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Introduced and read first time: February 10, 2006

Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Alcoholic Beverages - Limited Wine Wholesaler's License**

3 FOR the purpose of creating a Class 6 limited wine wholesaler's license; authorizing
 4 the holder of a certain manufacturer's license to apply for and obtain a
 5 wholesaler's license; repealing the authority of holders of certain licenses to sell
 6 and deliver wine to certain persons; providing for an annual license fee;
 7 authorizing holders of limited wine wholesaler's licenses to use additional
 8 locations for warehousing, sale, and delivery of wine under certain
 9 circumstances; establishing certain requirements for applicants for a limited
 10 wine wholesaler's license; authorizing a holder of a limited wine wholesaler's
 11 license to sell and deliver its own brand of wine to certain persons under certain
 12 conditions; prohibiting a holder of a limited wine wholesaler's license to transfer
 13 alcoholic beverages to certain persons; exempting a holder of a limited wine
 14 wholesaler's license from certain requirements and restrictions; altering a
 15 certain definition; making technical changes; and generally relating to wine
 16 manufacturers, wholesalers, and retailers.

17 BY repealing and reenacting, without amendments,
 18 Article 2B - Alcoholic Beverages
 19 Section 1-102(a)(1) and 12-104(b)
 20 Annotated Code of Maryland
 21 (2005 Replacement Volume)

22 BY repealing and reenacting, with amendments,
 23 Article 2B - Alcoholic Beverages

1 Section 1-102(a)(27), 2-201, 2-204, 2-205(b)(3), 2-301(a) and (b), 2-401, and
 2 12-104(e)
 3 Annotated Code of Maryland
 4 (2005 Replacement Volume)

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

7 **Article 2B - Alcoholic Beverages**

8 1-102.

9 (a) (1) In this article the following words have the meanings indicated.

10 (27) (I) "Wholesaler" means:

11 1. [a] A person who purchases or imports any alcoholic
 12 beverage for sale to wholesale or retail dealers only[, and includes a county liquor
 13 control board and a county wholesale dispensary]; OR

14 2. A WINERY THAT SELLS WINE TO RETAIL DEALERS.

15 (II) "WHOLESALER" INCLUDES A COUNTY LIQUOR CONTROL BOARD
 16 AND A COUNTY WHOLESALE DISPENSARY.

17 2-201.

18 (a) The annual fees for manufacturer's licenses are as follows:

19 Class 1	Distillery	\$ 2,000
20 Class 2	Rectifying	600
21 Class 3	Winery	750
22 Class 4	Limited Winery	200
23 Class 5	Brewery	1,500
24 Class 6	Pub-Brewery	500
25 Class 7	Micro-Brewery	500

26 (b) (1) Except for a Class 6 pub-brewery license, the holder of a distillery,
 27 rectifying, winery or brewery license may apply for and obtain, under a different
 28 name, one or more additional distillery, rectifying, winery or brewery licenses for the
 29 same or another premises. Those licenses may be issued to different persons or under
 30 trade names used by persons occupying a part of or all of the same premises.

31 (2) The holder of a rectifying, winery, LIMITED WINERY, or brewery
 32 license may apply for and obtain a wholesaler's license of any class for the same
 33 premises or elsewhere as provided under this article.

1 2-204.

2 A Class 3 manufacturer's license:

3 (1) Is a winery license; and

4 (2) Authorizes the holder to:

5 (i) Establish and operate in this State a plant for fermenting and
6 bottling wine at the location described in the license;

7 (ii) Import bulk wine from the holder of a nonresident dealer's
8 permit;

9 [(iii) Sell and deliver wine to any wholesale licensee or permit holder
10 in this State, or person outside of this State authorized to acquire wine;]

11 [(iv)] (III) Sell wine made from products grown in Maryland at a
12 retail price at the plant to persons participating in a guided tour of the facility. The
13 purchase shall be limited to not more than one quart per person per year provided the
14 purchaser has attained the Maryland legal drinking age; and

15 [(v)] (IV) Serve at no charge not more than 6 ounces of wines made
16 at the licensed facility to a person who is participating in a guided tour of the facility,
17 provided the person has attained the Maryland legal drinking age.

18 2-205.

