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 $\begin{array}{c} 2 lr 2385 \\ CF \ SB \ 579 \end{array}$

By: Delegates Schulz, Hogan, and Stifler Stifler, Barkley, Hershey, Hucker, Impallaria, Jameson, Love, and Olszewski

Introduced and read first time: February 10, 2012 Assigned to: Economic Matters

Committee Report: Favorable with amendments House action: Adopted Read second time: March 13, 2012

CHAPTER _____

1 AN ACT concerning

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Alcoholic Beverages – Farm Brewery Manufacturer's License

3 FOR the purpose of creating a Class 8 farm brewery manufacturer's license; specifying 4 a certain annual fee for the license; authorizing a licensee to sell and deliver $\mathbf{5}$ beer manufactured in a facility on the licensed farm or in another facility to 6 certain persons; requiring that the beer be manufactured in a certain manner; 7requiring that a farm brewery be located only at the place stated on the license; 8 providing that a licensee may exercise the privileges of the license, 9 notwithstanding local law; specifying the privileges that may be exercised by a 10 licensee, including providing samples of beer, selling certain foods, storing beer, 11 brewing beer, bottling beer, or contracting for a certain number of barrels of 12beer each calendar year; specifying the times during which a licensee may 13 exercise the privileges of the license; specifying the days of operation for a 14 licensee; prohibiting a licensee from selling or allowing to be consumed at a certain location certain alcoholic beverages other than the beer produced by the 15licensee under this Act; specifying that certain provisions of law apply to a 16 17licensee; authorizing a licensee to sponsor a certain multibrewery activity at the 18 licensed farm under certain conditions; specifying the privileges that a licensee 19 may exercise at a multibrewery activity and the times that the activity may be 20held; authorizing the Office of the Comptroller to issue a special brewery 21promotional event permit to a licensee under certain conditions; specifying the 22privileges that may be exercised by the licensee at the special brewery 23promotional event; requiring that the beer at the special brewery promotional

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

<u>Underlining</u> indicates amendments to bill.

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



| $\frac{1}{2}$ | event be sold by the glass and for consumption on the premises only; and generally relating to Class 8 farm brewery licenses. | | | |
|--|--|--|--|--|
| $3 \\ 4 \\ 5 \\ 6 \\ 7$ | BY repealing and reenacting, with amendments, Article 2B – Alcoholic Beverages Section 2–201(a) Annotated Code of Maryland (2011 Replacement Volume) | | | |
| 8 9 10 11 12 | BY adding to Article 2B – Alcoholic Beverages Section 2–209 Annotated Code of Maryland (2011 Replacement Volume) | | | |
| $\frac{13}{14}$ | SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That the Laws of Maryland read as follows: | | | |
| 15 | Article 2B – Alcoholic Beverages | | | |
| 16 | 2–201. | | | |
| 17 | (a) The annual fees for manufacturer's licenses are as follows: | | | |
| 18 19 20 21 22 23 24 25 | Class 1Distillery\$ 2,000Class 2Rectifying600Class 3Winery750Class 4Limited Winery200Class 5Brewery1,500Class 6Pub-Brewery500Class 7Micro-Brewery500CLASS 8FARM BREWERY200 | | | |
| 26 | 2-209. | | | |
| 27 | (A) (1) THERE IS A CLASS 8 FARM BREWERY LICENSE. | | | |
| 28 29 30 31 32 33 | (2) SUBJECT TO PARAGRAPH (3) OF THIS SUBSECTION, A CLASS 8 FARM BREWERY LICENSE ALLOWS THE LICENSEE TO SELL AND DELIVER BEER MANUFACTURED IN A FACILITY ON THE LICENSED FARM OR IN A FACILITY OTHER THAN ONE ON THE LICENSED FARM TO: (1) A WHOLESALER LICENSED TO SELL AND DELIVER BEER IN THE STATE; OR | | | |
| 00 | | | | |

