

SENATE BILL 812

A2

5lr2763

By: **Senator Reilly**

Introduced and read first time: February 20, 2015

Assigned to: Rules

Re-referred to: Education, Health, and Environmental Affairs, March 6, 2015

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 24, 2015

CHAPTER _____

1 AN ACT concerning

2 **Anne Arundel County – Alcoholic Beverages – ~~Craft~~ Limited Distillery License**

3 FOR the purpose of establishing a Class 9 ~~craft~~ limited distillery license in Anne Arundel
4 County; setting a license fee; providing that the State Comptroller issue the Class 9
5 license only to a holder of a Class D beer, wine and liquor license in the county for
6 use on the premises for which the Class D license was issued; authorizing a holder
7 of a Class 9 license to establish and operate a plant for distilling, rectifying, and
8 bottling brandy, rum, whiskey, alcohol, and neutral spirits under certain
9 circumstances; authorizing a holder of a Class 9 license to acquire bulk alcoholic
10 beverages, to store, sell, and deliver product, to conduct guided tours, and to serve a
11 certain number of samples to certain persons; prohibiting a holder of a Class 9 license
12 from taking certain actions; requiring a holder of a Class 9 license to abide by all
13 trade practice restrictions applicable to distilleries; requiring a holder of a Class 9
14 license to take certain actions to distill more than a certain amount of gallonage; and
15 generally relating to Class 9 distillery licenses in Anne Arundel County.

16 BY repealing and reenacting, with amendments,
17 Article 2B – Alcoholic Beverages
18 Section 2–201(a)
19 Annotated Code of Maryland
20 (2011 Replacement Volume and 2014 Supplement)

21 BY adding to
22 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 Section 2-202.1
2 Annotated Code of Maryland
3 (2011 Replacement Volume and 2014 Supplement)

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

6 **Article 2B – Alcoholic Beverages**

7 2-201.

8 (a) The annual fees for manufacturer’s licenses are as follows:

9	Class 1	Distillery.....	\$ 2,000
10	Class 2	Rectifying.....	600
11	Class 3	Winery	750
12	Class 4	Limited Winery	200
13	Class 5	Brewery	1,500
14	Class 6	Pub-Brewery.....	500
15	Class 7	Micro-Brewery.....	500
16	Class 8	Farm Brewery	200
17	CLASS 9	CRAFT <u>LIMITED DISTILLERY</u>	500

18 **2-202.1.**

19 (A) **THERE IS A CLASS 9 ~~CRAFT~~ LIMITED DISTILLERY LICENSE.**

20 (B) **THE LICENSE SHALL BE ISSUED:**

21 (1) **BY THE STATE COMPTROLLER; AND**

22 (2) **ONLY TO A HOLDER OF A CLASS D BEER, WINE AND LIQUOR**
23 **LICENSE IN ANNE ARUNDEL COUNTY FOR USE ON THE PREMISES FOR WHICH THE**
24 **CLASS D LICENSE WAS ISSUED.**

25 (C) (1) **A HOLDER OF A CLASS 9 ~~CRAFT~~ LIMITED DISTILLERY LICENSE:**

26 (I) **MAY ESTABLISH AND OPERATE A PLANT IN THIS STATE FOR**
27 **DISTILLING, RECTIFYING, AND BOTTLING BRANDY, RUM, WHISKEY, ALCOHOL, AND**
28 **NEUTRAL SPIRITS IF THE HOLDER:**

29 1. **MAINTAINS ONLY ONE BRAND AT ANY ONE TIME FOR**
30 **EACH PRODUCT OF BRANDY, RUM, WHISKEY, ALCOHOL, AND NEUTRAL SPIRITS THAT**
31 **IS DISTILLED, RECTIFIED, AND SOLD; AND**

1 2. **DOES NOT MANUFACTURE OR RECTIFY PRODUCT OF**
2 **ANY OTHER BRAND FOR ANOTHER ENTITY;**

3 (ii) **MAY ACQUIRE BULK ALCOHOLIC BEVERAGES FROM THE**
4 **HOLDER OF A DISTILLERY OR RECTIFYING LICENSE IN THIS STATE OR FROM THE**
5 **HOLDER OF A NONRESIDENT DEALER'S PERMIT;**

