

SENATE BILL 9

A2

EMERGENCY BILL
(PRE-FILED)

6lr0461
CF HB 1590

By: **Senator Reilly**

Requested: July 15, 2015

Introduced and read first time: January 13, 2016

Assigned to: Education, Health, and Environmental Affairs

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 4, 2016

CHAPTER _____

1 AN ACT concerning

2 **Anne Arundel County and the City of Annapolis – Alcoholic Beverages – Limited**
3 **Distillery License**

4 FOR the purpose of authorizing a Class 9 limited distillery license to be issued in Anne
5 Arundel County and the City of Annapolis; making this Act an emergency measure;
6 making certain provisions of this Act subject to a certain contingency; providing for
7 the termination of certain provisions of this Act; and generally relating to a Class 9
8 distillery license in Anne Arundel County and the City of Annapolis.

9 BY repealing and reenacting, with amendments,
10 Article 2B – Alcoholic Beverages
11 Section 2–202.1
12 Annotated Code of Maryland
13 (2011 Replacement Volume and 2015 Supplement)

14 BY repealing and reenacting, without amendments,
15 Article – Alcoholic Beverages
16 Section 10–102 and 11–102
17 Annotated Code of Maryland
18 (As enacted by Chapter _____ (S.B. 724) of the Acts of the General Assembly of 2016)

19 BY repealing and reenacting, with amendments,
20 Article – Alcoholic Beverages
21 Section 10–401 and 11–401

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 Annotated Code of Maryland

2 (As enacted by Chapter (S.B. 724) of the Acts of the General Assembly of 2016)

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

5 **Article 2B – Alcoholic Beverages**

6 2–202.1.

7 (a) There is a Class 9 limited distillery license.

8 (b) The license shall be issued:

9 (1) By the State Comptroller; and

10 (2) Only to a holder of a Class D beer, wine and liquor license in **ANNE**
11 **ARUNDEL COUNTY, THE CITY OF ANNAPOLIS, OR** Worcester County for use on the
12 premises for which the Class D license was issued.

13 (c) (1) A holder of a Class 9 limited distillery license:

14 (i) May establish and operate a plant in this State for distilling,
15 rectifying, and bottling brandy, rum, whiskey, alcohol, and neutral spirits if the holder:

16 1. Maintains only one brand at any one time for each product
17 of brandy, rum, whiskey, alcohol, and neutral spirits that is distilled, rectified, and sold;
18 and

19 2. Does not manufacture or rectify product of any other
20 brand for another entity;

21 (ii) May acquire bulk alcoholic beverages from the holder of a
22 distillery or rectifying license in this State or from the holder of a nonresident dealer's
23 permit;

24 (iii) After acquiring an individual storage permit, may store on the
25 licensed premises those products manufactured under the Class 9 limited distillery license;

26 (iv) May sell and deliver those products manufactured under the
27 Class 9 limited distillery license only to a licensed wholesaler in this State or person
28 authorized to acquire distilled spirits in another state and not to a county dispensary;

29 (v) May sell the products manufactured under the Class 9 limited
30 distillery license at retail in a manner consistent with the underlying Class D license;

1 (vi) May conduct guided tours of that portion of the licensed premises
2 used for the limited distillery operation; and

3 (vii) May serve not more than three samples of products
4 manufactured at the licensed premises, with each sample consisting of not more than
5 one-half ounce from a single product, to persons who:

6 1. Have attained the legal drinking age;

7 2. Participated in a guided tour; and

8 3. Are present on that portion of the premises used for the
9 limited distillery operation.

10 (2) A holder of a Class 9 limited distillery license may not:

11 (i) Apply for or possess a Maryland wholesaler's license;

12 (ii) Sell bottles of the products manufactured at the Class 9 limited
13 distillery on that part of the premises used for the distillery operation;

14 (iii) Distill, rectify, bottle, or sell more than 100,000 gallons of
15 brandy, rum, whiskey, alcohol, and neutral spirits each calendar year;

16 (iv) Sell at retail on the premises of the Class D license, for on- or
17 off-sale consumption, more than 15,500 gallons of the products manufactured under the
18 Class 9 limited distillery license each calendar year; and

19 (v) Own, operate, or be affiliated in any manner with another
20 manufacturer.

21 (3) A holder of a Class 9 limited distillery license shall abide by all trade
22 practice restrictions applicable to distilleries.

23 (d) To distill more than the gallonage specified in subsection (c)(2)(iii) of this
24 section, a holder of a Class 9 limited distillery license shall divest itself of any Class D retail
25 license and obtain a Class 1 manufacturer's license.

26 SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland read
27 as follows:

28 **Article – Alcoholic Beverages**

29 10-102.