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1 (II) A PERSON IN ANOTHER STATE AUTHORIZED TO $\mathbf{2}$ ACQUIRE BEER. 3 (3) THE BEER TO BE SOLD AND DELIVERED UNDER PARAGRAPH 4 (2) OF THIS SUBSECTION SHALL BE MANUFACTURED WITH AN INGREDIENT **MOSTLY** FROM AN A MARYLAND AGRICULTURAL PRODUCT, INCLUDING HOPS, $\mathbf{5}$ 6 GRAIN, AND FRUIT, PRODUCED ON THE LICENSED FARM. 7 A CLASS 8 FARM BREWERY MAY BE LOCATED ONLY AT THE (4) 8 PLACE STATED ON THE LICENSE. 9 (5) NOTWITHSTANDING ANY LOCAL LAW, A LICENSEE MAY EXERCISE THE PRIVILEGES OF A CLASS 8 FARM BREWERY LICENSE. 10 11 (6) A LICENSEE MAY: 12**(I)** SELL BEER PRODUCED BY THE LICENSEE FOR 13 **CONSUMPTION ON THE LICENSED FARM;** 14 **(II)** IN AN AMOUNT NOT EXCEEDING 6 FLUID OUNCES PER 15BRAND, PROVIDE SAMPLES OF BEER THAT THE LICENSEE PRODUCES TO A **CONSUMER:** 16 171. AT NO CHARGE; OR 2. FOR A FEE; AND 18 19 (III) SELL OR SERVE: 201. **BREAD AND OTHER BAKED GOODS;** 2. 21CHILI; 223. **CHOCOLATE; CRACKERS;** 234. 5. 24CURED MEAT; 25**6**. **FRUITS (WHOLE AND CUT);** 267. SALADS AND VEGETABLES (WHOLE AND CUT); 278. HARD AND SOFT CHEESE (WHOLE AND CUT);

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| | 4 | HOUSE BILL 1126 |
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| 1 | 9. | ICE CREAM; |
| 2 | 10. | JELLY; |
| 3 | 11. | JAM; |
| 4 | 12. | VINEGAR; |
| 5 | 13. | PIZZA; |
| 6 7 | 14. PREPACKAGED FOODS READY | PREPACKAGED SANDWICHES AND OTHER Y TO BE EATEN; |
| 8 | 15. | SOUP; AND |
| 9 | 16. | CONDIMENTS. |
| $10 \\ 11 \\ 12$ | | TO SUBSECTIONS (D) AND (E) OF THIS SECTION, A E PRIVILEGES OF THE LICENSE EACH DAY DURING |
| $\frac{13}{14}$ | | M 10 A.M. TO 6 P.M., FOR CONSUMPTION OF BEER FOOD AT THE LICENSED FARM; AND |
| 15 | (II) FROM | и 10 А.М. ТО 10 Р.М., FOR: |
| 16 | 1. | SAMPLING OF BEER; |
| $17 \\ 18 \\ 19$ | 2. IF THE BEER IS PACKAGED I GROWLERS; AND | CONSUMPTION OF BEER OFF THE LICENSED FARM N SEALED OR RESEALABLE CONTAINERS, SUCH AS |
| 20 21 | 3. EVENT OR OTHER ORGANIZEI | GUESTS WHO ATTEND A PLANNED PROMOTION D ACTIVITY AT THE LICENSED FARM. |
| $22 \\ 23 \\ 24$ | | EPT AS PROVIDED IN SUBPARAGRAPH (II) OF THIS RM BREWERY LICENSE ALLOWS THE LICENSEE TO |
| 25 26 27 28 | SUNDAYS <u>DURING THE HO</u> <u>ARTICLE</u> TO ENGAGE IN THI | CARRETT COUNTY, A LICENSEE MAY OPEN ON URS ALLOWED UNDER § 11–512(C)(3) OF THIS E ACTIVITIES LISTED IN PARAGRAPH (3) OF THIS ELECTION DISTRICT WHERE THE VOTERS, IN A |

1 REFERENDUM AUTHORIZED BY LAW, HAVE APPROVED SUNDAY SALES AT A 2 FARM.

3 (9) EXCEPT AS PROVIDED UNDER SUBSECTION (D) OF THIS 4 SECTION, A LICENSEE MAY NOT SELL OR ALLOW TO BE CONSUMED AT THE 5 LOCATION OF THE FARM BREWERY ANY ALCOHOLIC BEVERAGE OTHER THAN 6 THE BEER PRODUCED BY THE LICENSEE UNDER THE AUTHORITY OF THIS 7 SECTION.

8 (10) NOTHING IN THIS SUBSECTION LIMITS THE APPLICATION OF 9 RELEVANT PROVISIONS OF TITLE 21 OF THE HEALTH – GENERAL ARTICLE, AND 10 REGULATIONS ADOPTED UNDER THAT TITLE, TO A LICENSEE.

11 (B) THE PLACE LISTED ON THE CLASS 8 FARM BREWERY LICENSE 12 SHALL BE IN COMPLIANCE WITH § 9–103 OF THIS ARTICLE.

