HOUSE BILL 1052

A1 8lr3816

By: Delegates Branch and Davis

Introduced and read first time: February 7, 2018

Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

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Alcoholic Beverages - Class 5 Brewery License - Alterations

3 FOR the purpose of repealing the authority of the holder of a Class 5 brewery license to contract with certain persons to brew and bottle beer; altering the sample sizes, 4 5 types, and amounts of certain beer that the holder may serve to certain persons 6 under certain circumstances; altering the authorization for a license holder to sell 7 beer for off-premises consumption in a certain manner; altering the authorization of 8 an individual to purchase beer not exceeding a certain amount; requiring a local 9 licensing board to grant an on-site consumption permit to the holder of a certain license; repealing the authorization for a license holder to sell certain beer that is 10 11 fermented and brewed under contract with a certain brand owner; repealing the 12 authorization to sell certain beer for on-premises consumption that is brewed at a 13 location other than the licensed premises; altering the total amount of beer that may 14 be sold each year by a license holder for on-premises consumption, with a certain 15 exception; altering the sample sizes, types, and amounts of beer that the holder may 16 provide at a certain promotional event; repealing certain limitations on the sales and 17 serving privileges of an on-site consumption permit and certain licenses; making conforming changes; and generally relating to breweries and alcoholic beverages 18 19 regulation.

20 BY repealing and reenacting, with amendments,

Article – Alcoholic Beverages

22 Section 2–207

23 Annotated Code of Maryland

(2016 Volume and 2017 Supplement)

