

# HOUSE BILL 192

A2

2lr1587  
CF SB 384

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

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Committee Report: Favorable with amendments  
House action: Adopted  
Read second time: March 17, 2012

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## CHAPTER \_\_\_\_\_

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.

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



- 1 (b) The license shall be issued:
- 2 (1) By the State Comptroller;
- 3 (2) Only in the following jurisdictions:
- 4 (i) Allegany County;
- 5 (ii) Baltimore City;
- 6 (iii) Baltimore County;
- 7 (iv) The City of Annapolis;
- 8 (v) Anne Arundel County;
- 9 (vi) Calvert County;
- 10 (vii) Carroll County;
- 11 (viii) Charles County;
- 12 (ix) Dorchester County;
- 13 (x) Frederick County;
- 14 (xi) Garrett County;
- 15 (xii) Harford County;
- 16 (xiii) Howard County;
- 17 (xiv) **KENT COUNTY**;
- 18 (xv) **MONTGOMERY COUNTY**;
- 19 [(xv)] **(XVI)** Prince George's County;
- 20 [(xvi)] **(XVII)** Talbot County;
- 21 [(xvii)] **(XVIII)** Washington County;
- 22 [(xviii)] **(XIX)** Wicomico County; and
- 23 [(xix)] **(XX)** Worcester County;

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

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

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

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

12                           2.    Washington County; and

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

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

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

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

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

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

29                           (v)   May not collectively brew, bottle, or contract for more than  
30 22,500 barrels of malt beverages each calendar year; and

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

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

4                   2.     The temporary delivery agreement is in writing.

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

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

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

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

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

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

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

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

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

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

28                           1.     Allegany County;

29                           2.     The City of Annapolis;

30                           3.     Anne Arundel County;

31                           4.     Baltimore City;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

31 (i) Is proprietary; or

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

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

Approved:

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Governor.

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Speaker of the House of Delegates.

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President of the Senate.