19 (b) A Class 4 manufacturer's license:

20 (3) Permits the license holder to:

21 [(i) Sell and deliver this wine and pomace brandy to any licensee or
22 permit holder in this State, or person outside of this State, authorized to acquire it;]

23 [(ii)] (I) Sell this wine and pomace brandy made at the plant to
24 persons participating in a guided tour of the facility. The purchase is limited to one
25 quart of each brand per person per year. Any person who has attained the Maryland
26 legal drinking age may purchase the wine. The licensee may operate only in one
27 location in the State;

28 [(iii)] (II) Serve at no charge not more than 6 ounces of wine and
29 pomace brandy made at the licensed facility to a person who is participating in a
30 guided tour of the facility, provided the person has attained the Maryland legal
31 drinking age;

32 [(iv)] (III) Sell by the glass wine and pomace brandy produced by the
33 licensee to persons participating in a guided tour of the facility or attending a
34 scheduled promotional event or other organized activity at the licensed premises; and

1 [(v)] (IV) Store on its licensed premises, in a segregated area
 2 approved by the Comptroller, the product of other Class 4 limited wineries to be used
 3 at bona fide Maryland Winery Association promotional activities, provided records
 4 are maintained and reports filed as may be required by the Comptroller; and
 5 2-301.

6 (a) (1) The annual fees for the following classes of wholesaler's licenses are:

7 Class 1	Beer, wine and liquor	\$2,000
8 Class 2	Wine and liquor	1,750
9 Class 3	Beer and wine	1,500
10 Class 4	Beer	1,250
11 Class 5	Wine	1,250
12 CLASS 6	LIMITED WINE	50

13 (2) Upon approval of the application:

14 (i) A Class 1 wholesale licensee may use additional locations for
 15 the warehousing, sale and delivery of beer, wine and liquor upon the payment of an
 16 additional fee of \$2,000 for each additional location.

17 (ii) A Class 2 wholesale licensee may use additional locations for
 18 the warehousing, sale and delivery of wine and liquor upon the payment of an
 19 additional fee of \$1,750 for each additional location.

20 (iii) A Class 3 wholesale licensee may use additional locations for
 21 the warehousing, sale and delivery of beer and wine upon the payment of an
 22 additional fee of \$1,500 for each additional location.

23 (iv) A Class 4 wholesale licensee may use additional locations for
 24 the warehousing, sale and delivery of beer upon the payment of an additional fee of
 25 \$1,250 for each additional location.

26 (v) A Class 5 wholesale licensee may use additional locations for
 27 the warehousing, sale and delivery of wine upon the payment of an additional fee of
 28 \$1,250 for each additional location.

29 (VI) A CLASS 6 WHOLESALE LICENSEE MAY USE ADDITIONAL
 30 LOCATIONS FOR THE WAREHOUSING, SALE AND DELIVERY OF WINE UPON THE
 31 PAYMENT OF AN ADDITIONAL FEE OF \$50 FOR EACH ADDITIONAL LOCATION.

32 (b) (1) [A] EXCEPT AS OTHERWISE PROVIDED IN THIS SUBSECTION, A
 33 wholesaler's license issued in accordance with the fee paid entitles the holder to
 34 acquire the alcoholic beverages indicated on the license from licensees and holders of
 35 nonresident dealer's permits authorized by this State to make the sales and
 36 deliveries. The license authorizes the sale and delivery of those alcoholic beverages
 37 from the licensed premises to licensees and permit holders in Maryland and to
 38 persons outside of this State.

1 (2) A CLASS 6 WHOLESALE LICENSE SHALL BE ISSUED ONLY TO WINE
2 MANUFACTURERS:

3 (I) THAT ARE SMALL DOMESTIC PRODUCERS, AS DEFINED IN
4 TITLE 26, § 5041(C)(1) OF THE INTERNAL REVENUE CODE; AND

5 (II) THAT HOLD A LICENSE ISSUED UNDER THIS ARTICLE OR BY
6 ANOTHER STATE TO MANUFACTURE WINE.

7 (3) A CLASS 6 WHOLESALE LICENSEE, ON APPROVAL OF THE
8 APPLICATION AND PAYMENT OF THE FEE, MAY SELL AND DELIVER ITS OWN BRAND
9 OF WINE PRODUCED AT THE HOLDER'S PREMISES TO A LICENSEE OR PERMIT
10 HOLDER IN THE STATE AUTHORIZED TO ACQUIRE THE WINE.

11 (4) A CLASS 6 WHOLESALE LICENSEE MAY NOT TRANSFER ALCOHOLIC
12 BEVERAGES TO A THIRD PARTY FOR DELIVERY TO ANOTHER LICENSEE, PERMIT
13 HOLDER, OR CONSUMER.

