

# HOUSE BILL 1377

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CF SB 1002

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By: **Delegate Pippy**

Introduced and read first time: February 9, 2024

Assigned to: Economic Matters

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## A BILL ENTITLED

1 AN ACT concerning

2 **Frederick County – Alcoholic Beverages – Brewery and Distillery Licenses**

3 FOR the purpose of establishing in Frederick County a Class DBR brewery license and a  
4 Class DDS distillery license; authorizing the Board of License Commissioners for  
5 Frederick County to issue to the holder of a certain brewery license a Class DBR  
6 license, which authorizes the holder to sell certain amounts of beer for on–premises  
7 consumption; authorizing the Board of License Commissioners for Frederick County  
8 to issue to the holder of a certain distillery license a Class DDS license, which  
9 authorizes the holder to sell certain amounts of alcoholic beverages for on–premises  
10 consumption; and generally relating to brewery and distillery licenses in Frederick  
11 County.

12 BY repealing and reenacting, without amendments,  
13 Article – Alcoholic Beverages and Cannabis  
14 Section 2–202(a), (e), and (i), 2–207(b), (f), and (g), and 20–102  
15 Annotated Code of Maryland  
16 (2016 Volume and 2023 Supplement)

17 BY repealing and reenacting, with amendments,  
18 Article – Alcoholic Beverages and Cannabis  
19 Section 20–401  
20 Annotated Code of Maryland  
21 (2016 Volume and 2023 Supplement)

22 BY adding to  
23 Article – Alcoholic Beverages and Cannabis  
24 Section 20–407 and 20–408  
25 Annotated Code of Maryland  
26 (2016 Volume and 2023 Supplement)

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

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 That the Laws of Maryland read as follows:

2 **Article – Alcoholic Beverages and Cannabis**

3 2–202.

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

5 (e) Subject to subsection (f) of this section, a license holder may conduct the  
6 activities specified in subsections (c)(5) and (i)(2) of this section from 10 a.m. to 10 p.m. each  
7 day.

8 (i) (1) A local licensing board may grant an on–site consumption permit for  
9 use at the location of the Class 1 distillery license to a holder of a Class 1 distillery license.

10 (2) (i) The permit authorizes the holder to sell mixed drinks made from  
11 liquor that the holder produces that is mixed with other nonalcoholic ingredients for  
12 on–premises consumption.

13 (ii) The holder may not use more than an aggregate of 7,750 gallons  
14 annually of liquor the holder produces for mixed drinks sold under subparagraph (i) of this  
15 paragraph.

16 (3) A local licensing board:

17 (i) may establish and charge a permit fee; and

18 (ii) shall require the permit holder to:

19 1. comply with the alcohol awareness requirements under §  
20 4–505 of this article; and

21 2. abide by all applicable trade practice restrictions.

22 2–207.

23 (b) There is a Class 5 brewery license.

24 (f) (1) (i) A local licensing board may grant an on–site consumption permit  
25 to an applicant that holds a Class 5 brewery license and, subject to paragraph (5) of this  
26 subsection, a Class D beer license.

27 (ii) On request, a local licensing board may grant an applicant a  
28 conditional on–site consumption permit or a conditional Class D beer license.

29 (iii) The conditional permit or conditional license shall become  
30 effective after the applicant:

- 1                                   1.     files a completed brewer's notice form with the U.S.  
2 Department of Treasury;
- 3                                   2.     obtains a Class 5 brewery license; and
- 4                                   3.     fulfills any other obligation required by law that the local  
5 licensing board identifies.

6                   (2)     Subject to the maximum volume limit under paragraph (4) of this  
7 subsection, a Class D beer license or an equivalent license under paragraph (5) of this  
8 subsection entitles the holder to sell to an individual who has attained the legal drinking  
9 age, for on-premises consumption at the brewery:

10                               (i)     beer:

11                                   1.     of which the holder of the Class 5 license is the brand  
12 owner; and

13                                   2.     that is fermented and brewed entirely by the license  
14 holder at a location authorized by this section;

15                               (ii)     beer that is fermented and brewed entirely at the brewery under  
16 contract with a brand owner who does not possess a Class 5 license; and

17                               (iii)    subject to paragraph (3) of this subsection, beer brewed at a  
18 location other than the Class 5 brewery if:

19                                   1.     the brand owner of the beer is the holder of the Class 5  
20 license or an affiliate of the holder of the Class 5 license;

21                                   2.     the number of barrels of the beer sold for on-premises  
22 consumption under the Class D beer license or an equivalent license or an on-site  
23 consumption permit in a calendar year does not exceed the greater of:

24                                   A.     25% of the total number of barrels of beer sold for  
25 on-premises consumption under the Class D license or an equivalent license or an on-site  
26 consumption permit in that calendar year; or

27                                   B.     1.2% of total finished production under the Class 5  
28 brewery license; and

29                                   3.     A.     the license holder contracts with or on behalf of a  
30 holder of a manufacturer's license or nonresident dealer's permit; or

31                                   B.     the beer is manufactured by an affiliate of the license  
32 holder.



1                                   1.     samples of beer are served under subsection (c)(5) of this  
2 section; or

3                                   2.     beer is sold for off-premises consumption under  
4 subsection (c)(6) of this section.

