

SB1041/523629/1

BY: Finance Committee

AMENDMENTS TO SENATE BILL 1041
(First Reading File Bill)

AMENDMENT NO. 1

On page 1, in line 3, strike “**and Direct Shipment**”; in lines 4 and 11, in each instance, strike “or shipment”; strike beginning with “establishing” in line 5 down through the semicolon in line 8; in line 10, strike “or shipping”; strike beginning with “requiring” in line 13 down through the semicolon in line 14; in line 18, strike “2–132 and 2–132.1; and”; in the same line, strike “through 2–152”; in line 20, after “Permits” insert “; and 2–202(k), 2–205(c) and (d), 2-206(h), and 2–214(a)”; in line 25, strike “2–153, 2–154,”; and in the same line, after “2–202(a),” insert “2–205(a), 2-206(a),”.

On page 2, in line 2, strike the second “and”; in the same line, strike “2–176” and substitute “2–175”; in line 3, strike “Shipping and”; in the same line, after “Delivery” insert “; and 2–202(k) and (l), 2-205(d) and (e), 2-206(h) and (i), and 2-207(k) and (l)”; strike in their entirety lines 6 through 15, inclusive; and after line 33, insert:

“Preamble

WHEREAS, Section 1–201(a)(1)(i) of the Alcoholic Beverages and Cannabis Article states, in part, that it is the policy of the State to regulate and control the manufacture, sale, distribution, transportation, and storage of alcoholic beverages in the State for the purposes of obtaining respect and obedience to the law and to foster and promote temperance; and

WHEREAS, Section 1–201(b)(1) of the Alcoholic Beverages and Cannabis Article states that it is the policy of the State to authorize the Office of the Executive Director and others to displace or limit economic competition by regulating and engaging in the sale or distribution of alcoholic beverages; and

SB1041/523629/01 **Finance Committee**
Amendments to SB 1041
Page 2 of 7

WHEREAS, Section 1–201(b)(1)(i) through (iv) of the Alcoholic Beverages and Cannabis Article states that it is the policy of the State to obtain respect and obedience for the law, promote and foster temperance, prevent deceptive, destructive, and unethical business practices, and promote the general welfare of residents of the State by controlling the sale and distribution of alcoholic beverages; and

WHEREAS, To accomplish and ensure that the State can carry out its duties as required in the Alcoholic Beverages and Cannabis Article, this Act reaffirms the legitimacy of the three–tiered system as a means of regulating the alcoholic beverages industry as stipulated by the Supreme Court of the United States in Tennessee Wine and Spirits Retailers Assn. v. Thomas, 139 S. Ct. 2449 (2019); and

WHEREAS, It is the intent of the General Assembly to limit the issuance of direct delivery permits by the Office of the Executive Director to licensed Maryland manufacturers in order to protect public health and provide strong incentives not to sell alcohol in a way that threatens public health or safety; now, therefore,”.

AMENDMENT NO. 2

On pages 2 through 4, strike in their entirety the lines beginning with line 37 on page 2 through line 7 on page 4, inclusive.

On page 4, in line 25, after “A” insert “LICENSED”.

On page 5, in line 12, strike “A” and substitute “THE PERMIT HOLDER’S OWN”; and in lines 12 and 13, strike “PRODUCED UNDER THE HOLDER’S LICENSE”.

On page 6, in line 7, after “permit” insert “OR THE DIRECT WINE DELIVERY PERMIT”.

On pages 9 through 11, strike in their entirety the lines beginning with line 19 on page 9 through line 8 on page 11, inclusive.

SB1041/523629/01 **Finance Committee**
Amendments to SB 1041
Page 3 of 7

On page 11, in line 11, strike “**SHIPPING AND**”; strike beginning with “**(B)**” in line 15 down through “**(C)**” in line 17 and substitute “**(B)**”; strike beginning with “**(D)**” in line 19 down through “**(E)**” in line 21 and substitute “**(C)**”; strike beginning with “**(F)**” in line 23 down through “**(G)**” in line 25 and substitute “**(D)**”; strike beginning with the comma in line 25 down through the first comma in line 26 and substitute “**OR**”; and strike beginning with the second comma in line 26 down through “**PERMIT**” in line 27.

