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

Introduced and read first time: January 15, 1997

Assigned to: Economic Matters

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Committee Report: Favorable

House action: Adopted

Read second time: February 5, 1997

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CHAPTER \_\_\_\_

1 AN ACT concerning

2 **Alcoholic Beverages - Permits - Renewal Date**

3 FOR the purpose of altering the permit expiration date for certain alcoholic beverages  
4 permits; setting an interim pro rata fee for the issuance or renewal of certain  
5 permits; providing for certain exemptions; requiring that certain revenue collected  
6 by the Comptroller during a certain period be credited to the General Fund in  
7 Fiscal Year 1999; providing for the effective date of this Act; and generally relating  
8 to altering the permit expiration date for alcoholic beverages permits.

9 BY repealing and reenacting, with amendments,  
10 Article 2B - Alcoholic Beverages  
11 Section 2-101  
12 Annotated Code of Maryland  
13 (1996 Replacement Volume)

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

16 **Article 2B - Alcoholic Beverages**

17 2-101.

18 (a) The Office of the Comptroller shall provide application forms for the permits  
19 listed in this section and applicants shall make application to the Office of the  
20 Comptroller. The procedure in issuing permits, the purchase of alcoholic beverages, and  
21 the exercise of the privileges granted under the various permits shall be subject to  
22 regulations promulgated by the Office of the Comptroller. The Office of the Comptroller  
23 may cancel, restrict, suspend, or revoke any permit.

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1 (b) (1) (i) The Office of the Comptroller shall collect a fee for the issuance or  
2 renewal of the following permits:

3 1. \$50 for a solicitor's permit, an individual storage permit, or a  
4 commercial nonbeverage permit;

5 2. \$75 for a public storage permit, a public transportation  
6 permit, or an import and export permit; and

7 3. \$100 for a public storage and transportation permit, a  
8 nonresident dealer permit, a bulk transfer permit, or a family beer and wine facility  
9 permit.

10 (ii) The Office of the Comptroller shall issue a nonbeverage permit  
11 without the payment of any fee for an eleemosynary or a fuel-alcohol permittee.

12 (2) (i) The permits issued pursuant to this section expire on [May 31]  
13 OCTOBER 31 following the date of their issue unless otherwise provided.

14 (ii) All nonbeverage permits do not expire until cancelled or revoked.

15 (3) The fee for a change of domicile permit is \$5, and when issued shall  
16 cover only a specific transaction.

17 (4) The fee for an individual transportation permit is \$10.

18 (5) A bulk transfer permit shall cover only a specific transaction and shall  
19 expire 10 days from the date of its issue. If the time restriction of this permit would be an  
20 undue burden, the Office of the Comptroller may grant a reasonable extension of time.

21 (6) (i) The Office of the Comptroller shall prescribe a means of  
22 identification for each vehicle authorized under an individual transportation permit or a  
23 transportation or public storage and transportation permit. The identification shall be  
24 kept in or on the vehicle at all times when alcoholic beverages are being transported.

25 (ii) The fee for the identification is \$2 for each vehicle.

26 (7) The fee for a national family beer and wine exhibition permit is \$50.

27 (8) The fee for the nonresident storage permit is \$500.

28 (9) (i) The fee for an alcohol awareness program instructor's permit is \$5.

29 (ii) The fee for an alcohol awareness program permit is \$15.

30 (c) (1) The holder of a nonbeverage permit may purchase alcohol and alcoholic  
31 beverages for use in compounding or manufacturing flavoring extracts; medicinal,  
32 antiseptic or toilet preparations, or for other similar purposes; for scientific or laboratory  
33 purposes; or flavoring food products; or for sale by druggists or apothecaries upon the  
34 written prescription of a qualified physician.

35 (2) The holder of a nonbeverage permit may not use, sell or deliver  
36 alcoholic beverages for beverage purposes or use, sell or deliver any product produced  
37 with alcoholic beverages which is fit for beverage purposes.

1 (d) The holder of a nonbeverage permit may transport into this State the holder's  
2 private stock of alcoholic beverages, for personal consumption only, when the permit  
3 holder is changing his domicile into this State, provided the taxes levied by § 5-102 of the  
4 Tax - General Article have been paid to the Office of the Comptroller.

5 (e) The holder of a permit may transport the holder's private stock of alcoholic  
6 beverages from or en route through this State without the payment of the excise taxes  
7 levied under § 5-102 of the Tax - General Article, provided that the alcoholic beverages  
8 are not for use or delivery within this State.

9 (f) A person whose license has expired or otherwise has been discontinued,  
10 within 60 days subsequent to the last day the license was effective, may apply to the  
11 Comptroller for a permit to authorize transfer with or without consideration whether by  
12 sale, gift, inheritance, assignment or otherwise of the stock of alcoholic beverages on hand  
13 as of that day. The permit authorizes the transfer only to a license holder, which shall be  
14 consummated within the period covered by the permit.

