

Chapter 596

(House Bill 356)

AN ACT concerning

Alcoholic Beverages – Class 8 Farm Breweries – Festival Licenses

FOR the purpose of authorizing the holder of a Class 8 farm brewery license to enter into a certain temporary delivery agreement with a certain distributor for certain purposes under certain circumstances; authorizing the boards of license commissioners of certain counties to issue certain festival licenses to certain holders of certain Class 8 farm brewery licenses for certain purposes; authorizing holders of certain Class 8 farm brewery licenses to participate in certain festivals; specifying that in Garrett County, a licensee may open on Sundays during certain hours for a certain purpose in a precinct in an election district where the voters, in a certain referendum, have approved Sunday sales at a farm; making a stylistic correction; and generally relating to farm breweries and beer festivals.

BY repealing and reenacting, with amendments,

Article 2B – Alcoholic Beverages

Section 2–209, 8–307(d), 8–801(d), 8–802(b), 8–803(d), 8–804(d), 8–805(d), 8–806(b), and 8–807(d) and (g)

Annotated Code of Maryland

(2011 Replacement Volume and 2013 Supplement)

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Article 2B – Alcoholic Beverages

Section 8–307(a), 8–801(b), 8–802(a), 8–803(a), 8–804(b), 8–805(a), 8–806(a), and 8–807(b)

Annotated Code of Maryland

(2011 Replacement Volume and 2013 Supplement)

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

Article 2B – Alcoholic Beverages

2–209.

(a) (1) There is a Class 8 farm brewery license.

(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:

- (i) A wholesaler licensed to sell and deliver beer in the State; or
- (ii) A person in another state authorized to acquire beer.

(3) The beer to be sold and delivered under paragraph (2) of this subsection shall be manufactured with an ingredient from a Maryland agricultural product, including hops, grain, and fruit, produced on the licensed farm.

(4) A Class 8 farm brewery may be located only at the place stated on the license.

(5) Notwithstanding any local law, a licensee may exercise the privileges of a Class 8 farm brewery license.

(6) A licensee may:

- (i) Sell beer produced by the licensee for consumption on the licensed farm;
- (ii) In an amount not exceeding 6 fluid ounces per brand, provide samples of beer that the licensee produces to a consumer:

- 1. At no charge; or
- 2. For a fee; and

(iii) Sell or serve:

- 1. Bread and other baked goods;
- 2. Chili;
- 3. Chocolate;
- 4. Crackers;
- 5. Cured meat;
- 6. Fruits (whole and cut);
- 7. Salads and vegetables (whole and cut);

8. Hard and soft cheese (whole and cut);
9. Ice cream;
10. Jelly;
11. Jam;
12. Vinegar;
13. Pizza;
14. Prepackaged sandwiches and other prepackaged foods ready to be eaten;
15. Soup; and
16. Condiments.

(7) Subject to subsections (d) and (e) of this section, a licensee may exercise the privileges of the license each day during the following times:

(i) From 10 a.m. to 6 p.m., for consumption of beer and sales and service of food at the licensed farm; and

(ii) From 10 a.m. to 10 p.m., for:

1. Sampling of beer;
2. Consumption of beer off the licensed farm if the beer is packaged in sealed or resealable containers, such as growlers; and
3. Guests who attend a planned promotion event or other organized activity at the licensed farm.

(8) (i) Except as provided in subparagraph (ii) of this paragraph, a Class 8 farm brewery license allows the licensee to operate 7 days a week.

(ii) In Garrett County, a licensee may open on Sundays during the hours allowed under § 11-512(c)(3) of this article to engage in the activities listed in paragraph (3) of this subsection only in an election district **OR A PRECINCT IN AN ELECTION DISTRICT** where the voters, in a referendum authorized by law, have approved Sunday sales at a farm.

(9) Except as provided under subsection (d) of this section, a licensee may not sell or allow to be consumed at the location of the farm brewery any alcoholic

beverage other than the beer produced by the licensee under the authority of this section.

(10) Nothing in this subsection limits the application of relevant provisions of Title 21 of the Health – General Article, and regulations adopted under that title, to a licensee.

(b) The place listed on the Class 8 farm brewery license shall be in compliance with § 9–103 of this article.

(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;

(2) Brew, bottle, or contract for not more than 15,000 barrels of beer each calendar year;

(3) Contract with the holder of a Class 2 rectifying license, a Class 5 brewery license, or a Class 7 micro–brewery license to brew and bottle beer from ingredients produced on the licensed farm;

(4) Import, export, and transport its beer in accordance 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:

(i) The licensee does not serve or sell beer at the warehouse;
and

(ii) The Comptroller has full access at all times to the warehouse to enforce this article; AND

(6) ENTER INTO A TEMPORARY DELIVERY AGREEMENT WITH A DISTRIBUTOR ONLY FOR DELIVERY OF BEER TO A BEER FESTIVAL OR WINE AND BEER FESTIVAL AND THE RETURN OF ANY UNUSED BEER IF:

(I) THE BEER FESTIVAL OR WINE AND BEER FESTIVAL IS IN A SALES TERRITORY FOR WHICH THE HOLDER DOES NOT HAVE A FRANCHISE WITH A DISTRIBUTOR UNDER THE BEER FRANCHISE FAIR DEALING ACT; AND

(II) THE TEMPORARY DELIVERY AGREEMENT IS IN WRITING.

