

# HOUSE BILL 550

A1  
SB 910/18 – EHE

9lr1741

---

By: ~~Delegates R. Lewis, Lisanti, Krebs, and R. Lewis,~~ and Mautz

Introduced and read first time: February 4, 2019

Assigned to: Economic Matters

---

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 12, 2019

---

## CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **Alcoholic Beverages – Class 9 Limited Distillery License – On-Premises**  
3 **Consumption Permit**

4 FOR the purpose of authorizing the Comptroller to grant a Class 9 limited distillery license  
5 to the holder of an on-premises consumption permit; authorizing a local licensing  
6 board that does not issue a certain license to grant an on-premises and off-premises  
7 consumption permit; authorizing a holder of the permit to sell products the applicant  
8 produces for off-premises consumption and mixed drinks made from liquor that the  
9 holder produces and other ingredients for on-premises consumption; authorizing a  
10 local licensing board to establish and charge a fee for a certain permit; requiring the  
11 holder of a certain permit to comply with certain requirements; and generally  
12 relating to Class 9 distillery licenses.

13 BY repealing and reenacting, with amendments,  
14 Article – Alcoholic Beverages  
15 Section 2–203  
16 Annotated Code of Maryland  
17 (2016 Volume and 2018 Supplement)

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

20 **Article – Alcoholic Beverages**

21 2–203.

---

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 (a) There is a Class 9 limited distillery license.

2 (b) The limited distillery license may be issued only to a holder of a:

3 (1) Class D beer, wine, and liquor license where sales for both on- and  
4 off-premises consumption are permitted for use on the premises for which the Class D  
5 license was issued; [or]

6 (2) Class B beer, wine, and liquor license where sales for both on- and  
7 off-premises consumption are permitted for use on the premises for which the Class B  
8 license was issued; **OR**

9 **(3) PERMIT AUTHORIZED UNDER SUBSECTION (G) OF THIS SECTION.**

10 (c) A holder of the limited distillery license:

11 (1) may establish and operate a plant in the State for distilling, rectifying,  
12 and bottling brandy, rum, whiskey, alcohol, and neutral spirits if the holder:

13 (i) maintains only one brand at any one time for each product of  
14 brandy, rum, whiskey, alcohol, and neutral spirits that is distilled, rectified, and sold; and

15 (ii) does not manufacture or rectify product of any other brand for  
16 another entity;

17 (2) may acquire bulk alcoholic beverages from the holder of a distillery or  
18 rectifying license in the State or from the holder of a nonresident dealer's permit;

19 (3) after acquiring an individual storage permit, may store on the licensed  
20 premises those products manufactured under the license;

21 (4) may sell and deliver those products manufactured under the license  
22 only to a licensed wholesaler in the State or person authorized to acquire distilled spirits  
23 in another state and not to a county dispensary;

24 (5) may sell the products manufactured under the license at retail in a  
25 manner consistent with the underlying Class D [or] **LICENSE, Class B license, OR PERMIT**  
26 **AUTHORIZED UNDER SUBSECTION (G) OF THIS SECTION;**

27 (6) may conduct guided tours of that portion of the licensed premises used  
28 for the limited distillery operation; and

29 (7) may serve not more than three samples of products manufactured at  
30 the licensed premises, with each sample consisting of not more than one-half ounce from a  
31 single product, to persons who:

- 1 (i) have attained the legal drinking age;
- 2 (ii) participated in a guided tour; and
- 3 (iii) are present on that portion of the premises used for the limited  
4 distillery operation.

5 (d) A holder of the limited distillery license may not:

6 (1) apply for or possess a wholesaler's license;

7 (2) sell bottles of the products manufactured at the Class 9 limited  
8 distillery on that part of the premises used for the distillery operation;

9 (3) except as provided in subsection (e) of this section, distill, rectify, bottle,  
10 or sell more than 100,000 gallons of brandy, rum, whiskey, alcohol, and neutral spirits each  
11 calendar year;

12 (4) sell at retail on the premises of the Class D [or] LICENSE, Class B  
13 license, **OR PERMIT AUTHORIZED UNDER SUBSECTION (G) OF THIS SECTION**, for  
14 on-premises or off-premises consumption, more than 31,000 gallons of the products  
15 manufactured under the license each calendar year; and

16 (5) own, operate, or be affiliated in any manner with another  
17 manufacturer.

18 (e) To distill more than the gallonage specified in subsection (d)(3) of this section,  
19 a holder of the limited distillery license shall divest itself of any Class D [or] **RETAIL**  
20 **LICENSE**, Class B retail license, **OR A PERMIT AUTHORIZED UNDER SUBSECTION (G)**  
21 **OF THIS SECTION** and obtain a Class 1 distillery license.

22 (f) A holder of the limited distillery license shall abide by all trade practice  
23 restrictions applicable to distilleries.

24 (g) **(1) A LOCAL LICENSING BOARD THAT DOES NOT ISSUE A CLASS D**  
25 **BEER, WINE, AND LIQUOR LICENSE MAY GRANT AN ON-PREMISES AND**  
26 **OFF-PREMISES CONSUMPTION PERMIT AT THE LOCATION OF A CLASS 9 DISTILLERY**  
27 **LICENSE THAT AUTHORIZES:**

28 **(I) THE SALE OF PRODUCTS THE APPLICANT PRODUCES FOR**  
29 **OFF-PREMISES CONSUMPTION; AND**

30 **(II) THE SALE OF LIQUOR MANUFACTURED BY THE APPLICANT**  
31 **THAT IS MIXED WITH OTHER INGREDIENTS FOR ON-PREMISES CONSUMPTION.**

32 **(2) A LOCAL LICENSING BOARD:**

1 (I) MAY ESTABLISH AND CHARGE A PERMIT FEE; AND

2 (II) SHALL REQUIRE THE PERMIT HOLDER TO COMPLY WITH  
3 THE ALCOHOL AWARENESS REQUIREMENTS UNDER § 4-505 OF THIS ARTICLE.

4 (H) The annual license fee is \$500.

5 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July  
6 1, 2019.

Approved:

\_\_\_\_\_  
Governor.

\_\_\_\_\_  
Speaker of the House of Delegates.

\_\_\_\_\_  
President of the Senate.