

# HOUSE BILL 718

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By: **Delegates Hershey, Jacobs, and Smigiel**

Introduced and read first time: February 8, 2012

Assigned to: Economic Matters

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## A BILL ENTITLED

1 AN ACT concerning

2 **Queen Anne's County – Alcoholic Beverages – Micro-Brewery Licenses**

3 FOR the purpose of adding Queen Anne's County to the list of counties in which a  
4 Class 7 micro-brewery license may be issued; adding the county to the list of  
5 counties in which the license holder may sell at retail beer brewed under the  
6 license for consumption off the licensed premises under certain conditions; and  
7 generally relating to alcoholic beverages in Queen Anne's County.

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

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

18 (b) The license shall be issued:

19 (1) By the State Comptroller;

20 (2) Only in the following jurisdictions:

21 (i) Allegany County;

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



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

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

23 (ii) To a holder of a Class D beer (off-sale) license that is issued  
24 for use on the premises of the existing Class D license if the premises are located in  
25 the Town of Berlin in Worcester County; or

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

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

6 2. Washington County; and

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

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

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

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

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

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

23 (v) May not collectively brew, bottle, or contract for more than  
24 22,500 barrels of malt beverages each calendar year; and

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

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

31 2. The temporary delivery agreement is in writing.

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

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

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

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

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

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

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

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

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

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

21                                   1. Allegany County;

22                                   2. The City of Annapolis;

23                                   3. Anne Arundel County;

24                                   4. Baltimore City;

25                                   5. Baltimore County;

26                                   6. Calvert County;

27                                   7. Carroll County;

28                                   8. Charles County;

29                                   9. Dorchester County;

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

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

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

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

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

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

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

27                   (ii) A Class D beer license in Worcester County, for a holder of a  
 28 Class D beer license in the Town of Berlin in Worcester County.

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

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

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

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

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

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

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

22                           (i) Is proprietary; or

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

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