

HOUSE BILL 192

A2

2lr1587
CF 2lr2132

By: **Delegates Jacobs, Hershey, and Smigiel**
Introduced and read first time: January 25, 2012
Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Kent County – Alcoholic Beverages – Micro–Brewery Licenses**

3 FOR the purpose of adding Kent County to the list of counties in which a Class 7
4 micro–brewery license may be issued; adding the county to the list of counties in
5 which the license holder may sell at retail beer brewed under the license for
6 consumption off the licensed premises under certain conditions; providing that
7 the license may only be issued to a holder of a Class D beer (off–sale) license;
8 providing for the hours and days for sale for the license; and generally relating
9 to alcoholic beverages in Kent County.

10 BY repealing and reenacting, with amendments,
11 Article 2B – Alcoholic Beverages
12 Section 2–208
13 Annotated Code of Maryland
14 (2011 Replacement Volume)

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

17 **Article 2B – Alcoholic Beverages**

18 2–208.

19 (a) There is a Class 7 micro–brewery (on– and off–sale) license.

20 (b) The license shall be issued:

21 (1) By the State Comptroller;

22 (2) Only in the following jurisdictions:

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



HOUSE BILL 192

- 1 (i) Allegany County;
- 2 (ii) Baltimore City;
- 3 (iii) Baltimore County;
- 4 (iv) The City of Annapolis;
- 5 (v) Anne Arundel County;
- 6 (vi) Calvert County;
- 7 (vii) Carroll County;
- 8 (viii) Charles County;
- 9 (ix) Dorchester County;
- 10 (x) Frederick County;
- 11 (xi) Garrett County;
- 12 (xii) Harford County;
- 13 (xiii) Howard County;
- 14 (xiv) **KENT COUNTY**;
- 15 **(XV)** Montgomery County;
- 16 **[(xv)] (XVI)** Prince George's County;
- 17 **[(xvi)] (XVII)** Talbot County;
- 18 **[(xvii)] (XVIII)** Washington County;
- 19 **[(xviii)] (XIX)** Wicomico County; and
- 20 **[(xix)] (XX)** Worcester County;

21 (3) (i) Only to a holder of a Class B beer, wine and liquor (on-sale)
22 license that is issued for use on the premises of a restaurant located in a jurisdiction
23 listed in paragraph (2) of this subsection;

1 (ii) To a holder of a Class D beer (off-sale) license that is issued
2 for use on the premises of the existing Class D license if the premises are located in
3 **KENT COUNTY OR** the Town of Berlin in Worcester County; or

4 (iii) To a holder of a Class D alcoholic beverages license that is
5 issued for use on the premises of the existing Class D license if the premises are
6 located in:

7 1. The 22nd Alcoholic Beverages District of Prince
8 George's County; or

9 2. Washington County; and

10 (4) In addition to item (3) of this subsection, in Montgomery County
11 only to a holder of a Class H beer and light wine license that is issued for use on the
12 premises of a restaurant located in the County.

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

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

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

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

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

26 (v) May not collectively brew, bottle, or contract for more than
27 22,500 barrels of malt beverages each calendar year; and

28 (vi) May enter into a temporary delivery agreement with a
29 distributor only for delivery of beer to a beer festival or wine and beer festival and the
30 return of any unused beer if:

31 1. The beer festival or wine and beer festival is in a sales
32 territory for which the holder does not have a franchise with a distributor under the
33 Beer Franchise Fair Dealing Act; and

34 2. The temporary delivery agreement is in writing.

1 (2) A Class 7 licensee who wishes to produce more than the barrelage
2 authorized under paragraph (1)(v) of this subsection shall divest of any Class B, D, or
3 any other retail license and obtain a Class 5 manufacturer's license.

4 (3) For the purposes of determining the barrelage limitation under
5 paragraph (1)(v) of this subsection, any salable beer produced under contractual
6 arrangements accrues only to the Class 7 micro-brewery licensee who is the brand
7 owner.

