

SENATE BILL 1017

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CF 8lr1858

By: **Senator Robinson**

Introduced and read first time: February 5, 2018

Assigned to: Education, Health, and Environmental Affairs

A BILL ENTITLED

1 AN ACT concerning

2 **Alcoholic Beverages – Class 5 Breweries – On-Premises Sales**

3 FOR the purpose of altering the maximum number of barrels of beer that a holder of a Class
4 5 brewery license may sell for on–premises consumption in a single year; repealing
5 a certain procedure under which a holder of a Class 5 license may sell a certain
6 number of barrels of beer for on–premises consumption; repealing the requirement
7 for the Comptroller annually to report certain information regarding the sale of
8 additional beer to certain legislative committees; and generally relating to
9 on–premises sales of beer by Class 5 breweries.

10 BY repealing and reenacting, without amendments,

11 Article – Alcoholic Beverages
12 Section 2–207(b)
13 Annotated Code of Maryland
14 (2016 Volume and 2017 Supplement)

15 BY repealing and reenacting, with amendments,

16 Article – Alcoholic Beverages
17 Section 2–207(f) and (k)
18 Annotated Code of Maryland
19 (2016 Volume and 2017 Supplement)

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

22 **Article – Alcoholic Beverages**

23 2–207.

24 (b) There is a Class 5 brewery license.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (f) (1) A local licensing board may grant an on-site consumption permit to an
2 applicant that holds a Class 5 brewery license and, subject to paragraph [(6)] (5) of this
3 subsection, a Class D beer license.

4 (2) Subject to the maximum volume limit under paragraph (4) of this
5 subsection, a Class D beer license or an equivalent license under paragraph [(6)] (5) of this
6 subsection entitles the holder to sell to an individual who has attained the legal drinking
7 age, for on-premises consumption at the brewery:

8 (i) beer:

9 1. of which the holder of the Class 5 license is the brand
10 owner; and

11 2. that is fermented and brewed entirely at the brewery of
12 the license holder;

13 (ii) beer that is fermented and brewed entirely at the brewery under
14 contract with a brand owner who does not possess a Class 5 license; and

15 (iii) subject to paragraph (3) of this subsection, beer brewed at a
16 location other than the Class 5 brewery if:

17 1. the brand owner of the beer is the holder of the Class 5
18 license or an affiliate of the holder of the Class 5 license;

19 2. the number of barrels of the beer sold for on-premises
20 consumption under the Class D beer license or an equivalent license or an on-site
21 consumption permit in a calendar year does not exceed the greater of:

22 A. 25% of the total number of barrels of beer sold for
23 on-premises consumption under the Class D license or an equivalent license or an on-site
24 consumption permit in that calendar year; or

25 B. 1.2% of total finished production under the Class 5
26 brewery license; and

27 3. A. the license holder contracts with or on behalf of a
28 holder of a manufacturer's license or nonresident dealer's permit; or

29 B. the beer is manufactured by an affiliate of the license
30 holder.

31 (3) (i) This paragraph applies to a Class 5 brewery with more than
32 1,000,000 barrels of finished production annually, alone or in combination with its
33 affiliates.

1 (ii) Beer that is delivered to the Class 5 brewery in finished form
2 may be sold for on-premises consumption under paragraph (2)(iii)2 of this subsection only
3 if it is purchased from a licensed wholesaler.

4 (4) [Except as provided in paragraph (5) of this subsection, the total
5 amount of beer sold each year for on-premises consumption under this subsection may not
6 exceed 2,000 barrels.

7 (5) (i) If, in a single year, the license holder reaches 80% of the volume
8 authorized to be sold for on-premises consumption under paragraph (4) of this subsection,
9 the license holder may file a request with the Comptroller for permission to sell up to an
10 additional 1,000 barrels for on-premises consumption in that year.

11 (ii) The maximum volume that a license holder may sell for
12 on-premises consumption in a single year is [3,000] **25,000** barrels.

13 [(iii) Any beer that the license holder sells for on-premises
14 consumption in excess of the 2,000-barrel limit under paragraph (4) of this subsection shall
15 be purchased from a licensed wholesaler.]

16 [(6)] **(5)** Before a local licensing board that does not issue a Class D beer
17 license may grant an on-site consumption permit, the local licensing board shall:

18 (i) establish an equivalent license; and

19 (ii) require the applicant to obtain that equivalent license.

20 [(7)] **(6)** A local licensing board may charge a fee for granting an on-site
21 consumption permit.

22 [(8)] **(7)** A local licensing board shall require the holder of an on-site
23 consumption permit or a Class D beer license or an equivalent license under paragraph
24 [(6)] **(5)** of this subsection to:

25 (i) comply with the alcohol awareness requirements under § 4-505
26 of this article; and

27 (ii) abide by all applicable trade practice restrictions.

28 (k) (1) On or before October 1 each year, the Comptroller shall report to the
29 Senate Education, Health, and Environmental Affairs Committee and the House Economic
30 Matters Committee, in accordance with § 2-1246 of the State Government Article, on the
31 following, identified by jurisdiction and Class 5 license holder:

32 (i) the total beer production of the license holder in the preceding
33 fiscal year; **AND**

1 (ii) the total sales of the license holder for on-site consumption
2 under an on-site consumption permit, a Class D beer license, or an equivalent license in
3 the preceding fiscal year];

4 (iii) whether the license holder has requested permission to sell
5 additional beer under subsection (f)(5)(i) of this section, and whether the Comptroller
6 granted that permission, for the preceding fiscal year; and

7 (iv) the total sales of the license holder of additional beer under
8 subsection (f)(5)(i) of this section in the preceding fiscal year].

9 (2) Each holder of a Class 5 license shall report to the Comptroller the
10 information needed to prepare the annual report under this subsection.

11 (3) The Comptroller may include the information reported under this
12 subsection in the annual report submitted under § 1-306 of this article.

13 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
14 1, 2018.