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By: **Senators Middleton, Astle, Brinkley, Dyson, Garagiola, Jacobs,  
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Introduced and read first time: February 3, 2006

Assigned to: Education, Health, and Environmental Affairs

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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  
24 Section 1-102(a)(27), 2-201, 2-204, 2-205(b)(3), 2-301(a) and (b), 2-401, and  
25 12-104(e)  
26 Annotated Code of Maryland  
27 (2005 Replacement Volume)

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

1 **Article 2B - Alcoholic Beverages**

2 1-102.

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

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

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

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

9 (II) "WHOLESALER" INCLUDES A COUNTY LIQUOR CONTROL BOARD  
10 AND A COUNTY WHOLESALE DISPENSARY.

11 2-201.

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

13 Class 1	Distillery	\$ 2,000
14 Class 2	Rectifying	600
15 Class 3	Winery	750
16 Class 4	Limited Winery	200
17 Class 5	Brewery	1,500
18 Class 6	Pub-Brewery	500
19 Class 7	Micro-Brewery	500

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

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

28 2-204.

29 A Class 3 manufacturer's license:

30 (1) Is a winery license; and

31 (2) Authorizes the holder to:

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

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

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

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

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

12 2-205.

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

14 (3) Permits the license holder to:

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

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

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

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

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

33 2-301.

34 (a) (1) The annual fees for the following classes of wholesaler's licenses are:  
35 Class 1 Beer, wine and liquor \$2,000  
36 Class 2 Wine and liquor 1,750  
37 Class 3 Beer and wine 1,500

1	Class 4	Beer	1,250
2	Class 5	Wine	1,250
3	CLASS 6	LIMITED WINE	50

4 (2) Upon approval of the application:

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

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

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

14 (iv) A Class 4 wholesale licensee may use additional locations for  
15 the warehousing, sale and delivery of beer upon the payment of an additional fee of  
16 \$1,250 for each additional location.

17 (v) A Class 5 wholesale licensee may use additional locations for  
18 the warehousing, sale and delivery of wine upon the payment of an additional fee of  
19 \$1,250 for each additional location.

20 (VI) A CLASS 6 WHOLESALER LICENSEE MAY USE ADDITIONAL  
21 LOCATIONS FOR THE WAREHOUSING, SALE AND DELIVERY OF WINE UPON THE  
22 PAYMENT OF AN ADDITIONAL FEE OF \$50 FOR EACH ADDITIONAL LOCATION.

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

30 (2) A CLASS 6 WHOLESALER LICENSE SHALL BE ISSUED ONLY TO WINE  
31 MANUFACTURERS:

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

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

36 (3) A CLASS 6 WHOLESALER LICENSEE, ON APPROVAL OF THE  
37 APPLICATION AND PAYMENT OF THE FEE, MAY SELL AND DELIVER ITS OWN BRAND

1 OF WINE PRODUCED AT THE HOLDER'S PREMISES TO A LICENSEE OR PERMIT  
 2 HOLDER IN THE STATE AUTHORIZED TO ACQUIRE THE WINE.

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

6 [(2)] (5) In Allegany County the holder of a Class 1 or Class 2  
 7 wholesaler's license may not sell liquor in any size container smaller than 23 ounces  
 8 or 680 milliliters to any holder of a special permit issued under § 7-101(h) of this  
 9 article.

10 [(3)] (6) A wholesale license of the appropriate class authorizes the  
 11 holder to directly import beer, wine, or distilled spirits from sources outside the  
 12 continental limits and possessions of the United States. However, any wholesale  
 13 licensee that imports for subsequent distribution in or outside the State of Maryland  
 14 shall be:

15 (i) The brand owner;

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

18 (iii) A wholesale licensee that purchases from the authorized United  
 19 States importer.

20 [(4)] (7) Paragraph [(3)] (6) of this subsection only applies if the  
 21 wholesaler licensee's jurisdiction and authority to sell has been submitted to the  
 22 Comptroller by the brand owner.

23 2-401.

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

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

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

1 12-104.

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

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

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

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

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

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

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

27 (4) THE PROVISIONS OF SUBSECTION (B) OF THIS SECTION DO NOT  
28 APPLY TO A HOLDER OF A CLASS 3 WINERY OR CLASS 4 LIMITED WINERY  
29 MANUFACTURER'S LICENSE WHO IS ISSUED A CLASS 6 LIMITED WINE  
30 WHOLESALE'S LICENSE.

31 [(4)] (5) In addition to the retail license required under § 2-207 or §  
32 2-208 of this article, a Class 6 pub-brewery licensee or a Class 7 micro-brewery  
33 licensee may hold or have a financial interest in one additional retail alcoholic  
34 beverages license that does not apply to premises to which a Class 6 pub-brewery  
35 license or Class 7 micro-brewery license applies.

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