(d) (1) A licensee may sponsor a multibrewery activity at the licensed farm that:

(i) Includes the products of other Maryland breweries; and

(ii) Provides for the sale of beer by the glass for consumption on the premises only.

(2) In a segregated area approved by the Comptroller on the licensed farm, a licensee may store the products of other Maryland breweries for the multibrewery activity.

(3) The multibrewery activity:

(i) May be held from 10 a.m. to 10 p.m. each day; and

(ii) May not exceed 3 consecutive days.

(e) (1) The Office of the Comptroller may issue a special brewery promotional event permit to a licensee.

(2) At least 15 days before holding a planned promotional event, the licensee shall obtain a permit from the Comptroller by filing a notice of the promotional event on the form that the Comptroller provides.

(3) The permit authorizes the licensee to conduct at the licensed farm a promotional event at which the licensee may:

(i) Provide samples of not more than 6 fluid ounces per brand to consumers; and

(ii) Sell beer produced by the licensee to persons who participate in the event.

(4) The beer at the event shall be sold by the glass and for consumption on the premises only.

(5) The licensee may not be issued more than 12 permits in a calendar year.

(6) A single promotional event:

(i) May be held from 10 a.m. to 10 p.m. each day; and

(ii) May not exceed 3 consecutive days.

(7) The permit fee is \$25 per event.

8-307.

(a) This section applies only in Dorchester County.

(d) Notwithstanding any other provision of this article, an applicant for a special festival license shall be a holder of an existing State retail alcoholic beverages license, State Class 3 winery license, State Class 4 limited winery license, State Class 6 pub-brewery license, [or] State Class 7 micro-brewery license, **OR STATE CLASS 8 FARM BREWERY LICENSE** issued under this article.

8-801.

(b) This section applies only in Baltimore City.

(d) Notwithstanding any other provisions of this article, an applicant for a special festival license shall be the holder of an existing Class 5 brewery, Class 6 pub-brewery, [or] Class 7 micro-brewery, **OR CLASS 8 FARM BREWERY** manufacturer's license issued under this article. Each manufacturer in the beer festival shall obtain a license.

8-802.

(a) The Baltimore County Board of License Commissioners may issue a special beer festival license.

(b) Notwithstanding any other provision to the contrary, an applicant for a special beer festival license shall be a holder of an existing retail alcoholic beverages license issued in the State, Class 5 brewery license, [or] Class 7 micro-brewery license, **OR CLASS 8 FARM BREWERY LICENSE** issued in accordance with this article.

8-803.

(a) In this section, "Board" means the Board of License Commissioners for Frederick County.

(d) Notwithstanding any other provision of this article, an applicant for a special beer festival license shall be the holder of a current retail alcoholic beverages license issued in the State, a Class 5 brewery license, [or] a Class 7 micro-brewery license, **OR A CLASS 8 FARM BREWERY LICENSE**.

8-804.

(b) This section applies only in Wicomico County.

(d) (1) Notwithstanding any other provision in this article, an applicant for a special beer festival license shall be the holder of an existing Class 5 brewery, Class 6 pub-brewery, [or] Class 7 micro-brewery, **OR CLASS 8 FARM BREWERY** manufacturer's license issued under this article.

(2) Each manufacturer that participates in the beer festival shall obtain a special beer festival license.

8-805.

(a) In this section, "Board" means the Board of License Commissioners for Carroll County.

(d) Notwithstanding any other provision of this article, an applicant for a special beer festival license shall be the holder of a current retail alcoholic beverages license issued in the State, a Class 5 brewery license, [or] a Class 7 micro-brewery license, **OR A CLASS 8 FARM BREWERY LICENSE.**

8-806.

(a) The Alcoholic Beverage Board of St. Mary's County may issue a special beer festival (BF) license.

(b) Notwithstanding any other law, an applicant for a special BF license shall be a holder of an existing retail alcoholic beverages license issued in the State authorizing the sale of beer, a State Class 5 brewery license, a State Class 6 pub-brewery license, [or] a State Class 7 micro-brewery license, **OR A CLASS 8 FARM BREWERY LICENSE.**

8-807.

(b) This section applies only in Garrett County.

(d) Notwithstanding any other provision of this article, an applicant for a festival license shall be a holder of a:

- (1) Retail alcoholic beverages license issued by the Board;
- (2) Class 5 brewery license;
- (3) Class 6 pub-brewery license; [or]
- (4) Class 7 micro-brewery license; **OR**

(5) CLASS 8 FARM BREWERY LICENSE.

(g) (1) A product to be displayed and sold at a beer festival shall be:

(i) Invoiced to the holder of the beer festival license by a licensed State wholesaler or holder of a Class 5 brewery license, Class 6 pub–brewery license [or], Class [6] **7** micro–brewery license, **OR CLASS 8 FARM BREWERY LICENSE**; and

(ii) Delivered to the beer festival from the licensed premises of the wholesaler.

(2) When a beer festival license is issued, a holder of a wholesaler’s license, a Class 5 brewery license, a Class 6 pub–brewery license, [or] a Class 7 micro–brewery license, **OR A CLASS 8 FARM BREWERY LICENSE** may enter into an agreement with the holder of the beer festival license to deliver beer 2 days before the effective date of the beer festival license and to accept returns not later than 2 days after the expiration date of the beer festival license.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2014.

Approved by the Governor, May 15, 2014.