8 (4) In Allegany County only, the holder of a Class 7 license:

9 (i) May brew in one location and may contract for the bottling
10 of the malt beverage in another location; and

11 (ii) Need not meet the hotel/motel requirements for a Class B
12 beer, wine and liquor licensee but shall meet the requirements for those Class B
13 restaurants.

14 (d) (1) The on-sale privilege authorizes the holder, each calendar year, to
15 sell at retail up to 4,000 barrels of beer brewed under this license to customers for
16 consumption on the licensed premises.

17 (2) The off-sale privilege authorizes the holder to sell and deliver beer
18 brewed under this license to:

19 (i) Any wholesaler licensed under this article to sell beer in this
20 State; or

21 (ii) Any person who is located in a state other than Maryland
22 who is authorized under the laws of that state to receive brewed beverages.

23 (3) (i) This paragraph applies only in:

24 1. Allegany County;

25 2. The City of Annapolis;

26 3. Anne Arundel County;

27 4. Baltimore City;

28 5. Baltimore County;

29 6. Calvert County;

30 7. Carroll County;

- 1 8. Charles County;
- 2 9. Dorchester County;
- 3 10. Frederick County;
- 4 11. Garrett County;
- 5 12. Harford County;
- 6 13. Howard County;
- 7 14. **KENT COUNTY;**
- 8 **15.** Montgomery County;
- 9 [15.] **16.** Prince George’s County;
- 10 [16.] **17.** Talbot County;
- 11 [17.] **18.** Washington County;
- 12 [18.] **19.** Wicomico County; and
- 13 [19.] **20.** Worcester County.

14 (ii) The holder may sell at retail beer brewed under this license
 15 to customers for consumption off the licensed premises in refillable containers that are
 16 sealed by the micro–brewery licensee at the time of each refill.

17 (e) A holder of a Class 7 micro–brewery license:

18 (1) May not own, operate or be affiliated with any other manufacturer
 19 of beer except for a Class 2 rectifying license authorized by subsection (c)(1)(ii) of this
 20 section; and

21 (2) Notwithstanding § 2–201(b) of this subtitle, may not be granted a
 22 wholesale alcoholic beverages license.

23 (f) (1) Except as provided in paragraph (2) of this subsection, the hours
 24 and days for consumer sales under a Class 7 micro–brewery license are as established
 25 for:

1 (i) A Class B license in the respective jurisdictions listed in
2 subsection (b)(2) of this section, for a holder of a Class B beer, wine and liquor license;
3 [or]

4 (ii) A Class D beer license in Worcester County, for a holder of a
5 Class D beer license in the Town of Berlin in Worcester County; **OR**

6 **(III) A CLASS D LICENSE IN KENT COUNTY.**

7 (2) For Class D licensees in the 22nd Alcoholic Beverages District in
8 Prince George's County only, the hours and days for consumer sales under this license
9 are as established for a Class D license in Prince George's County.

10 (3) For Class D licensees in Washington County, the hours and days
11 for consumer sales under this license are as established for a Class D license in
12 Washington County.

13 (g) In Montgomery County, a holder of a Class 7 micro-brewery license shall
14 enter into a written agreement with the Department of Liquor Control for
15 Montgomery County for the sale and resale of malt beverages brewed under this
16 license in accordance with this article.

17 (h) For Talbot County, the Office of the Comptroller of Maryland shall
18 specify which local license is the equivalent of the Class B beer, wine and liquor
19 license specified in subsection (b)(3) of this section.

20 (i) In Carroll County, the distance restriction requirement for
21 micro-breweries is found in § 9-207 of this article.

22 (j) (1) This subsection applies only in Washington County.

23 (2) The Comptroller may not issue a Class 7 micro-brewery license for
24 a premises on property that has been leased unless the landlord of the property
25 presents to the Comptroller a receipt or certificate showing that there are no unpaid
26 taxes due to the State, a county, or any local government from the landlord or any
27 entity in which the landlord has a direct or indirect interest that:

28 (i) Is proprietary; or

29 (ii) Has been obtained by a loan, mortgage, or lien, or in any
30 other manner.

31 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
32 October 1, 2012.