
By: Chairman, Economic Matters Committee (Departmental - Comptroller)

Introduced and read first time: January 15, 1997

Assigned to: Economic Matters

Committee Report: Favorable with amendments

House action: Adopted with floor amendments

Read second time: February 5, 1997

CHAPTER ____

1 AN ACT concerning

2 **Alcoholic Beverages - Micro-Brewery License Authority**

3 FOR the purpose of altering the number of barrels a Class 7 micro-brewery licensee may
4 brew; restricting the amount that such a licensee may sell on the retail premises;
5 requiring a Class 7 licensee who wishes to brew more than the maximum barrelage
6 under this Act to divest of a certain license; authorizing a Class 7 micro-brewery
7 licensee to hold a Class 2 rectifying license under certain conditions; authorizing the
8 holder of a Class 2 rectifying license to sell to the holder of any class of wholesale
9 license; authorizing a Class 7 micro-brewery licensee to contract, brew, and store
10 the finished product at another licensed location; providing for the effective date of
11 this Act; and generally relating to micro-brewery licenses.

12 BY repealing and reenacting, with amendments,
13 Article 2B - Alcoholic Beverages
14 Section 2-203 and 2-208
15 Annotated Code of Maryland
16 (1996 Replacement Volume)

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

19 **Article 2B - Alcoholic Beverages**

20 2-203.

21 A Class 2 manufacturer's license:

22 (1) Is a rectifying license;

23 (2) Authorizes the holder to:

2

1 (i) Establish and operate in this State a plant for rectifying, blending
2 and bottling alcoholic beverages; and

3 (ii) Sell and deliver alcoholic beverages to a holder of a distillery,
4 rectifying, or [Class 1 or 2] wholesaler's license, or to permit holders authorized to
5 acquire those alcoholic beverages and to persons outside this State;

6 (3) Permits a licensee to acquire alcoholic beverages from the holder of a:

7 (i) Distillery, rectifying, winery, or [Class 1 or 2] wholesaler's license
8 in this State; or

9 (ii) Nonresident dealer's permit; and

10 (4) Permits a rectifier to rectify, blend, bottle and store alcoholic beverages
11 for another person or under another trade name if a rectifying license has been issued in
12 the name of that person or under that trade name, as the case may be.

13 2-208.

14 (a) There is a Class 7 micro-brewery (on- and off-sale) license.

15 (b) The license shall be issued:

16 (1) By the State Comptroller;

17 (2) Only in the following jurisdictions:

18 (i) Allegany County;

19 (ii) Baltimore City;

20 (iii) Baltimore County;

21 (iv) The City of Annapolis;

22 (v) Anne Arundel County;

23 (vi) The thirteenth election district of Carroll County;

24 (vii) Charles County;

25 (viii) Dorchester County;

26 (ix) Frederick County;

27 (x) Garrett County;

28 (xi) Howard County;

29 (xii) Montgomery County; and

30 (xiii) Prince George's County; and

31 (3) (i) Only to a holder of a Class B beer, wine and liquor (on-sale)
32 license that is issued for use on the premises of a restaurant located in a jurisdiction listed
33 in paragraph (2) of this subsection; or

3

1 (ii) To a holder of a Class D alcoholic beverages license that is issued
2 for use on the premises of the existing Class D license if the premises are located in the
3 22nd Alcoholic Beverages District of Prince George's County.

4 (c) (1) A holder of a Class 7 micro-brewery license:

5 (i) May brew and bottle malt beverages at [a single] THE LICENSE
6 location; [and]

7 [(ii) May not brew more than 10,000 barrels of malt beverage each
8 calendar year.]

