

# HOUSE BILL 549

A1  
SB 909/18 – EHE

9lr1758

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By: **Delegates Lisanti, Healey, Krebs, R. Lewis, and Miller**

Introduced and read first time: February 4, 2019

Assigned to: Economic Matters

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## A BILL ENTITLED

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 ingredients, under certain circumstances;  
5 authorizing a local licensing board to grant an on-site consumption permit to the  
6 holder of a Class 1 distillery license; allowing mixed drinks sold by the permit holder  
7 to contain alcohol not produced by the holder, under certain circumstances;  
8 prohibiting the permit holder from possessing more than a certain amount of alcohol  
9 not produced by the holder; prohibiting the permit holder from using more than a  
10 certain amount annually of liquor the holder produces for mixed drinks; authorizing  
11 a local licensing board to establish and charge a fee for a certain permit; requiring  
12 the holders of a certain permit to comply with certain requirements and restrictions;  
13 and generally relating to Class 1 distillery licenses.

14 BY repealing and reenacting, with amendments,  
15 Article – Alcoholic Beverages  
16 Section 2–202  
17 Annotated Code of Maryland  
18 (2016 Volume and 2018 Supplement)

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

### 21 **Article – Alcoholic Beverages**

22 2–202.

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

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

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



- 1 (c) A license holder may:
- 2 (1) establish and operate a plant for distilling, rectifying, blending, and  
3 bottling, at the location described in the license:
- 4 (i) brandy;
- 5 (ii) rum;
- 6 (iii) whiskey;
- 7 (iv) alcohol; and
- 8 (v) neutral spirits;
- 9 (2) sell and deliver the alcoholic beverages:
- 10 (i) in bulk to a person in the State that is authorized to acquire  
11 them; and
- 12 (ii) to a person outside the State that is authorized to acquire them;
- 13 (3) manufacture an alcoholic beverage listed in item (1) of this subsection  
14 in the name of another person or under a trade name if the other person or trade name also  
15 holds a Class 1 distillery license;
- 16 (4) acquire alcoholic beverages from the holder of a manufacturer's license  
17 or wholesaler's license or nonresident dealer's permit for use in manufacturing; **[and]**
- 18 (5) (i) conduct guided tours of the licensed premises;
- 19 (ii) at no cost or for a fee, serve to an individual who has attained the  
20 legal drinking age and participated in a guided tour of the licensed premises, not more than  
21 2 ounces of products, with each product sample consisting of not more than one-half ounce  
22 from a single product manufactured by the license holder;
- 23 (iii) serve samples blended with other products manufactured by the  
24 license holder or nonalcoholic ingredients; and
- 25 (iv) sell not more than 2.25 liters of products manufactured on the  
26 licensed premises, for off-premises consumption, and related merchandise to an individual  
27 who has attained the legal drinking age and participated in a guided tour of the licensed  
28 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 **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 INGREDIENTS FOR ON-PREMISES CONSUMPTION.**

22                         **(II) THE MIXED DRINKS SOLD UNDER SUBPARAGRAPH (I) OF**  
23 **THIS PARAGRAPH MAY CONTAIN ALCOHOL THAT THE HOLDER DOES NOT PRODUCE,**  
24 **PROVIDED THAT:**

25                                 **1. AT LEAST 75 PERCENT OF THE ALCOHOL USED IN THE**  
26 **MIXED DRINKS IS PRODUCED BY THE HOLDER; AND**

27                                 **2. THE ALCOHOL THAT IS NOT PRODUCED BY THE**  
28 **HOLDER IS PURCHASED FROM A LICENSED RETAILER.**

29                                 **(III) THE HOLDER MAY NOT KEEP MORE THAN 10 VARIETIES OF**  
30 **ALCOHOL NOT PRODUCED BY THE HOLDER ON THE LICENSED PREMISES.**

31                                 **(IV) THE HOLDER MAY NOT USE MORE THAN AN AGGREGATE OF**  
32 **7,750 GALLONS ANNUALLY OF LIQUOR THE HOLDER PRODUCES FOR MIXED DRINKS**  
33 **SOLD UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH.**

- 1           **(3) A LOCAL LICENSING BOARD:**
- 2                   **(I) MAY ESTABLISH AND CHARGE A PERMIT FEE; AND**
- 3                   **(II) SHALL REQUIRE THE PERMIT HOLDER TO:**
- 4                           **1. COMPLY WITH THE ALCOHOL AWARENESS**  
5 **REQUIREMENTS UNDER § 4-505 OF THIS ARTICLE; AND**
- 6                           **2. ABIDE BY ALL APPLICABLE TRADE PRACTICE**  
7 **RESTRICTIONS.**
- 8           **(J)** Nothing in this section limits the application of relevant provisions of Title 21  
9 of the Health – General Article, and regulations adopted under that title, to a license holder.
- 10           **[j] (K)** The annual license fee is \$2,000.
- 11           **SECTION 2. AND BE IT FURTHER ENACTED,** That this Act shall take effect July  
12 1, 2019.