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

26 That the Laws of Maryland read as follows:

Article - Alcoholic Beverages

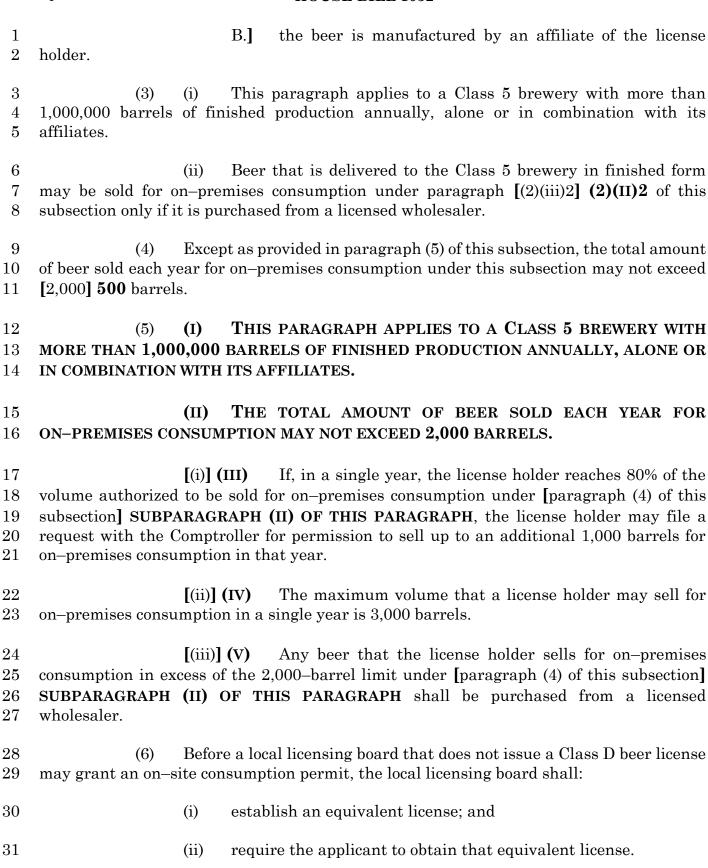


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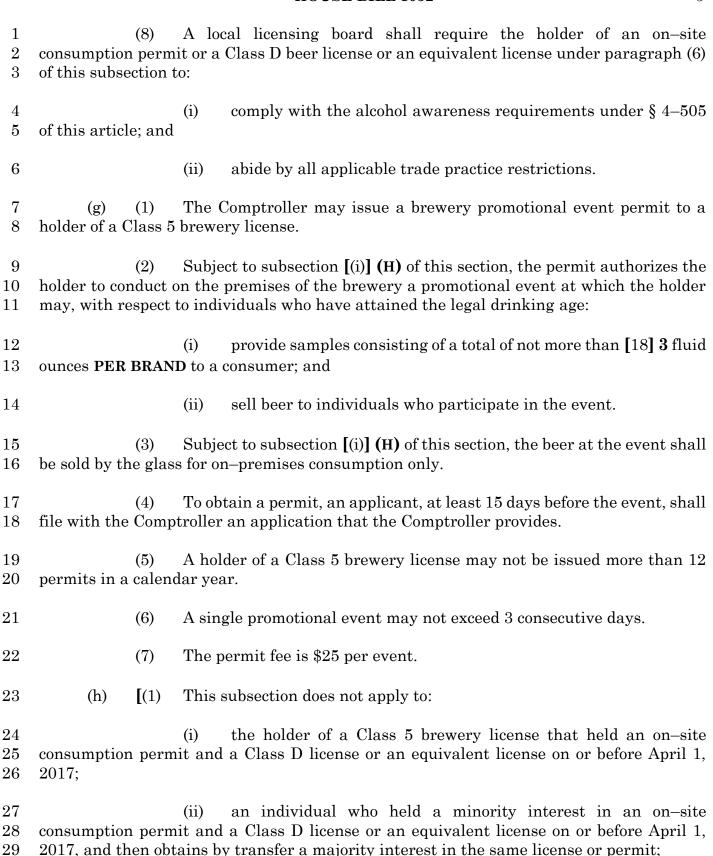
- 1 2-207.2 In this section, "affiliate" means a person that directly or indirectly through 3 one or more intermediaries controls, is controlled by, or is under common control with a 4 holder of a Class 5 brewery license. 5 (b) There is a Class 5 brewery license. 6 (c) A license holder may: 7 establish and operate a plant for brewing and bottling malt beverages 8 at the location described in the license; 9 import beer from a holder of a nonresident dealer's permit; (2)10 contract to brew and bottle beer with and on behalf of the holder of a (3)11 Class 2 rectifying license, Class 5 brewery license, Class 7 micro-brewery license, Class 8 12 farm brewery license, or a nonresident dealer's permit; 13 sell and deliver beer to: (4)14 (i) a holder of a wholesaler's license that is authorized to acquire 15 beer: or 16 (ii) a person outside of the State that is authorized to acquire beer; 17 [(5)] **(4)** subject to subsection [(i)] (H) of this section, serve, at no charge, NOT MORE THAN SIX samples of beer, consisting of [a total of] not more than [18] 3 ounces 18 19 FROM A SINGLE STYLE of beer [per visit], to an individual who: 20 (i) has attained the legal drinking age; and 21is participating in a guided tour of the brewery or attends a (ii) 22scheduled promotional event or other organized activity at the brewery; 23[(6)] **(5)** subject to subsections (d) and [(i)] (H) of this section, sell beer for 24off-premises consumption at retail [in a container other than a keg] to an individual 25participating in a guided tour of the brewery or attending a scheduled promotional event 26 or other organized activity at the brewery; and 27 [(7)] **(6)** subject to subsection (f) of this section, sell beer at the location
- 29 (d) An individual may purchase beer under subsection [(c)(6)] (C)(5) of this 30 section if the individual:

described in the license for on-premises consumption.

1	(1) purchases not more than 288 ounces of beer [per visit]; and
2	(2) has attained the legal drinking age.
3	(e) The annual license fee is \$1,500.
4 5 6	(f) (1) A local licensing board [may] SHALL grant an on–site consumption permit to an applicant that holds a Class 5 brewery license and, subject to paragraph (6) of this subsection, a Class D beer license.
7 8 9 10	(2) Subject to the maximum volume limit under paragraph (4) of this subsection, a Class D beer license or an equivalent license under paragraph (6) of this subsection entitles the holder to sell to an individual who has attained the legal drinking age, for on–premises consumption at the brewery:
11	(i) beer:
12 13	1. of which the holder of the Class 5 license is the brand owner; and
14 15	the license holder; AND 2. that is fermented and brewed entirely at the brewery of
16 17	(ii) [beer that is fermented and brewed entirely at the brewery under contract with a brand owner who does not possess a Class 5 license; and
18 19	(iii)] subject to paragraph (3) of this subsection, beer brewed at a location other than the Class 5 brewery if:
20 21	$1. \qquad \text{the brand owner of the beer is the holder of the Class 5}\\ \text{license or an affiliate of the holder of the Class 5 license;}$
22 23 24	2. the number of barrels of the beer sold for on-premises consumption under the Class D beer license or an equivalent license or an on-site consumption permit in a calendar year does not exceed [the greater of:
25 26 27	A. 25% of the total number of barrels of beer sold for on–premises consumption under the Class D license or an equivalent license or an on–site consumption permit in that calendar year; or
28 29	B.] 1.2% of total finished production under the Class 5 brewery license; and
30 31	3. [A. the license holder contracts with or on behalf of a holder of a manufacturer's license or nonresident dealer's permit; or

