

SENATE BILL 704

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1998 Regular Session
8lr2497

By: **Senator Derr**

Introduced and read first time: February 16, 1998

Assigned to: Rules

Re-referred to: Economic and Environmental Affairs, February 19, 1998

Committee Report: Favorable

Senate action: Adopted

Read second time: March 18, 1998

CHAPTER _____

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;

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

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

8 (iv) May store the finished product under an individual storage
9 permit or at a licensed public storage facility for subsequent sale and delivery to a
10 licensed wholesaler, an authorized person outside this State, and for shipment back to
11 the micro-brewery location for sale on the retail premises; [and]

12 (v) May not collectively brew, bottle, or contract for more than
13 22,500 barrels of malt beverages each calendar year; AND

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

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

20 2. THE TEMPORARY DELIVERY AGREEMENT IS IN WRITING.

21 17-103.

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

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

31 17-104.

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

35 (B) Except as provided in this section, a beer manufacturer shall provide a
36 franchisee at least 180 days prior written notice of any intent to terminate, cancel or
37 nonrenew any franchise agreement. The notice shall state all the reasons for the
38 intended termination, cancellation, or nonrenewal. The franchisee shall have 180

1 days in which to rectify any claimed deficiency. If the deficiency shall be rectified
2 within 180 days of notice, then the proposed termination, cancellation or nonrenewal
3 shall be null and void and without legal effect. The notice provisions of this section
4 shall not apply if the reason for termination, cancellation or nonrenewal is insolvency,
5 the occurrence of an assignment for the benefit of creditors, or bankruptcy.

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