

SENATE BILL 458

A2

(4lr1365)

ENROLLED BILL

— *Education, Health, and Environmental Affairs/Economic Matters* —

Introduced by **Senators Pugh and Ferguson**

Read and Examined by Proofreaders:

Proofreader.

Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this

_____ day of _____ at _____ o'clock, _____ M.

President.

CHAPTER _____

1 AN ACT concerning

2 **Baltimore City – Alcoholic Beverages – Micro-Brewery Licenses**

3 FOR the purpose of adding the 40th Alcoholic Beverages District of Baltimore City to
4 the list of locations in which a holder of a certain Class D alcoholic beverages
5 license may be issued a Class 7 micro-brewery license; authorizing the holder of
6 a Class 7 micro-brewery license in Baltimore City to brew at certain locations
7 using the same license and to obtain a Class 2 rectifying license for certain
8 premises at certain locations, under certain circumstances; requiring a holder of
9 a Class 7 license to submit a certain application to the State Comptroller;
10 requiring the State Comptroller to make a certain determination and consider a
11 certain factor; prohibiting a holder of a Class 7 license from serving or selling
12 beer at a certain location; and generally relating to alcoholic beverages in
13 Baltimore City.

14 BY repealing and reenacting, without amendments,

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.

Italics indicate opposite chamber/conference committee amendments.



1 Article 2B – Alcoholic Beverages
2 Section 2–208(a)
3 Annotated Code of Maryland
4 (2011 Replacement Volume and 2013 Supplement)

5 BY repealing and reenacting, with amendments,
6 Article 2B – Alcoholic Beverages
7 Section 2–208(b) and (c)
8 Annotated Code of Maryland
9 (2011 Replacement Volume and 2013 Supplement)

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

12 **Article 2B – Alcoholic Beverages**

13 2–208.

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

15 (b) The license shall be issued:

16 (1) By the State Comptroller;

17 (2) Only in the following jurisdictions:

18 (i) Allegany County;

19 (ii) Baltimore City;

20 (iii) Baltimore County;

21 (iv) The City of Annapolis;

22 (v) Anne Arundel County;

23 (vi) Calvert County;

24 (vii) Caroline County;

25 (viii) Carroll County;

26 (ix) Charles County;

27 (x) Dorchester County;

28 (xi) Frederick County;

- 1 (xii) Garrett County;
- 2 (xiii) Harford County;
- 3 (xiv) Howard County;
- 4 (xv) Kent County;
- 5 (xvi) Montgomery County;
- 6 (xvii) Prince George’s County;
- 7 (xviii) Queen Anne’s County;
- 8 (xix) St. Mary’s County;
- 9 (xx) Talbot County;
- 10 (xxi) Washington County;
- 11 (xxii) Wicomico County; and
- 12 (xxiii) Worcester County;

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

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

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

- 22 1. The 22nd Alcoholic Beverages District of Prince
 23 George’s County;
- 24 2. Washington County; [or]
- 25 3. Dorchester County; **OR**
- 26 4. **THE 40TH ALCOHOLIC BEVERAGES DISTRICT OF**
 27 **BALTIMORE CITY;** and

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

4 (c) (1) A holder of a Class 7 micro–brewery license:

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

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

9 (iii) May contract with the holder of a Class 2 rectifying license
10 held under § 2–203 of this subtitle, a Class 5 brewery license, a Class 7 micro–brewery
11 license, or a Class 8 farm brewery license, or the holder of a nonresident dealer’s
12 permit to brew and bottle malt beverages on their behalf;

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

17 (v) May not collectively brew, bottle, or contract for more than
18 22,500 barrels of malt beverages each calendar year; and

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

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

25 2. The temporary delivery agreement is in writing.

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

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

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

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

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

6 **(5) (I) ~~IN~~ SUBJECT TO SUBPARAGRAPHS (II), (III), AND (IV) OF**
7 **THIS PARAGRAPH, IN BALTIMORE CITY ONLY, THE HOLDER OF A CLASS 7**
8 **LICENSE MAY:**

9 ~~(H)~~ **1. BREW IN TWO LOCATIONS USING THE SAME**
10 **LICENSE; AND**

11 ~~(H)~~ **2. OBTAIN A CLASS 2 RECTIFYING LICENSE FOR THE**
12 **PREMISES AT THE TWO LOCATIONS AUTHORIZED UNDER ITEM ~~(H)~~ 1 OF THIS**
13 **PARAGRAPH SUBPARAGRAPH.**

14 **(II) THE HOLDER OF A CLASS 7 LICENSE MAY BREW IN TWO**
15 **LOCATIONS USING THE SAME LICENSE IF THE LICENSE HOLDER:**

16 **1. REQUESTS PERMISSION BY SUBMITTING A**
17 **WRITTEN APPLICATION TO THE STATE COMPTROLLER; AND**

18 **2. OBTAINS WRITTEN APPROVAL FROM THE STATE**
19 **COMPTROLLER.**

20 **(III) BEFORE AUTHORIZING A HOLDER OF A CLASS 7**
21 **LICENSE TO BREW IN TWO LOCATIONS USING THE SAME LICENSE, THE STATE**
22 **COMPTROLLER SHALL:**

23 **1. MAKE A DETERMINATION THAT A SECOND**
24 **LOCATION TO BREW ADDITIONAL CAPACITY IS NECESSARY DUE TO**
25 **INSUFFICIENT SPACE AT THE EXISTING CLASS 7 LICENSE LOCATION; AND**

26 **2. CONSIDER ANY OTHER FACTOR RELEVANT TO**
27 **APPROVAL OF THE APPLICATION.**

28 **(IV) NOTWITHSTANDING ANY OTHER PROVISION OF THIS**
29 **ARTICLE, A HOLDER OF A CLASS 7 LICENSE MAY NOT SERVE OR SELL BEER FOR**
30 **ON-PREMISES OR OFF-PREMISES CONSUMPTION AT THE SECOND BREWING**
31 **LOCATION.**

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

Approved:

Governor.

President of the Senate.

Speaker of the House of Delegates.