On page 12, in lines 2 and 5, in each instance, after “**A**” insert “**LICENSED**”; in line 16, strike “**A**” and substitute “**THE PERMIT HOLDER’S OWN**”; and in lines 16 and 17, strike “**PRODUCED UNDER THE HOLDER’S LICENSE**”.

On page 13, strike in their entirety lines 3 through 11, inclusive; in line 12, strike “**(C)**” and substitute “**(B)**”; in line 18, strike “**A**” and substitute “**THE PERMIT HOLDER’S OWN**”; and in lines 18 and 19, strike “**PRODUCED UNDER THE HOLDER’S LICENSE**”.

On page 14, strike in their entirety lines 6 through 13, inclusive; in line 19, strike “**HOME STATE**”; in line 21, strike “**SHIP OR**”; in line 26, after “**PERMIT;**” insert “**OR**”; strike beginning with “**A**” in line 27 down through “**(3)**” in line 28; and in line 28, strike “**; OR**”.

On page 15, in line 1, strike “**(4) A DIRECT LIQUOR SHIPPER’S PERMIT**”; strike beginning with “**A**” in line 7 down through “**(C)**” in line 11; strike in their entirety lines 15 through 18, inclusive; and in line 25, strike “**OR SHIPPED**”.

On page 16, in line 5, strike “**SHIPMENTS OR**”; in line 11, strike “**SALE**” and substitute “**SALES**”; in lines 19 and 20, strike “**OR A DIRECT BEER SHIPPER’S PERMIT**”; in line 20, strike “**BEER**” and substitute “**OF THE PERMIT HOLDER’S OWN PRODUCT**”; in lines 22 and 23, strike “**OR A DIRECT LIQUOR SHIPPER’S PERMIT**”; and in line 24, strike “**LIQUOR**” and substitute “**THE PERMIT HOLDER’S OWN PRODUCT**”.

(Over)

On page 17, in line 11, strike “OR DIRECT SHIPMENT”; in lines 13 and 15, in each instance, strike “OR SHIPMENT”; and strike in their entirety lines 17 through 21, inclusive, and substitute:

“2-202.

(a) There is a Class 1 distillery license.

(K) THE LICENSE HOLDER SHALL REPORT TO THE EXECUTIVE DIRECTOR ANNUALLY ON A FORM PROVIDED BY THE EXECUTIVE DIRECTOR ON:

(1) THE AMOUNT OF ALCOHOLIC BEVERAGES PRODUCED UNDER THE LICENSE;

(2) THE AMOUNT OF ALCOHOLIC BEVERAGES SOLD FOR OFF-PREMISES CONSUMPTION; AND

(3) THE AMOUNT OF ALCOHOLIC BEVERAGES SERVED FOR ON-PREMISES CONSUMPTION.

(L) EXCEPT AS OTHERWISE PROVIDED BY LAW, THE LICENSE HOLDER MAY NOT SELL ALCOHOLIC BEVERAGES FOR OFF-PREMISES CONSUMPTION TO A PERSON WHO INTENDS TO RESELL THE ALCOHOLIC BEVERAGES.

~~[(k)]~~ **(M) The annual license fee:**

(1) shall be determined by the Executive Director; and

(2) may not exceed \$2,000.

2-205.

(a) There is a Class 3 winery license.

(c) An individual may purchase wine under subsection (b)(4) of this section if the individual]:

- (1) purchases not more than 1 quart in a single year; and
- (2) has attained the legal drinking age.

