

SENATE BILL 704

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1998 Regular Session
8r2497

By: **Senator Derr**

Introduced and read first time: February 16, 1998

Assigned to: Rules

A BILL ENTITLED

1 AN ACT concerning

2 **Alcoholic Beverages - Micro-Breweries - Temporary Delivery Agreements**

3 FOR the purpose of authorizing a holder of a Class 7 micro-brewery license under
4 certain conditions to enter into a temporary agreement with a distributor for
5 delivery of beer to a beer festival or wine and beer festival and the return of any
6 unused beer; specifying that certain provisions of law do not apply to temporary
7 agreements; and generally relating to holders of Class 7 micro-brewery licenses.

8 BY repealing and reenacting, with amendments,
9 Article 2B - Alcoholic Beverages
10 Section 2-208(c)(1), 17-103, and 17-104
11 Annotated Code of Maryland
12 (1996 Replacement Volume and 1997 Supplement)

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

15 **Article 2B - Alcoholic Beverages**

16 2-208.

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

18 (i) May brew and bottle malt beverages at the license location;

19 (ii) May obtain a Class 2 rectifying license for a premises located
20 within 1 mile of the existing Class 7 micro-brewery location to bottle malt beverages
21 brewed at the micro-brewery location only;

22 (iii) May contract with the holder of a Class 5 brewery license, a
23 Class 7 micro-brewery license, or a Class 2 rectifying license held under § 2-203 of
24 this subtitle or the holder of a nonresident dealer's permit to brew and bottle malt
25 beverages on their behalf;

26 (iv) May store the finished product under an individual storage
27 permit or at a licensed public storage facility for subsequent sale and delivery to a

1 licensed wholesaler, an authorized person outside this State, and for shipment back to
2 the micro-brewery location for sale on the retail premises; [and]

3 (v) May not collectively brew, bottle, or contract for more than
4 22,500 barrels of malt beverages each calendar year; AND

5 (VI) MAY ENTER INTO A TEMPORARY DELIVERY AGREEMENT WITH
6 A DISTRIBUTOR ONLY FOR DELIVERY OF BEER TO A BEER FESTIVAL OR WINE AND
7 BEER FESTIVAL AND THE RETURN OF ANY UNUSED BEER IF:

8 1. THE BEER FESTIVAL OR WINE AND BEER FESTIVAL IS IN A
9 SALES TERRITORY FOR WHICH THE HOLDER DOES NOT HAVE A FRANCHISE WITH A
10 DISTRIBUTOR UNDER THE BEER FRANCHISE FAIR DEALING ACT; AND

11 2. THE TEMPORARY DELIVERY AGREEMENT IS IN WRITING.

12 17-103.

13 (A) THIS SECTION DOES NOT APPLY TO TEMPORARY DELIVERY AGREEMENTS
14 UNDER § 2-208(C)(1)(VI) OF THIS ARTICLE REGARDING BEER FESTIVALS OR WINE AND
15 BEER FESTIVALS.

16 (B) Notwithstanding the terms, provisions or conditions of any agreement or
17 franchise, no franchisor shall cancel, terminate or refuse to continue or renew any
18 beer franchise, or cause a franchisee to resign from a franchise, unless good cause
19 exists for termination, cancellation, nonrenewal, noncontinuation or causing a
20 resignation; provided, that good cause shall exist if a franchisee's license to do
21 business in the State is revoked under any provisions of this article.

22 17-104.

23 (A) THIS SECTION DOES NOT APPLY TO TEMPORARY DELIVERY AGREEMENTS
24 UNDER § 2-208(C)(1)(VI) OF THIS ARTICLE REGARDING BEER FESTIVALS OR WINE AND
25 BEER FESTIVALS.

26 (B) Except as provided in this section, a beer manufacturer shall provide a
27 franchisee at least 180 days prior written notice of any intent to terminate, cancel or
28 nonrenew any franchise agreement. The notice shall state all the reasons for the
29 intended termination, cancellation, or nonrenewal. The franchisee shall have 180
30 days in which to rectify any claimed deficiency. If the deficiency shall be rectified
31 within 180 days of notice, then the proposed termination, cancellation or nonrenewal
32 shall be null and void and without legal effect. The notice provisions of this section
33 shall not apply if the reason for termination, cancellation or nonrenewal is insolvency,
34 the occurrence of an assignment for the benefit of creditors, or bankruptcy.

35 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
36 October 1, 1998.