30 This title applies only in the City of Annapolis.

1 10-401.

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

4 (1) § 2-201 (“Issuance by Comptroller”);

5 (2) § 2-202 (“Class 1 distillery license”);

6 **(3) § 2-203 (“CLASS 9 LIMITED DISTILLERY LICENSE”);**

7 ~~[(3)] (4)~~ § 2-204 (“Class 2 rectifying license”);

8 ~~[(4)] (5)~~ § 2-205 (“Class 3 winery license”);

9 ~~[(5)] (6)~~ § 2-206 (“Class 4 limited winery license”);

10 ~~[(6)] (7)~~ § 2-207 (“Class 5 brewery license”);

11 ~~[(7)] (8)~~ § 2-208 (“Class 6 pub-brewery license”);

12 ~~[(8)] (9)~~ § 2-209 (“Class 7 micro-brewery license”);

13 ~~[(9)] (10)~~ § 2-210 (“Class 8 farm brewery license”);

14 ~~[(10)] (11)~~ § 2-211 (“Residency requirement”);

15 ~~[(11)] (12)~~ § 2-212 (“Additional licenses”);

16 ~~[(12)] (13)~~ § 2-213 (“Additional fees”);

17 ~~[(13)] (14)~~ § 2-214 (“Sale or delivery restricted”);

18 ~~[(14)] (15)~~ § 2-216 (“Interaction between manufacturing entities and
 19 retailers”);

20 ~~[(15)] (16)~~ § 2-217 (“Distribution of alcoholic beverages — Prohibited
 21 practices”); and

22 ~~[(16)] (17)~~ § 2-218 (“Restrictive agreements between producers and
 23 retailers — Prohibited”).

24 (b) [The following sections of Title 2, Subtitle 2 (“Manufacturer’s Licenses”)]
 25 **SECTION 2-215 (“BEER SALE ON CREDIT TO RETAIL DEALER PROHIBITED”)** of
 26 Division I of this article [do] DOES not apply in the City[;

1 (1) § 2–203 (“Class 9 limited distillery license”); and

2 (2) § 2–215 (“Beer sale on credit to retail dealer prohibited”)].

3 11–102.

4 This title applies only in Anne Arundel County.

5 11–401.

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

8 (1) § 2–201 (“Issuance by Comptroller”);

9 (2) § 2–202 (“Class 1 distillery license”);

10 **(3) § 2–203 (“CLASS 9 LIMITED DISTILLERY LICENSE”);**

11 **[(3)] (4) § 2–204 (“Class 2 rectifying license”);**

12 **[(4)] (5) § 2–205 (“Class 3 winery license”);**

13 **[(5)] (6) § 2–206 (“Class 4 limited winery license”);**

14 **[(6)] (7) § 2–207 (“Class 5 brewery license”);**

15 **[(7)] (8) § 2–208 (“Class 6 pub–brewery license”);**

16 **[(8)] (9) § 2–209 (“Class 7 micro–brewery license”);**

17 **[(9)] (10) § 2–210 (“Class 8 farm brewery license”);**

18 **[(10)] (11) § 2–211 (“Residency requirement”);**

19 **[(11)] (12) § 2–212 (“Additional licenses”);**

20 **[(12)] (13) § 2–213 (“Additional fees”);**

21 **[(13)] (14) § 2–214 (“Sale or delivery restricted”);**

22 **[(14)] (15) § 2–216 (“Interaction between manufacturing entities and
23 retailers”);**

1 [(15)] (16) § 2-217 (“Distribution of alcoholic beverages — Prohibited
 2 practices”); and

3 [(16)] (17) § 2-218 (“Restrictive agreements between producers and
 4 retailers — Prohibited”).

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

7 (c) Section 2-215 (“Beer sale on credit to retail dealer prohibited”) of Division I of
 8 this article applies in the County, subject to § 11-403 of this subtitle.

9 SECTION 3. AND BE IT FURTHER ENACTED, That Section 2 of this Act shall take
 10 effect on the taking effect of Chapter (S.B. 724) of the Acts of the General Assembly of
 11 2016. If Section 2 of this Act takes effect, Section 1 of this Act shall be abrogated and of no
 12 further force and effect.

13 SECTION ~~2~~ 4. AND BE IT FURTHER ENACTED, That this Act is an emergency
 14 measure, is necessary for the immediate preservation of the public health or safety, has
 15 been passed by a ye and nay vote supported by three-fifths of all the members elected to
 16 each of the two Houses of the General Assembly, and shall take effect from the date it is
 17 enacted.

Approved:

Governor.

President of the Senate.

Speaker of the House of Delegates.