15 (g) The permit authorizes the operation of a warehouse for the storage of  
16 alcoholic beverages for the accounts of other persons and for the transportation for the  
17 accounts of other persons of alcoholic beverages into, within, or out of this State. A  
18 permit may be issued for transportation or storage, or both. A license or permit holder  
19 need not have a transportation permit to deliver alcoholic beverages which under this  
20 article the licensee or permit holder is authorized to acquire, store, sell, or use.

21 (h) (1) The holder of an individual storage permit may establish a warehouse  
22 for the storage of alcoholic beverages in which title to the stored alcoholic beverages is  
23 vested in the permit holder.

24 (2) In Anne Arundel County all retailers shall have written approval from  
25 the Board of License Commissioners for the County before making application with the  
26 Office of the Comptroller for the permit.

27 (i) (1) A nonresident dealer's permit, for the purpose of selling beer, wine, or  
28 distilled spirits to Maryland licensees authorized to receive those beverages, may be  
29 issued only to:

30 (i) A brewer, distiller, rectifier, bottler, manufacturer, vintner, or  
31 winery; or

32 (ii) A sales agent of one of those under subparagraph (i) of this  
33 paragraph, provided proof of that agency is presented to the Office of the Comptroller; or

34 (iii) An importer of beer, wine, or distilled beverages produced outside  
35 the United States who purchases directly from the brand owner or from a sales agent of  
36 a brewer, distiller, rectifier, bottler, manufacturer, vintner, or winery, who is authorized  
37 by the brand owner to sell in Maryland, and who has provided proof of this sales agency  
38 relationship to the Office of the Comptroller; or

39 (iv) An American sales agent of an importer under subparagraph (iii)  
40 of this paragraph, provided proof of that agency is presented to the Office of the  
41 Comptroller.

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1 (2) A holder of a nonresident dealer's permit may sell, consign, or deliver,  
2 from a location outside Maryland, to persons in Maryland who are authorized to receive  
3 them, only those beers, wines, or distilled spirits which it distills, rectifies, bottles,  
4 manufactures, produces, imports from outside the United States, or represents as the  
5 designated sales agent. The brewer, distiller, rectifier, bottler, manufacturer, vintner,  
6 winery, importer and their designated agent may not discriminate directly or indirectly in  
7 price between Maryland licensees.

8 (3) Notwithstanding any other provision of this section, any brand of beer  
9 presently being sold, consigned, or delivered in Maryland by the holder of a nonresident  
10 dealer's permit from a location outside Maryland to persons in Maryland who are  
11 authorized to receive it under this article may continue to be sold, consigned, or delivered  
12 until such time as the brewer, the importer, or designated sales agent of the brewer or the  
13 importer of that brand of beer preempts the sales territory by appointing a franchisee as  
14 provided in §§ 17-101 through 17-107, inclusive, the Beer Franchise Fair Dealing Act, of  
15 this article.

16 (4) Notwithstanding any other provision of this section, a nonresident  
17 dealer's permit is not required to make direct sales and shipments to a wholesaler within  
18 this State from a location outside the continental limits and possessions of the United  
19 States.

20 (5) Notwithstanding any other provision of this section, in Montgomery  
21 County the alcohol beverage purchasing power shall be as described in § 15-205(k) of this  
22 article.

23 (j) The holder of a permit may import into this State alcoholic beverages for  
24 storage in public warehouses, for subsequent shipment outside this State and not for sale,  
25 consignment or delivery to any person within this State.

26 (k) This permit may be issued in the discretion of the Office of the Comptroller  
27 and, if issued, shall grant a resident or nonresident holder the privilege of selling, or  
28 offering for sale, wines or distilled spirits to manufacturers, wholesalers or retailers in this  
29 State. A permit holder may not contact consumers, and if the person holding the permit  
30 is employed by a nonresident dealer, the person holding the permit is not permitted to  
31 sell, promote or offer for sale alcoholic beverages to retail dealers, except for the account  
32 of a Maryland wholesaler or manufacturer who is a distributor for the products of the  
33 employer of the nonresident person holding such a permit.

34 (l) The holder of a permit may establish a distilled spirits plant solely for the  
35 purpose of manufacturing, processing, storing, using, or distributing distilled spirits to be  
36 used exclusively for fuel purposes and not for beverage purposes.

37 (m) (1) A national family beer and wine exhibition permit may be issued at the  
38 discretion of the Office of the Comptroller to a bona fide national family wine  
39 association, national family beer association, or national family beer and wine association.

40 (2) The permit holder may conduct a national family beer and wine  
41 exhibition and competition.