(D) THE LICENSE HOLDER SHALL REPORT TO THE EXECUTIVE DIRECTOR ANNUALLY ON A FORM PROVIDED BY THE EXECUTIVE DIRECTOR ON:

(1) THE AMOUNT OF ALCOHOLIC BEVERAGES PRODUCED UNDER THE LICENSE;

(2) THE AMOUNT OF ALCOHOLIC BEVERAGES SOLD FOR OFF-PREMISES CONSUMPTION; AND

(3) THE AMOUNT OF ALCOHOLIC BEVERAGES SERVED FOR ON-PREMISES CONSUMPTION.

(E) EXCEPT AS OTHERWISE PROVIDED BY LAW, THE LICENSE HOLDER MAY NOT SELL ALCOHOLIC BEVERAGES FOR OFF-PREMISES CONSUMPTION TO A PERSON WHO INTENDS TO RESELL THE ALCOHOLIC BEVERAGES.

[(d)] (F) The annual license fee:

- (1) shall be determined by the Executive Director; and
- (2) may not exceed \$750.

2-206.

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

(H) THE LICENSE HOLDER SHALL REPORT TO THE EXECUTIVE DIRECTOR ANNUALLY ON A FORM PROVIDED BY THE EXECUTIVE DIRECTOR ON:

(Over)

(1) THE AMOUNT OF ALCOHOLIC BEVERAGES PRODUCED UNDER THE LICENSE;

(2) THE AMOUNT OF ALCOHOLIC BEVERAGES SOLD FOR OFF-PREMISES CONSUMPTION; AND

(3) THE AMOUNT OF ALCOHOLIC BEVERAGES SERVED FOR ON-PREMISES CONSUMPTION.

(I) EXCEPT AS OTHERWISE PROVIDED BY LAW, THE LICENSE HOLDER MAY NOT SELL ALCOHOLIC BEVERAGES FOR OFF-PREMISES CONSUMPTION TO A PERSON WHO INTENDS TO RESELL THE ALCOHOLIC BEVERAGES.

[(h)] (J) The annual license fee:

(1) shall be determined by the Executive Director; and

(2) may not exceed \$200.

2-207.

(b) There is a Class 5 brewery license.

(K) THE LICENSE HOLDER SHALL REPORT TO THE EXECUTIVE DIRECTOR ANNUALLY ON A FORM PROVIDED BY THE EXECUTIVE DIRECTOR ON:

(1) THE AMOUNT OF ALCOHOLIC BEVERAGES PRODUCED UNDER THE LICENSE;

(2) THE AMOUNT OF ALCOHOLIC BEVERAGES SOLD FOR OFF-PREMISES CONSUMPTION; AND

**(3) THE AMOUNT OF ALCOHOLIC BEVERAGES SOLD FOR ON-
PREMISES CONSUMPTION.**

**(L) EXCEPT AS OTHERWISE PROVIDED BY LAW, THE LICENSE HOLDER
MAY NOT SELL ALCOHOLIC BEVERAGES FOR OFF-PREMISES CONSUMPTION TO A
PERSON WHO INTENDS TO RESELL THE ALCOHOLIC BEVERAGES.**

2-214.

(a) Except as otherwise provided with respect to a DELIVERY PERMIT
ISSUED UNDER PART V OR PART VIII OF DIVISION I OF THIS ARTICLE, A 1-day
license in Division II of this article, and subject to subsection (b) of this section, a holder
of a manufacturer's license may not sell or deliver alcoholic beverages to a person in the
State that does not hold a license or permit under this article."

On pages 17 and 18, strike in their entirety the lines beginning with line 22 on
page 17 through line 30 on page 18, inclusive.

On page 21, after line 10, insert:

"SECTION 4. AND BE IT FURTHER ENACTED, That the Executive Director of
the Alcohol, Tobacco, and Cannabis Commission shall evaluate the implementation of a
standard digital age verification system that holders of a direct delivery permit issued
under Part V or Part VIII of Division I of the Alcoholic Beverages and Cannabis Article
shall use to verify the age of a person accepting the delivery of alcoholic beverages.";

and in line 11, strike "4." and substitute "5.".