

HOUSE BILL 550

A1
SB 910/18 – EHE

9lr1741

By: **Delegates Lisanti, Krebs, and R. Lewis**
Introduced and read first time: February 4, 2019
Assigned to: Economic Matters

A BILL ENTITLED

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.

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

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

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



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

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

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

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

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

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

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

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

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

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

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

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

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

30 (i) have attained the legal drinking age;

31 (ii) participated in a guided tour; and

1 (iii) are present on that portion of the premises used for the limited
2 distillery operation.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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