

HOUSE BILL 287

A2

4lr1695

By: **Delegates Otto and McDermott**

Introduced and read first time: January 20, 2014

Assigned to: Economic Matters

Committee Report: Favorable

House action: Adopted

Read second time: March 7, 2014

CHAPTER _____

1 AN ACT concerning

2 **Somerset County – Micro–Brewery License**

3 FOR the purpose of adding Somerset County to the list of jurisdictions in which a
4 Class 7 micro–brewery license may be issued; adding Somerset County to the
5 list of jurisdictions in which the holder of a Class 7 micro–brewery license may
6 sell at retail beer brewed under the license to customers for consumption off the
7 licensed premises in certain refillable containers; and generally relating to the
8 issuance of Class 7 micro–brewery licenses in Somerset County.

9 BY repealing and reenacting, without amendments,
10 Article 2B – Alcoholic Beverages
11 Section 2–208(a), (c), (e), and (f)
12 Annotated Code of Maryland
13 (2011 Replacement Volume and 2013 Supplement)

14 BY repealing and reenacting, with amendments,
15 Article 2B – Alcoholic Beverages
16 Section 2–208(b) and (d)
17 Annotated Code of Maryland
18 (2011 Replacement Volume and 2013 Supplement)

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

21 **Article 2B – Alcoholic Beverages**

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 2-208.

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

3 (b) The license shall be issued:

4 (1) By the State Comptroller;

5 (2) Only in the following jurisdictions:

6 (i) Allegany County;

7 (ii) Baltimore City;

8 (iii) Baltimore County;

9 (iv) The City of Annapolis;

10 (v) Anne Arundel County;

11 (vi) Calvert County;

12 (vii) Caroline County;

13 (viii) Carroll County;

14 (ix) Charles County;

15 (x) Dorchester County;

16 (xi) Frederick County;

17 (xii) Garrett County;

18 (xiii) Harford County;

19 (xiv) Howard County;

20 (xv) Kent County;

21 (xvi) Montgomery County;

22 (xvii) Prince George's County;

23 (xviii) Queen Anne's County;

1 (xix) St. Mary's County;

2 (xx) SOMERSET COUNTY;

3 [(xx)] (xxi) Talbot County;

4 [(xxi)] (xxii) Washington County;

5 [(xxii)] (xxiii) Wicomico County; and

6 [(xxiii)] (xxiv) Worcester County;

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

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

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

16 1. The 22nd Alcoholic Beverages District of Prince
17 George's County;

18 2. Washington County; or

19 3. Dorchester County; and

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

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

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

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

28 (iii) May contract with the holder of a Class 2 rectifying license
29 held under § 2-203 of this subtitle, a Class 5 brewery license, a Class 7 micro-brewery

1 license, or a Class 8 farm brewery license, or the holder of a nonresident dealer's
2 permit to brew and bottle malt beverages on their behalf;

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

7 (v) May not collectively brew, bottle, or contract for more than
8 22,500 barrels of malt beverages each calendar year; and

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

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

15 2. The temporary delivery agreement is in writing.

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

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

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

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

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

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

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

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

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

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

- 6 1. Allegany County;
- 7 2. The City of Annapolis;
- 8 3. Anne Arundel County;
- 9 4. Baltimore City;
- 10 5. Baltimore County;
- 11 6. Calvert County;
- 12 7. Caroline County;
- 13 8. Carroll County;
- 14 9. Charles County;
- 15 10. Dorchester County;
- 16 11. Frederick County;
- 17 12. Garrett County;
- 18 13. Harford County;
- 19 14. Howard County;
- 20 15. Kent County;
- 21 16. Montgomery County;
- 22 17. Prince George's County;
- 23 18. Queen Anne's County;
- 24 19. St. Mary's County;
- 25 **20. SOMERSET COUNTY;**

1 [20.] 21. Talbot County;

2 [21.] 22. Washington County;

3 [22.] 23. Wicomico County; and

4 [23.] 24. Worcester County.

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

8 (e) A holder of a Class 7 micro-brewery license:

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

12 (2) Notwithstanding § 2-201(b) of this subtitle, may not be granted a
13 wholesale alcoholic beverages license.

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

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

19 (ii) A Class D beer license in Worcester County, for a holder of a
20 Class D beer license in the Town of Berlin in Worcester County;

21 (iii) A Class D license in Kent County; or

22 (iv) A Class D beer license in Dorchester County.

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

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

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