6 (iii) **AFTER ACQUIRING AN INDIVIDUAL STORAGE PERMIT, MAY**
7 **STORE ON THE LICENSED PREMISES THOSE PRODUCTS MANUFACTURED UNDER THE**
8 **CLASS 9 ~~CRAFT~~ LIMITED DISTILLERY LICENSE;**

9 (iv) **MAY SELL AND DELIVER THOSE PRODUCTS**
10 **MANUFACTURED UNDER THE CLASS 9 ~~CRAFT~~ LIMITED DISTILLERY LICENSE ONLY**
11 **TO A LICENSED WHOLESALE IN THIS STATE OR PERSON AUTHORIZED TO ACQUIRE**
12 **DISTILLED SPIRITS IN ANOTHER STATE AND NOT TO A COUNTY DISPENSARY;**

13 (v) **MAY SELL THE PRODUCTS MANUFACTURED UNDER THE**
14 **CLASS 9 ~~CRAFT~~ LIMITED DISTILLERY LICENSE AT RETAIL IN A MANNER CONSISTENT**
15 **WITH THE UNDERLYING CLASS D LICENSE;**

16 (vi) **MAY CONDUCT GUIDED TOURS OF THAT PORTION OF THE**
17 **LICENSED PREMISES USED FOR THE ~~CRAFT~~ LIMITED DISTILLERY OPERATION; AND**

18 (vii) **MAY SERVE NOT MORE THAN THREE SAMPLES OF**
19 **PRODUCTS MANUFACTURED AT THE LICENSED PREMISES, WITH EACH SAMPLE**
20 **CONSISTING OF NOT MORE THAN ONE-HALF OUNCE FROM A SINGLE PRODUCT, TO**
21 **PERSONS WHO:**

22 1. **HAVE ATTAINED THE LEGAL DRINKING AGE;**

23 2. **PARTICIPATED IN A GUIDED TOUR; AND**

24 3. **ARE PRESENT ON THAT PORTION OF THE PREMISES**
25 **USED FOR THE ~~CRAFT~~ LIMITED DISTILLERY OPERATION.**

26 (2) **A HOLDER OF A CLASS 9 ~~CRAFT~~ LIMITED DISTILLERY LICENSE**
27 **MAY NOT:**

28 (i) **APPLY FOR OR POSSESS A MARYLAND WHOLESALE'S**
29 **LICENSE;**

1 **(II) SELL BOTTLES OF THE PRODUCTS MANUFACTURED AT THE**
 2 **CLASS 9 ~~CRAFT~~ LIMITED DISTILLERY ON THAT PART OF THE PREMISES USED FOR**
 3 **THE DISTILLERY OPERATION;**

4 **(III) DISTILL, RECTIFY, BOTTLE, OR SELL MORE THAN 100,000**
 5 **GALLONS OF BRANDY, RUM, WHISKEY, ALCOHOL, AND NEUTRAL SPIRITS EACH**
 6 **CALENDAR YEAR;**

7 **(IV) SELL AT RETAIL ON THE PREMISES OF THE CLASS D**
 8 **LICENSE, FOR ON- OR OFF-SALE CONSUMPTION, MORE THAN 15,500 GALLONS OF**
 9 **THE PRODUCTS MANUFACTURED UNDER THE CLASS 9 ~~CRAFT~~ LIMITED DISTILLERY**
 10 **LICENSE EACH CALENDAR YEAR; AND**

11 **(V) OWN, OPERATE, OR BE AFFILIATED IN ANY MANNER WITH**
 12 **ANOTHER MANUFACTURER.**

13 **(3) A HOLDER OF A CLASS 9 ~~CRAFT~~ LIMITED DISTILLERY LICENSE**
 14 **SHALL ABIDE BY ALL TRADE PRACTICE RESTRICTIONS APPLICABLE TO**
 15 **DISTILLERIES.**

16 **(D) TO DISTILL MORE THAN THE GALLONAGE SPECIFIED IN SUBSECTION**
 17 **(C)(2)(III) OF THIS SECTION, A HOLDER OF A CLASS 9 ~~CRAFT~~ LIMITED DISTILLERY**
 18 **LICENSE SHALL DIVEST ITSELF OF ANY CLASS D RETAIL LICENSE AND OBTAIN A**
 19 **CLASS 1 MANUFACTURER'S LICENSE.**

20 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
 21 1, 2015.

Approved:

Governor.

President of the Senate.

Speaker of the House of Delegates.