14 [(2)] (5) In Allegany County the holder of a Class 1 or Class 2
15 wholesaler's license may not sell liquor in any size container smaller than 23 ounces
16 or 680 milliliters to any holder of a special permit issued under § 7-101(h) of this
17 article.

18 [(3)] (6) A wholesale license of the appropriate class authorizes the
19 holder to directly import beer, wine, or distilled spirits from sources outside the
20 continental limits and possessions of the United States. However, any wholesale
21 licensee that imports for subsequent distribution in or outside the State of Maryland
22 shall be:

23 (i) The brand owner;

24 (ii) A wholesale licensee that purchases directly from the brand
25 owner or the authorized agent of the brand owner; or

26 (iii) A wholesale licensee that purchases from the authorized United
27 States importer.

28 [(4)] (7) Paragraph [(3)] (6) of this subsection only applies if the
29 wholesaler licensee's jurisdiction and authority to sell has been submitted to the
30 Comptroller by the brand owner.

31 2-401.

32 (a) An individual applicant, an applicant qualifying as a resident applicant for
33 a corporation, or each applicant for a partnership applying for a manufacturer's or
34 wholesaler's license OTHER THAN A CLASS 6 LIMITED WINE WHOLESALER'S LICENSE
35 shall have been a resident of this State for 2 years immediately preceding the filing of
36 the application.

1 (b) [The] EXCEPT AS PROVIDED IN SUBSECTION (C) OF THIS SECTION, A
2 holder of a manufacturer's or wholesaler's license may not sell or deliver alcoholic
3 beverages to any person in this State other than a licensee or permit holder, except as
4 provided in § 7-101(c).

5 (C) THE HOLDER OF A CLASS 6 LIMITED WINE WHOLESALER'S LICENSE MAY
6 SELL OR DELIVER WINE TO ANY PERSON IN THE STATE IF THE HOLDER IS
7 AUTHORIZED TO DO SO UNDER TITLE 4, SUBTITLE 2 OF THIS ARTICLE.

8 12-104.

9 (b) (1) A business entity may not have any financial interest in the premises
10 upon or in which any alcoholic beverage is sold at retail by any licensee or in any
11 business conducted by any licensee.

12 (2) A person or business entity, or anyone connected with that person or
13 business entity, may not lend any money or other thing of value, make any gift, or
14 offer any gratuity to any retail dealer.

15 (3) Except as provided for, a retail dealer may not accept, receive or
16 make use of any money, gift, or sign furnished by any business entity or become
17 indebted to any person except for the purchase of alcoholic beverages and allied
18 products purchased for resale.

19 (4) A business entity, other than a wholesaler of beer and malt
20 beverages, may not furnish any sign, except as provided in this article.

21 (e) (1) The provisions of subsections (b) and (d) of this section do not apply to
22 a holder of a Class 3 or Class 4 winery manufacturer's license who is issued a Class
23 A2 light wine on- and off-sale license in Baltimore City with respect to the wine
24 manufactured or bottled on the winery premises.

25 (2) The provisions of subsections (b) and (c) of this section do not apply to
26 the holder of a Class 6 pub-brewery license with respect to the malt beverages brewed
27 on the premises of the pub-brewery.

28 (3) The provisions of subsections (b) and (c) of this section do not apply to
29 a holder of a Class 7 micro-brewery license with respect to the malt beverages brewed
30 on the premises of the micro-brewery for the purpose of being licensed as a retailer
31 for selling on the brewery licensed premises or in a restaurant or brewery pub owned,
32 conducted, and operated by the holder in or adjacent to the brewery for which it is
33 licensed.

34 (4) THE PROVISIONS OF SUBSECTION (B) OF THIS SECTION DO NOT
35 APPLY TO A HOLDER OF A CLASS 3 WINERY OR CLASS 4 LIMITED WINERY
36 MANUFACTURER'S LICENSE WHO IS ISSUED A CLASS 6 LIMITED WINE
37 WHOLESALER'S LICENSE.

38 [(4)] (5) In addition to the retail license required under § 2-207 or §
39 2-208 of this article, a Class 6 pub-brewery licensee or a Class 7 micro-brewery

1 licensee may hold or have a financial interest in one additional retail alcoholic
2 beverages license that does not apply to premises to which a Class 6 pub-brewery
3 license or Class 7 micro-brewery license applies.

4 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
5 July 1, 2006.