13 (C) A LICENSEE MAY:

(1) STORE ON ITS LICENSED FARM, IN A SEGREGATED AREA
APPROVED BY THE COMPTROLLER, BEER PRODUCED AT THE LICENSED FARM
FOR SALE AND DELIVERY TO A WHOLESALER LICENSED IN THE STATE OR A
PERSON OUTSIDE OF THE STATE AUTHORIZED TO ACQUIRE THE BEER;

18 (2) BREW, BOTTLE, OR CONTRACT FOR NOT MORE THAN 15,000
 19 BARRELS OF BEER EACH CALENDAR YEAR;

20 (3) CONTRACT WITH THE HOLDER OF A CLASS 5 BREWERY 21 LICENSE OR A CLASS 2 RECTIFYING LICENSE TO BREW AND BOTTLE BEER FROM 22 INGREDIENTS PRODUCED ON THE LICENSED FARM;

23 (4) IMPORT, EXPORT, AND TRANSPORT ITS BEER IN ACCORDANCE
 24 WITH THIS SECTION; AND

(5) STORE BEER AT A WAREHOUSE FOR WHICH THE LICENSEE
HAS BEEN ISSUED AN INDIVIDUAL STORAGE PERMIT, FOR SALE AND DELIVERY
TO A WHOLESALER LICENSED IN THE STATE OR A PERSON OUTSIDE OF THE
STATE AUTHORIZED TO ACQUIRE THE BEER, OR SHIPMENT BACK TO THE
LICENSED FARM, IF:

30(I)THE LICENSEE DOES NOT SERVE OR SELL BEER AT THE31WAREHOUSE; AND

32 (II) THE COMPTROLLER HAS FULL ACCESS AT ALL TIMES
 33 TO THE WAREHOUSE TO ENFORCE THIS ARTICLE.

1 **(D)** (1) A LICENSEE MAY SPONSOR A MULTIBREWERY ACTIVITY AT 2 THE LICENSED FARM THAT: 3 **(I)** INCLUDES THE PRODUCTS OF OTHER MARYLAND 4 **BREWERIES; AND** $\mathbf{5}$ (II) **PROVIDES FOR THE SALE OF BEER BY THE GLASS FOR** 6 CONSUMPTION ON THE PREMISES ONLY. 7(2) IN A SEGREGATED AREA APPROVED BY THE COMPTROLLER ON THE LICENSED FARM, A LICENSEE MAY STORE THE PRODUCTS OF OTHER 8 9 MARYLAND BREWERIES FOR THE MULTIBREWERY ACTIVITY. 10 (3) THE MULTIBREWERY ACTIVITY: 11 **(I)** MAY BE HELD FROM 10 A.M. TO 10 P.M. EACH DAY; AND 12**(II)** MAY NOT EXCEED 3 CONSECUTIVE DAYS. 13 (1) THE OFFICE OF THE COMPTROLLER MAY ISSUE A SPECIAL **(E)** 14**BREWERY PROMOTIONAL EVENT PERMIT TO A LICENSEE.** 15(2) AT LEAST 15 DAYS BEFORE HOLDING A PLANNED 16 PROMOTIONAL EVENT, THE LICENSEE SHALL OBTAIN A PERMIT FROM THE 17 COMPTROLLER BY FILING A NOTICE OF THE PROMOTIONAL EVENT ON THE FORM THAT THE COMPTROLLER PROVIDES. 18 19 (3) THE PERMIT AUTHORIZES THE LICENSEE TO CONDUCT AT 20 THE LICENSED FARM A PROMOTIONAL EVENT AT WHICH THE LICENSEE MAY: 21**(I) PROVIDE SAMPLES OF NOT MORE THAN 6 FLUID** 22**OUNCES PER BRAND TO CONSUMERS; AND** 23SELL BEER PRODUCED BY THE LICENSEE TO PERSONS **(II)** 24WHO PARTICIPATE IN THE EVENT. 25(4) THE BEER AT THE EVENT SHALL BE SOLD BY THE GLASS AND 26FOR CONSUMPTION ON THE PREMISES ONLY. 27(5) THE LICENSEE MAY NOT BE ISSUED MORE THAN 12 PERMITS 28IN A CALENDAR YEAR. 29(6) **A SINGLE PROMOTIONAL EVENT:**

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| 1 | (I) MAY BE HELD FROM 10 A.M. TO 10 P.M. EACH DAY; AND |
|---|---|
| 2 | (II) MAY NOT EXCEED 3 CONSECUTIVE DAYS. |
| 3 | (7) THE PERMIT FEE IS \$25 PER EVENT. |
| 4 | SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect |

5 July 1, 2012.

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.