,~~  
7 ~~continues to apply until April 30, 2022; and~~

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

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

Approved:

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Governor.

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Speaker of the House of Delegates.

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President of the Senate.