

# HOUSE BILL 1531

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By: **Delegate Lisanti**

Introduced and read first time: February 15, 2017

Assigned to: Rules and Executive Nominations

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## A BILL ENTITLED

1 AN ACT concerning

2 **Alcoholic Beverages – Limited Winery Licenses – Auxiliary Winery Permits**

3 FOR the purpose of establishing an auxiliary winery permit; authorizing the Comptroller  
4 to issue the permit to a Class 4 limited winery for use at a location off the licensed  
5 premises anywhere in the State; providing that the Comptroller may issue only one  
6 permit to a single applicant; authorizing the holder of the permit to exercise the  
7 privileges with certain exceptions that are allowed at the premises for which the  
8 holder's Class 4 license is issued; requiring that an agent who is certified by an  
9 approved alcohol awareness program be present while a permit holder sells or  
10 provides samples of wine; requiring an applicant for a permit to submit a certain  
11 application to the Comptroller; providing for an annual permit fee; repealing certain  
12 requirements relating to the authority of a holder of a Class 3 winery license to sell  
13 at retail wine made at the plant; repealing certain requirements relating to the  
14 authority of a holder of a Class 3 winery license to serve, at no charge, no more than  
15 a certain amount of wine to a certain individual; repealing a certain maximum limit  
16 on the amount of wine an individual may purchase under certain conditions;  
17 requiring a holder of a Class 4 limited winery license to own or have under contract  
18 a certain amount of acres of grapes or other fruit in cultivation for use in the  
19 production of wine in the State or use a certain amount of Maryland grown grapes,  
20 other fruit, or other agricultural products in the production of its wine; making a  
21 certain exception; requiring certain holders of a Class 4 winery license to meet  
22 certain requirements beginning on a certain date; and generally relating to limited  
23 winery licenses and the establishment of an auxiliary winery permit.

24 BY adding to  
25 Article – Alcoholic Beverages  
26 Section 2–132.4  
27 Annotated Code of Maryland  
28 (2016 Volume and 2016 Supplement)

29 BY repealing and reenacting, with amendments,

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 Article – Alcoholic Beverages  
2 Section 2–205 and 2–206  
3 Annotated Code of Maryland  
4 (2016 Volume and 2016 Supplement)

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

7 **Article – Alcoholic Beverages**

8 **2–132.4.**

9 **(A) THERE IS AN AUXILIARY WINERY PERMIT.**

10 **(B) (1) THE COMPTROLLER MAY ISSUE THE PERMIT TO A CLASS 4**  
11 **LIMITED WINERY FOR USE AT A LOCATION OFF THE LICENSED PREMISES ANYWHERE**  
12 **IN THE STATE.**

13 **(2) THE COMPTROLLER MAY ISSUE ONLY ONE PERMIT TO A SINGLE**  
14 **APPLICANT.**

15 **(C) (1) EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS SUBSECTION,**  
16 **THE PERMIT AUTHORIZES THE HOLDER TO EXERCISE ALL OF THE PRIVILEGES**  
17 **ALLOWED AT THE PREMISES FOR WHICH THE LICENSE HOLDER’S CLASS 4 LICENSE**  
18 **IS ISSUED.**

19 **(2) THE PERMIT HOLDER MAY NOT FERMENT AND BOTTLE WINE OR**  
20 **DISTILL AND BOTTLE POMACE BRANDY AT THE LOCATION DESCRIBED IN THE**  
21 **PERMIT.**

22 **(D) WHILE SELLING OR PROVIDING SAMPLES OF WINE, A PERMIT HOLDER**  
23 **SHALL HAVE AN AGENT PRESENT WHO IS CERTIFIED BY AN APPROVED ALCOHOL**  
24 **AWARENESS PROGRAM.**

25 **(E) AN APPLICANT SHALL:**

26 **(1) SUBMIT TO THE COMPTROLLER A COMPLETED APPLICATION ON A**  
27 **FORM THAT THE COMPTROLLER PROVIDES; AND**

28 **(2) PAY AN ANNUAL FEE OF \$250 FOR THE PERMIT.**

29 2–205.

30 (a) There is a Class 3 winery license.