42 (3) The permit holder may receive for use, exhibition, and tastings at a  
43 national family beer and wine exhibit:

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1 (i) Tax free family-produced beer and wine;

2 (ii) Tax paid commercially-produced beers and wines from licensed  
3 nonresident dealers or manufacturers through licensed Maryland wholesalers or wines  
4 through licensed Class 4 wineries; and

5 (iii) Commercially-produced beer and wine from non-Maryland  
6 licensed manufacturers or suppliers subject to the tax imposed in § 5-102 of the Tax -  
7 General Article.

8 (4) A nonresident dealer's permit is not required of a non-Maryland  
9 licensed supplier for shipment of beer and wine to a national family beer and wine  
10 exhibition permittee.

11 (5) The permit holder may not sell but may exhibit, judge, and taste beer  
12 and wine acquired pursuant to this section at the place designated in the application for  
13 a period not exceeding 5 days.

14 (6) Manufacturers, nonresident dealers, suppliers, and wholesalers or their  
15 representatives may act as judges or participate at a national family beer and wine  
16 exhibition.

17 (7) The permit may be granted:

18 (i) For an unlicensed premises;

19 (ii) A Class B or Class C alcoholic beverages licensed premises; or

20 (iii) A Baltimore City Class B-D-7 alcoholic beverages licensed  
21 premises.

22 (8) The permit authorizes the possession and consumption of beer and wine  
23 on the named premises with the permission of the licensee as provided in this section,  
24 notwithstanding contrary provisions of § 12-107 of this article.

25 (9) (i) The permit holder shall file a report on forms provided by the  
26 Office of the Comptroller of the number of gallons of commercially-produced beer and  
27 wine received from nonlicensed suppliers, and pay the tax provided by § 5-102 of the Tax  
28 - General Article within 30 days following the close of the exhibition.

29 (ii) Instead of a bond, the Office of the Comptroller may require  
30 prepayment of a satisfactory sum to cover the anticipated tax.

31 (n) A license or permit holder may not accept or deliver alcoholic beverages  
32 except as provided in this article and the Tax - General Article.

33 (o) (1) In this subsection the following words have the meanings indicated.

34 (i) "Charitable organization" means an organization that is a  
35 benevolent, educational, philanthropic, humane, patriotic, religious, or eleemosynary  
36 organization that solicits or obtains contributions solicited from the public for charitable  
37 or benevolent purposes, and that is registered with the Secretary of State as required by  
38 law.

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1 (ii) "Charitable organization" includes a chapter, branch, area office,  
2 or similar affiliate which has its principal place of business outside the State.

3 (iii) "Charitable organization" does not include a political party,  
4 political committee, political club, an agency of the State government or political  
5 subdivision, a fraternal organization, fire fighters, rescue or ambulance squads, or police  
6 or other law enforcement organization.

7 (2) A wine auction permit, provided for under this subsection, may not be  
8 issued for use within Montgomery County.

9 (3) The Office of the Comptroller may issue a 1-day wine auction permit to  
10 a charitable organization.

11 (4) The permit authorizes the holder to sell wine at public or private auction  
12 to any consumer through the solicitation and acceptance of bids.

13 (5) The permit may be granted:

14 (i) For an unlicensed premises;

15 (ii) A Class B or C licensed premises; or

16 (iii) In Baltimore City, a Class B-D-7 licensed premises.

17 (6) The permit fee is \$500.

18 (7) (i) The permit authorizes the holder to conduct 1 auction of wine  
19 during a calendar year.

20 (ii) Only 1 permit shall be issued to each charity during a calendar  
21 year.

22 (8) (i) A permit holder may receive wine for the auction from:

23 1. A wholesaler licensed under this article;

24 2. A Class 3 or Class 4 winery licensed under this article;

25 3. A retail dealer licensed under this article;

26 4. A private individual residing in the State; or

27 5. A business entity that is located in the State and not licensed  
28 under this article.

29 (ii) A permit holder may receive commercially-produced wine that is  
30 not authorized for distribution and sale in the State from:

31 1. A nonresident private individual; or

32 2. A business entity that is located outside of this State.

33 (9) (i) Wine that is received from the following sources is subject to  
34 Maryland tax as provided under § 5-102 of the Tax - General Article:

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- 1 1. Wholesalers licensed under this article;
- 2 2. Class 3 and 4 wineries licensed under this article; and
- 3 3. Any other source outside of this State.

4 (ii) Wine that is received from the following sources is presumed to  
5 have been tax-paid:

- 6 1. Retail dealers licensed under this article;
- 7 2. Private individuals residing in this State; and
- 8 3. Business entities that are located in this State and not  
9 licensed under this article.

10 (10) (i) Within 30 days from the close of the auction, the permit holder  
11 shall file a report and pay all taxes that are due and owing on the wine that is received for  
12 the auction.

