

HOUSE BILL 925

A2

6lr2766
CF SB 959

By: **Delegates Jacobs, Arentz, and Ghrist**

Introduced and read first time: February 10, 2016

Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Kent County – Alcoholic Beverages – Limited Distillery License**

3 FOR the purpose of authorizing a Class 9 limited distillery license to be issued in Kent
4 County; authorizing a Class 9 limited distillery license to be issued to a holder of a
5 Class B beer, wine, and liquor license as well as a holder of a Class D beer, wine, and
6 liquor license under certain circumstances; providing that a certain Class 9 limited
7 distillery license holder who is also a Class B beer, wine, and liquor license holder
8 may sell certain products in a certain manner and may not sell at retail more than a
9 certain number of gallons on a certain premises each year; requiring a Class 9 limited
10 distillery license holder who is also a Class B beer, wine, and liquor license holder to
11 divest itself of a certain license and obtain a certain license if the license holder
12 distills more than a certain number of gallons of product each year; and generally
13 relating to a Class 9 limited distillery license in Kent County.

14 BY repealing and reenacting, with amendments,

15 Article – Alcoholic Beverages

16 Section 24–401

17 Annotated Code of Maryland

18 (As enacted by Chapter ____ (S.B. ____)(6lr1406) of the Acts of the General
19 Assembly of 2016)

20 BY adding to

21 Article – Alcoholic Beverages

22 Section 24–405

23 Annotated Code of Maryland

24 (As enacted by Chapter ____ (S.B. ____)(6lr1406) of the Acts of the General
25 Assembly of 2016)

26 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,

27 That the Laws of Maryland read as follows:

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



Article – Alcoholic Beverages

24–401.

(a) The following sections of Title 2, Subtitle 2 (“Manufacturer’s Licenses”) of Division I of this article apply in the County without exception or variation:

- (1) § 2–201 (“Issuance by Comptroller”);
 - (2) § 2–202 (“Class 1 distillery license”);
 - (3) § 2–204 (“Class 2 rectifying license”);
 - (4) § 2–205 (“Class 3 winery license”);
 - (5) § 2–206 (“Class 4 limited winery license”);
 - (6) § 2–207 (“Class 5 brewery license”);
 - (7) § 2–210 (“Class 8 farm brewery license”);
 - (8) § 2–211 (“Residency requirement”);
 - (9) § 2–212 (“Additional licenses”);
 - (10) § 2–213 (“Additional fees”);
 - (11) § 2–214 (“Sale or delivery restricted”);
 - (12) § 2–215 (“Beer sale on credit to retail dealer prohibited”);
 - (13) § 2–216 (“Interaction between manufacturing entities and retailers”);
 - (14) § 2–217 (“Distribution of alcoholic beverages — Prohibited practices”);
- and
- (15) § 2–218 (“Restrictive agreements between producers and retailers — Prohibited”).

(b) [Section 2–203 (“Class 9 limited distillery license”) of Division I of this article does not apply in the County.

(c) The following sections of Title 2, Subtitle 2 (“Manufacturer’s Licenses”) of Division I of this article apply in the County:

- (1) **§ 2–203 (“CLASS 9 LIMITED DISTILLERY LICENSE”), SUBJECT TO § 24–405 OF THIS SUBTITLE;**

1 **(2)** § 2–208 (“Class 6 pub–brewery license”), subject to § 24–403 of this
2 subtitle; and

3 **[(2)] (3)** § 2–209 (“Class 7 micro–brewery license”), subject to § 24–404 of
4 this subtitle.

5 **24–405.**

6 **(A) A CLASS 9 LIMITED DISTILLERY LICENSE MAY BE ISSUED TO A HOLDER**
7 **OF A CLASS B BEER, WINE, AND LIQUOR LICENSE AND TO A HOLDER OF A CLASS D**
8 **BEER, WINE, AND LIQUOR LICENSE IF THE LICENSE OF THE HOLDER AUTHORIZES**
9 **CONSUMPTION ON AND OFF THE LICENSED PREMISES.**

10 **(B) A HOLDER OF A CLASS 9 LIMITED DISTILLERY LICENSE AND A CLASS B**
11 **BEER, WINE, AND LIQUOR LICENSE:**

12 **(1) MAY SELL THE PRODUCTS MANUFACTURED UNDER THE CLASS 9**
13 **LIMITED DISTILLERY LICENSE AT RETAIL IN A MANNER CONSISTENT WITH THE**
14 **UNDERLYING CLASS B LICENSE; AND**

15 **(2) MAY NOT SELL AT RETAIL ON THE PREMISES OF THE CLASS B**
16 **LICENSE, FOR ON– OR OFF–SALE CONSUMPTION, MORE THAN 15,500 GALLONS OF**
17 **THE PRODUCTS MANUFACTURED UNDER THE CLASS 9 LIMITED DISTILLERY**
18 **LICENSE EACH CALENDAR YEAR.**

19 **(C) A HOLDER OF A CLASS 9 LIMITED DISTILLERY LICENSE AND A CLASS B**
20 **BEER, WINE, AND LIQUOR LICENSE THAT DISTILLS MORE THAN THE GALLONAGE**
21 **SPECIFIED IN § 2–203(D)(3) OF THIS ARTICLE SHALL DIVEST ITSELF OF ANY CLASS**
22 **B RETAIL LICENSE AND OBTAIN A CLASS 1 MANUFACTURER’S LICENSE.**

23 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
24 1, 2016.