1 (b) A license holder may:

2 (1) establish and operate a plant for fermenting and bottling wine at the  
3 location described in the license;

4 (2) import bulk wine from the holder of a nonresident dealer's permit;

5 (3) sell and deliver wine to:

6 (i) a holder of a wholesaler's license;

7 (ii) a holder of a permit that is authorized to acquire wine; and

8 (iii) a person outside the State that is authorized to acquire wine;

9 (4) [subject to subsection (c) of this section,] sell at retail wine made at the  
10 plant [from products grown in the State to an individual participating in a guided tour of  
11 the plant]; and

12 (5) serve, at no charge, not more than 6 ounces of wine made at the plant  
13 to an individual who has attained the legal drinking age [and is participating in a guided  
14 tour of the plant].

15 (c) [An individual may purchase wine under subsection (b)(4) of this section if the  
16 individual:

17 (1) purchases not more than 1 quart in a single year; and

18 (2) has attained the legal drinking age.

19 (d)] The annual license fee is \$750.

20 2-206.

21 (a) There is a Class 4 limited winery license.

22 (b) (1) A license holder may:

23 (i) subject to paragraph [(2)] **(3)** of this subsection, from available  
24 Maryland agricultural products:

25 1. ferment and bottle wine; and

26 2. distill and bottle pomace brandy; and

1 (ii) sell and deliver the wine and pomace brandy to:

2 1. a holder of a wholesaler's license;

3 2. a holder of a permit that is authorized to acquire wine or  
4 pomace brandy; or

5 3. a person outside the State that is authorized to acquire  
6 wine or pomace brandy.

7 **(2) (I) SUBJECT TO SUBPARAGRAPH (III) OF THIS PARAGRAPH, A**  
8 **LICENSE HOLDER SHALL:**

9 1. **EXCEPT AS PROVIDED IN SUBPARAGRAPH (II) OF THIS**  
10 **PARAGRAPH, OWN OR HAVE UNDER CONTRACT AT LEAST 20 ACRES OF GRAPES OR**  
11 **FRUIT IN CULTIVATION FOR USE IN THE PRODUCTION OF WINE IN THE STATE; OR**

12 2. **USE AT LEAST 51% STATE-GROWN GRAPES, OTHER**  
13 **FRUIT, OR OTHER AGRICULTURAL PRODUCTS IN THE PRODUCTION OF THE LICENSE**  
14 **HOLDER'S WINE.**

15 **(II) A LICENSE HOLDER WHO DOES NOT OWN OR HAVE UNDER**  
16 **CONTRACT AT LEAST 20 ACRES OF GRAPES OR OTHER FRUIT IN CULTIVATION FOR**  
17 **USE IN THE PRODUCTION OF WINE IN THE STATE MAY PRODUCE 2,000 GALLONS OF**  
18 **WINE FOR EVERY ACRE MEETING THE REQUIREMENTS OF THIS SUBSECTION.**

19 **(III) A PERSON WHO OBTAINED A LICENSE ON OR BEFORE JULY**  
20 **1, 2017, SHALL MEET THE REQUIREMENTS OF SUBPARAGRAPH (I) OR (II) OF THIS**  
21 **PARAGRAPH BEFORE MAY 1, 2021.**

22 **[(2)] (3) (I) THIS PARAGRAPH DOES NOT APPLY TO PARAGRAPH**  
23 **(2) OF THIS SUBSECTION.**

24 **[(i)] (II)** On or before January 31 of each year, the Maryland  
25 Department of Agriculture shall determine if an insufficient supply of Maryland  
26 agricultural products exists.

27 **[(ii)] (III)** If an insufficient supply is determined to exist, a license  
28 holder may use agricultural products from outside the State to manufacture wine and  
29 pomace brandy during the period covered by the determination of the Department.

30 **[(3)] (4)** Except as provided in Subtitle 3 of this title, a license holder need  
31 not obtain any other license to possess, manufacture, sell, or transport wine or pomace  
32 brandy.

