

SENATE BILL 909

A1

8lr3391

By: **Senator Waugh**

Introduced and read first time: February 5, 2018

Assigned to: Education, Health, and Environmental Affairs

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 13, 2018

CHAPTER _____

1 AN ACT concerning

2 **Alcoholic Beverages – Class 1 Distillery License – On-Site Consumption Permit**

3 FOR the purpose of authorizing the holder of a Class 1 distillery license to sell mixed drinks
4 made from certain liquor and other nonalcoholic ingredients, under certain
5 circumstances; authorizing a local licensing board to grant an on-site consumption
6 permit to the holder of a Class 1 distillery license; authorizing a local licensing board
7 to establish and charge a fee for a certain permit; establishing a limit on a certain
8 permit; requiring the holders of a certain permit to comply with certain requirements
9 and restrictions; and generally relating to Class 1 distillery licenses.

10 BY repealing and reenacting, with amendments,
11 Article – Alcoholic Beverages
12 Section 2–202
13 Annotated Code of Maryland
14 (2016 Volume and 2017 Supplement)

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

17 **Article – Alcoholic Beverages**

18 2–202.

19 (a) There is a Class 1 distillery license.

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 (b) The license shall be obtained for each trade name and each distillery in the
2 State.

3 (c) A license holder may:

4 (1) establish and operate a plant for distilling, rectifying, blending, and
5 bottling, at the location described in the license:

6 (i) brandy;

7 (ii) rum;

8 (iii) whiskey;

9 (iv) alcohol; and

10 (v) neutral spirits;

11 (2) sell and deliver the alcoholic beverages:

12 (i) in bulk to a person in the State that is authorized to acquire
13 them; and

14 (ii) to a person outside the State that is authorized to acquire them;

15 (3) manufacture an alcoholic beverage listed in item (1) of this subsection
16 in the name of another person or under a trade name if the other person or trade name also
17 holds a Class 1 distillery license;

18 (4) acquire alcoholic beverages from the holder of a manufacturer's license
19 or wholesaler's license or nonresident dealer's permit for use in manufacturing; **[and]**

20 (5) (i) conduct guided tours of the licensed premises;

21 (ii) at no cost or for a fee, serve to an individual who has attained the
22 legal drinking age and participated in a guided tour of the licensed premises, not more than
23 2 ounces of products, with each product sample consisting of not more than one-half ounce
24 from a single product manufactured by the license holder;

25 (iii) serve samples blended with other products manufactured by the
26 license holder or nonalcoholic ingredients; and

27 (iv) sell not more than 2.25 liters of products manufactured on the
28 licensed premises, for off-premises consumption, and related merchandise to an individual
29 who has attained the legal drinking age and participated in a guided tour of the licensed
30 premises; **AND**

1 **(6) SUBJECT TO SUBSECTION (I) OF THIS SECTION, SELL LIQUOR**
2 **MANUFACTURED BY THE LICENSE HOLDER THAT IS MIXED WITH OTHER**
3 **NONALCOHOLIC INGREDIENTS.**

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

6 (e) Subject to subsection (f) of this section, a license holder may conduct the
7 activities specified in ~~subsection~~ **SUBSECTIONS (c)(5) AND (I)(2)** of this section from 10
8 a.m. to 10 p.m. each day.

9 (f) A Class 1 distillery license allows the license holder to operate 7 days a week.

10 (g) At least 14 days before holding a planned promotional event after 6 p.m., a
11 license holder shall file a notice of the promotional event with the Comptroller on the form
12 that the Comptroller provides.

13 (h) A holder of a caterer's license or privilege under Subtitle 5 of this title or
14 Subtitle 12 of various titles of Division II of this article may exercise the privileges of the
15 license or privilege on the licensed premises of the license holder.

16 (i) **(1) A LOCAL LICENSING BOARD MAY GRANT AN ON-SITE**
17 **CONSUMPTION PERMIT FOR USE AT THE LOCATION OF THE CLASS 1 DISTILLERY**
18 **LICENSE TO A HOLDER OF A CLASS 1 DISTILLERY LICENSE.**

19 **(2) (I) THE PERMIT AUTHORIZES THE HOLDER TO SELL MIXED**
20 **DRINKS MADE FROM LIQUOR THAT THE HOLDER PRODUCES THAT IS MIXED WITH**
21 **OTHER NONALCOHOLIC INGREDIENTS FOR ON-PREMISES CONSUMPTION.**

22 **(II) THE HOLDER MAY NOT USE MORE THAN AN AGGREGATE OF**
23 **7,750 GALLONS ANNUALLY OF LIQUOR THE HOLDER PRODUCES FOR MIXED DRINKS**
24 **SOLD UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH.**

25 **(3) A LOCAL LICENSING BOARD:**

26 **(I) MAY ESTABLISH AND CHARGE A PERMIT FEE; AND**

27 **(II) SHALL REQUIRE THE PERMIT HOLDER TO:**

28 **1. COMPLY WITH THE ALCOHOL AWARENESS**
29 **REQUIREMENTS UNDER § 4-505 OF THIS ARTICLE; AND**

30 **2. ABIDE BY ALL APPLICABLE TRADE PRACTICE**
31 **RESTRICTIONS.**

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1 **(J)** Nothing in this section limits the application of relevant provisions of Title 21
2 of the Health – General Article, and regulations adopted under that title, to a license holder.

3 **[(j)](K)** The annual license fee is \$2,000.

4 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
5 1, 2018.

Approved:

Governor.

President of the Senate.

Speaker of the House of Delegates.