9 (II) MAY OBTAIN A CLASS 2 RECTIFYING LICENSE FOR A PREMISES
10 LOCATED WITHIN 1 MILE OF THE EXISTING CLASS 7 MICRO-BREWERY LOCATION TO
11 BOTTLE MALT BEVERAGES BREWED AT THE MICRO-BREWERY LOCATION ONLY;

12 (III) MAY CONTRACT WITH ~~A CLASS 5 BREWERY OR~~ THE HOLDER
13 OF A CLASS 5 BREWERY LICENSE, A CLASS 7 MICRO-BREWERY LICENSE, OR A CLASS
14 2 RECTIFYING LICENSE HELD UNDER § 2-203 OF THIS SUBTITLE OR THE HOLDER OF
15 A NONRESIDENT DEALER'S PERMIT TO BREW AND BOTTLE MALT BEVERAGES ON
16 THEIR BEHALF;

17 (IV) MAY STORE THE FINISHED PRODUCT UNDER AN INDIVIDUAL
18 STORAGE PERMIT OR AT A LICENSED PUBLIC STORAGE FACILITY FOR SUBSEQUENT
19 SALE AND DELIVERY TO A LICENSED WHOLESALER, AN AUTHORIZED PERSON
20 OUTSIDE THIS STATE, AND FOR SHIPMENT BACK TO THE MICRO-BREWERY
21 LOCATION FOR SALE ON THE RETAIL PREMISES; AND

22 (V) MAY NOT COLLECTIVELY BREW, BOTTLE, OR CONTRACT FOR
23 MORE THAN 22,500 BARRELS OF MALT BEVERAGES EACH CALENDAR YEAR.

24 (2) A CLASS 7 LICENSEE WHO WISHES TO PRODUCE MORE THAN THE
25 BARRELAGE AUTHORIZED UNDER PARAGRAPH (1)(V) OF THIS SUBSECTION SHALL
26 DIVEST OF ANY CLASS B, D, OR ANY OTHER RETAIL LICENSE AND OBTAIN A CLASS 5
27 MANUFACTURER'S LICENSE.

28 (3) FOR THE PURPOSES OF DETERMINING THE BARRELAGE
29 LIMITATION UNDER PARAGRAPH (1)(V) OF THIS SUBSECTION, ANY SALABLE BEER
30 PRODUCED UNDER CONTRACTUAL ARRANGEMENTS ACCRUES ONLY TO THE CLASS
31 7 MICRO-BREWERY LICENSEE WHO IS THE BRAND OWNER.

32 (4) In Allegany County only, the holder of a Class 7 license:

33 (i) May brew in one location and may contract for the bottling of the
34 malt beverage in another location; and

35 (ii) Need not meet the hotel/motel requirements for a Class B beer,
36 wine and liquor licensee but shall meet the requirements for those Class B restaurants.

37 (d) (1) The on-sale privilege authorizes the holder, EACH CALENDAR YEAR, to
38 sell at retail UP TO 4,000 BARRELS OF beer brewed under this license to customers for
39 consumption on the licensed premises.

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1 (2) The off-sale privilege authorizes the holder to sell and deliver beer
2 brewed under this license to:

3 (i) Any wholesaler licensed under this article to sell beer in this State;
4 or

5 (ii) Any person who is located in a state other than Maryland who is
6 authorized under the laws of that state to receive brewed beverages.

7 (3) (i) This paragraph applies only in the City of Annapolis, Anne
8 Arundel County, Baltimore City, Baltimore County, Charles County, Dorchester County,
9 Frederick County, Howard County, and Prince George's County.

10 (ii) The holder may sell at retail beer brewed under this license to
11 customers for consumption off the licensed premises in refillable containers that are
12 sealed by the micro-brewery licensee at the time of each refill.

13 (e) A holder of a Class 7 micro-brewery license:

14 (1) May not own, operate or be affiliated with any other manufacturer of
15 beer EXCEPT FOR A CLASS 2 RECTIFYING LICENSE AUTHORIZED BY SUBSECTION
16 (C)(1)(II) OF THIS SECTION; and

17 (2) Notwithstanding § 2-201(b) of this article, may not be granted a
18 wholesale alcoholic beverages license.

19 (f) (1) The hours and days for consumer sales under this license are as
20 established for a Class B license in the respective jurisdictions listed in subsection (b)(2)
21 of this section.

22 (2) For Class D licensees in the 22nd Alcoholic Beverages District in Prince
23 George's County only, the hours and days for consumer sales under this license are as
24 established for a Class D license in Prince George's County.

25 (g) In Montgomery County, a holder of a Class 7 micro-brewery license shall
26 enter into a written agreement with the Department of Liquor Control for Montgomery
27 County for the sale and resale of malt beverages brewed under this license in accordance
28 with this article.

29 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
30 ~~October~~ June 1, 1997.