13 (ii) The report shall be filed with the Office of the Comptroller and  
14 shall include the total number of gallons of wine that was received for the auction and the  
15 sources from which it was received.

16 (iii) The Office of the Comptroller shall provide the forms for the  
17 report.

18 (11) The Office of the Comptroller may require that, within 7 days from the  
19 date of the auction, the permit holder prepay a satisfactory sum to cover the anticipated  
20 wine tax that is due and owing.

21 (12) (i) Wines that have been purchased at auction shall be delivered to  
22 the purchaser at the event or from a licensed warehouse or retail premises or other  
23 premises that is approved by the Office of the Comptroller.

24 (ii) All wines delivered are subject to the applicable State sales taxes.

25 (13) Notwithstanding any other provision of this article, any person  
26 authorized to sell wine at retail may purchase any wine offered at a wine auction,  
27 provided for under this section, in an amount not exceeding 5 gallons (18 liters) and may  
28 resell it in accordance with the terms of their license.

29 (14) The Office of the Comptroller may adopt regulations to implement the  
30 provisions of this subsection.

31 (p) (1) The Office of the Comptroller may issue a nonresident storage permit to  
32 a holder of a nonresident dealer permit.

33 (2) The permit holder may store alcoholic beverages in a licensed public  
34 storage warehouse in this State for subsequent shipment to:

35 (i) Maryland licensed wholesalers;

36 (ii) Maryland licensed manufacturers; or

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1 (iii) Persons outside of this State.

2 (3) A nonresident storage permit holder may not ship any alcoholic  
3 beverages as provided under this section unless:

4 (i) The invoice for the shipment originates from the out-of-state  
5 permit address of the nonresident dealer; and

6 (ii) The holder ships the alcoholic beverages from the public storage  
7 warehouse in Maryland to the purchaser concurrently with the invoice being sent to the  
8 purchaser.

9 (4) The permit holder shall file a monthly storage and shipping activities  
10 report with the Office of the Comptroller on forms and in the manner prescribed by the  
11 Office of the Comptroller.

12 (q) An alcohol awareness program permit shall authorize the holder to conduct  
13 an alcohol awareness program which has been certified by the Comptroller under §  
14 13-101 of this article.

15 (r) An alcohol awareness instructor's permit shall authorize the holder to conduct  
16 alcohol awareness training as an employee or agent of an alcohol awareness program  
17 permit holder.

18 (s) (1) In this subsection, "permit" means a family beer and wine facility permit.

19 (2) A permit authorizes the holder to establish a facility for the production  
20 of family beer or wine by nonlicensed State consumers who are of legal drinking age.

21 (3) The permit holder may provide equipment, raw materials, and  
22 instructions to the consumer. Except for beer or wine produced for testing equipment or  
23 recipes, the permit holder may not engage in the actual production or manufacture of  
24 beer or wine.

25 (4) All family beer and wine produced at a family beer and wine facility shall  
26 be removed from the premises by the consumer. It may only be used for home  
27 consumption and the personal use of the consumer.

28 (5) The Office of the Comptroller may restrict a family beer and wine  
29 facility permit to the production of either family produced beer or family produced wine.

30 (6) The holder of a permit may not simultaneously hold any other license  
31 issued pursuant to this article.

32 (7) The Office of the Comptroller may promulgate regulations regarding  
33 limits on the quantities produced, requirements for record keeping, and any other  
34 activities that relate to the operation of a family beer and wine facility.

35 SECTION 2. AND BE IT FURTHER ENACTED, That any alcoholic beverages  
36 permit issued to be effective during the period June 1, 1998, through October 31, 1998,  
37 shall be at 17/12ths of the rate indicated in § 2-101 of Article 2B of the Code, rounded up  
38 to the next highest dollar, and shall expire on October 31, 1999.

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1           SECTION 3. AND BE IT FURTHER ENACTED, That any alcoholic beverages  
2 permit issued during the period November 1, 1998, through October 31, 1999, shall be at  
3 the rate specified in § 2-101 of Article 2B of the Code and shall expire October 31, 1999.

4           SECTION 4. AND BE IT FURTHER ENACTED, That the provisions of Section  
5 2 shall not apply to a change of domicile, bulk transfer, national family beer and wine  
6 exhibition, or commercial nonbeverage permit. The fees for these permits shall be at the  
7 rate as provided in § 2-101 of Article 2B of the Code.

8           SECTION 5. AND BE IT FURTHER ENACTED, That 5/17ths of the revenue  
9 attributable to the renewal of alcoholic beverages permits and collected in Fiscal Year  
10 1998 shall be credited to the Fiscal Year 1999 General Fund.

11           SECTION 6. AND BE IT FURTHER ENACTED, That this Act shall take effect  
12 June 1, 1998.