- 1                    **[(4)] (5)**      A license holder may:
- 2                    (i)      sell wine and pomace brandy produced by the license holder for  
3 consumption;
- 4                    (ii)     in an amount not exceeding 2 fluid ounces per brand, provide  
5 samples of wine and pomace brandy that the license holder produces to a consumer:
- 6                    1.      at no charge; or
- 7                    2.      for a fee; and
- 8                    (iii)    subject to paragraph **[(5)] (6)** of this subsection, sell or serve  
9 only:
- 10                   1.      bread and other baked goods;
- 11                   2.      chili;
- 12                   3.      chocolate;
- 13                   4.      crackers;
- 14                   5.      cured meat;
- 15                   6.      fruits (whole and cut);
- 16                   7.      hard and soft cheese (whole and cut);
- 17                   8.      salads and vegetables (whole and cut);
- 18                   9.      the following items made with Maryland wine:
- 19                   A.      ice cream;
- 20                   B.      jam;
- 21                   C.      jelly; and
- 22                   D.      vinegar;
- 23                   10.     pizza;
- 24                   11.     prepackaged sandwiches and other prepackaged foods  
25 ready to be eaten;
- 26                   12.     soup; and

1 13. condiments.

2 [(5) (6) (i) A caterer is not limited to selling or serving only the foods  
3 specified in paragraph [(4)(iii)] (5)(III) of this subsection.

4 (ii) A license holder or entity in which the license holder has a  
5 pecuniary interest may not act as a caterer of food.

6 [(6) (7) Subject to paragraph [(7)] (8) of this subsection, a license holder  
7 may conduct the activities specified in paragraph [(4)] (5) of this subsection:

8 (i) for off-premises consumption of wine and pomace brandy and for  
9 sampling, from 10 a.m. to 10 p.m. each day; and

10 (ii) for on-premises consumption of wine and pomace brandy and  
11 sales and service of food on the licensed premises:

12 1. from 10 a.m. to 6 p.m. each day; or

13 2. if guests are attending a planned promotional event or  
14 other organized activity on the licensed premises, from 10 a.m. to 10 p.m. each day.

15 [(7) (8) Except as provided in Division II of this article, the license allows  
16 the license holder to operate 7 days a week.

17 [(8) (9) At least 14 days before holding a planned promotional event after  
18 6 p.m., a license holder shall file a notice of the promotional event with the Comptroller on  
19 the form that the Comptroller provides.

20 [(9) (10) Nothing in this subsection limits the application of relevant  
21 provisions of Title 21 of the Health – General Article, and regulations adopted under that  
22 title, to a license holder.

23 (c) The place listed on the license shall be in compliance with § 1-405(b) of this  
24 article.

25 (d) A license holder may:

26 (1) store on its licensed premises, in a segregated area approved by the  
27 Comptroller, the product of other Class 4 limited wineries to be used at Maryland Wineries  
28 Association promotional activities, provided records are maintained and reports filed  
29 regarding the storage under this item as may be required by the Comptroller;

30 (2) distill and bottle not more than 1,900 gallons of pomace brandy made  
31 from available Maryland agricultural products;

1           (3) purchase bulk wine fermented by a manufacturer licensed under this  
2 article and blend the wine with the license holder's wine and pomace brandy if the  
3 aggregate purchase does not exceed 25% of the license holder's annual wine and pomace  
4 brandy production;

5           (4) purchase pomace brandy only for blending with wine;

6           (5) import, export, and transport its wine and pomace brandy in accordance  
7 with this section; and

8           (6) produce wine and pomace brandy at a warehouse for which the license  
9 holder has been issued an individual storage permit, if:

10           (i) the license holder does not serve or sell wine or pomace brandy  
11 at a warehouse to the public; and

12           (ii) the Comptroller has full access at all times to the warehouse to  
13 enforce this article.

14           (e) A Class 4 limited winery may be located only at the place stated on the license.

15           (f) If a license holder maintains the records and files the reports that the  
16 Comptroller requires, the license holder may:

17           (1) in the State, conduct winemaking and packaging activities at another  
18 federally bonded winery or limited winery; or

19           (2) outside the State, conduct winemaking and packaging activities, other  
20 than fermentation, at another federally bonded winery.

21           (g) Throughout the winemaking process, the license holder shall:

22           (1) maintain ownership of the wine or pomace brandy; and

23           (2) ensure that the wine or pomace brandy returns to the location of the  
24 limited winery.

25           (h) The annual license fee is \$200.

26           SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July  
27 1, 2017.