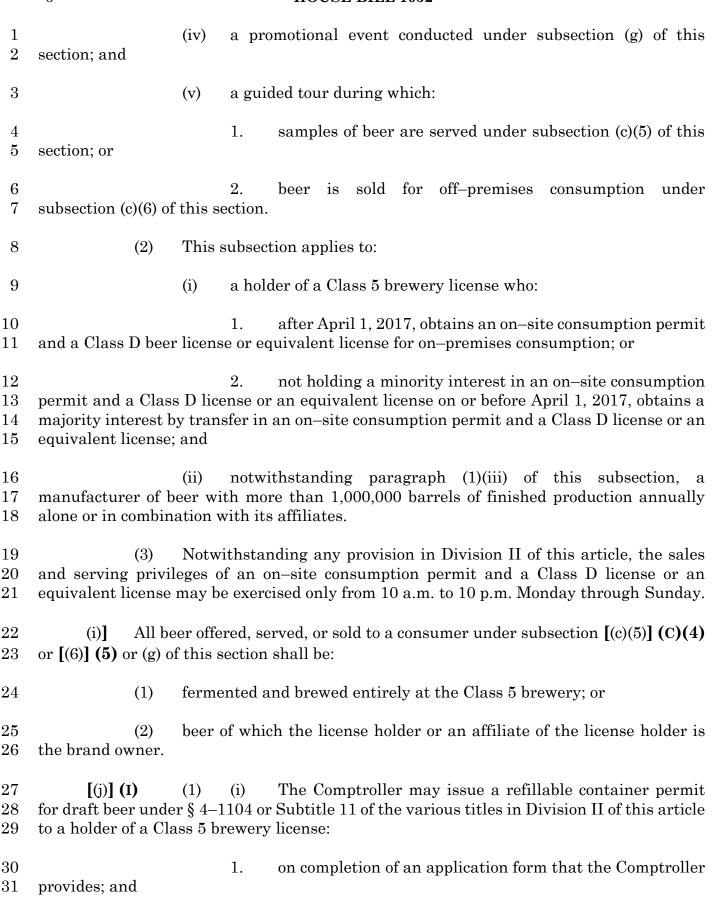


32 (7) A local licensing board may charge a fee for granting an on-site 33 consumption permit.



30 (iii) a location in the State for which a completed brewer's notice form 31 was filed with the U. S. Department of Treasury on or before April 1, 2017;

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at no cost to the holder of the Class 5 brewery license.

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- 1 (ii) A refillable container permit may be renewed each year 2 concurrently with the renewal of the Class 5 brewery license.
- 3 (2) The hours of sale for a refillable container permit issued under this 4 subsection are the same as the hours when a guided tour, a promotional event, or other 5 organized activity at the licensed premises authorized under subsection (c) of this section 6 may be conducted.
- [(k)] (J) (1) On or before October 1 each year, the Comptroller shall report to the Senate Education, Health, and Environmental Affairs Committee and the House Economic Matters Committee, in accordance with § 2–1246 of the State Government Article, on the following, identified by jurisdiction and Class 5 license holder:
- 11 (i) the total beer production of the license holder in the preceding 12 fiscal year;
- 13 (ii) the total sales of the license holder for on–site consumption 14 under an on–site consumption permit, a Class D beer license, or an equivalent license in 15 the preceding fiscal year;
- 16 (iii) whether the license holder has requested permission to sell 17 additional beer under subsection **[**(f)(5)(i)**]** (**F**)(5)(III) of this section, and whether the 18 Comptroller granted that permission, for the preceding fiscal year; and
- 19 (iv) the total sales of the license holder of additional beer under 20 subsection **[**(f)(5)(i)**] (F)(5)(III)** of this section in the preceding fiscal year.
- 21 (2) Each holder of a Class 5 license shall report to the Comptroller the 22 information needed to prepare the annual report under this subsection.
- 23 (3) The Comptroller may include the information reported under this 24 subsection in the annual report submitted under § 1–306 of this article.
- SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect June 1, 2018.