5                   (2)     This subsection applies to:

6                                   (i)     a holder of a Class 5 brewery license who:

7   1.     after April 1, 2017, obtains an on-site consumption permit  
8 and a Class D beer license or equivalent license for on-premises consumption; or

9   2.     not holding a minority interest in an on-site consumption  
10 permit and a Class D license or an equivalent license on or before April 1, 2017, obtains a  
11 majority interest by transfer in an on-site consumption permit and a Class D license or an  
12 equivalent license; and

13                                   (ii)    notwithstanding paragraph (1)(iii) of this subsection, a  
14 manufacturer of beer with more than 1,000,000 barrels of finished production annually  
15 alone or in combination with its affiliates.

16                   (3)     Notwithstanding any provision in Division II of this article, the sales  
17 and serving privileges of an on-site consumption permit and a Class D license or an  
18 equivalent license may be exercised only from 10 a.m. to 10 p.m. Monday through Sunday.

19 20-102.

20                   This title applies only in Frederick County.

21 20-401.

22                   (a)     The following sections of Title 2, Subtitle 2 (“Manufacturer’s Licenses”) of  
23 Division I of this article apply in the county without exception or variation:

24                                   (1)     § 2-201 (“Issuance by Comptroller”);

25                                   (2)     [§ 2-202 (“Class 1 distillery license”);

26                                   (3)]    § 2-203 (“Class 9 limited distillery license”);

27                                   [(4)] (3)     § 2-204 (“Class 2 rectifying license”);

28                                   [(5)]    § 2-207 (“Class 5 brewery license”);

29                                   (6)] (4)     § 2-210 (“Class 8 farm brewery license”);

1            [(7)] (5)        § 2–211 (“Residency requirement”);

2            [(8)] (6)        § 2–212 (“Additional licenses”);

3            [(9)] (7)        § 2–213 (“Additional fees”);

4            [(10)] (8)       § 2–214 (“Sale or delivery restricted”);

5            [(11)] (9)       § 2–215 (“Beer sale on credit to retail dealer prohibited”);

6            [(12)] (10)     § 2–216 (“Interaction between manufacturing entities and  
7 retailers”);

8            [(13)] (11)     § 2–217 (“Distribution of alcoholic beverages — Prohibited  
9 practices”); and

10           [(14)] (12)    § 2–218 (“Restrictive agreements between producers and  
11 retailers — Prohibited”).

12           (b)    The following sections of Title 2, Subtitle 2 (“Manufacturer’s Licenses”) of  
13 Division I of this article apply in the county:

14           (1)    **§ 2–202 (“CLASS 1 DISTILLERY LICENSE”), SUBJECT TO § 20–408**  
15 **OF THIS SUBTITLE;**

16           (2)    § 2–205 (“Class 3 winery license”), subject to § 20–403 of this subtitle;

17           [(2)] (3)       § 2–206 (“Class 4 limited winery license”), subject to § 20–404 of  
18 this subtitle;

19           [(3)] (4)       § 2–207 (“CLASS 5 BREWERY LICENSE”), SUBJECT TO §  
20 **20–407 OF THIS SUBTITLE;**

21           (5)    § 2–208 (“Class 6 pub–brewery license”), subject to § 20–405 of this  
22 subtitle; and

23           [(4)] (6)       § 2–209 (“Class 7 micro–brewery license”), subject to § 20–406 of  
24 this subtitle.

25 **20–407.**

26           (A)    **THERE IS A CLASS DBR LICENSE.**

27           (B)    **THE LICENSE MAY BE ISSUED TO A HOLDER OF A CLASS 5 BREWERY**

1 LICENSE.

2 (C) THE LICENSE SERVES AS THE ON-PREMISES CONSUMPTION PERMIT  
3 REQUIRED UNDER §§ 2-207(F) AND (G) OF THIS ARTICLE.

4 (D) THE LICENSE HOLDER MAY SELL:

5 (1) FOOD AND NONALCOHOLIC BEVERAGES; AND

6 (2) BEER BREWED AT THE BREWERY FOR ON- AND OFF-PREMISES  
7 CONSUMPTION TO THE EXTENT THE LICENSE HOLDER IS ALLOWED UNDER THE  
8 LICENSE HOLDER'S CLASS 5 BREWERY LICENSE.

9 (E) THE BOARD SHALL ADOPT REGULATIONS TO CARRY OUT THIS SECTION  
10 AND TO SET THE ANNUAL LICENSE FEE.

11 20-408.

12 (A) THERE IS A CLASS DDS LICENSE.

13 (B) THE LICENSE MAY BE ISSUED TO A HOLDER OF A CLASS 1 DISTILLERY  
14 LICENSE.

15 (C) THE LICENSE SERVES AS THE ON-PREMISES CONSUMPTION PERMIT  
16 REQUIRED UNDER §§ 2-202(E) AND (I) OF THIS ARTICLE.

17 (D) THE LICENSE HOLDER MAY SELL:

18 (1) FOOD AND NONALCOHOLIC BEVERAGES; AND

19 (2) BRANDY, RUM, WHISKEY, ALCOHOL, AND NEUTRAL SPIRITS THAT  
20 ARE DISTILLED, RECTIFIED, BLENDED, AND BOTTLED AT THE DISTILLERY FOR  
21 ON- AND OFF-PREMISES CONSUMPTION TO THE EXTENT THE LICENSE HOLDER IS  
22 ALLOWED UNDER THE LICENSE HOLDER'S CLASS 1 DISTILLERY LICENSE.

23 (E) THE BOARD SHALL ADOPT REGULATIONS TO CARRY OUT THIS SECTION  
24 AND TO SET THE ANNUAL LICENSE FEE.

25 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July  
26 1, 2024.