

HOUSE BILL 231

A1

3lr1055
CF SB 223

By: **Delegates Schulz, Barkley, Clagett, Feldman, Haddaway–Riccio, Kramer,
Love, Olszewski, Schuh, and Stifler**

Introduced and read first time: January 22, 2013

Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Alcoholic Beverages – Class 7 Limited Beer Wholesaler’s License**

3 FOR the purpose of creating a Class 7 limited beer wholesaler’s license that allows the
4 license holder to sell, deliver, and distribute its own beer produced at the
5 holder’s premises to a retail license holder or permit holder in the State under
6 certain circumstances; repealing certain prohibitions against issuing a
7 nonresident dealer’s permit to a certain person; authorizing the Office of the
8 Comptroller to issue a nonresident brewery permit to a certain person licensed
9 outside the State to sell and deliver a certain amount of beer to a retail license
10 holder or permit holder in the State under certain circumstances; authorizing
11 certain holders of a Class 5 manufacturer’s license or a Class 7 micro–brewery
12 license to apply for and obtain a Class 7 limited beer wholesaler’s license if
13 certain requirements are met; specifying certain annual license fees for a Class
14 7 limited beer wholesaler’s license and a nonresident brewery permit;
15 authorizing a holder of a Class 7 limited beer wholesaler’s license to use
16 additional locations for certain purposes on the payment of a certain fee;
17 allowing a Class 7 limited beer wholesaler’s license to be issued only to certain
18 persons; authorizing a holder of a Class 7 limited beer wholesaler’s license to
19 distribute not more than a certain amount of its own beer annually; and
20 generally relating to Class 7 beer wholesaler’s licenses.

21 BY repealing and reenacting, with amendments,
22 Article 2B – Alcoholic Beverages
23 Section 2–101(i)(2) and (w)(3), 2–201(b), and 2–301(a) and (b)
24 Annotated Code of Maryland
25 (2011 Replacement Volume and 2012 Supplement)

26 BY adding to
27 Article 2B – Alcoholic Beverages
28 Section 2–101(z)

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 Annotated Code of Maryland
2 (2011 Replacement Volume and 2012 Supplement)

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

5 **Article 2B – Alcoholic Beverages**

6 2–101.

7 (i) (2) A nonresident dealer’s permit may not be issued to a person who:

8 (i) Holds a wholesaler or retailer license of any class issued
9 under this article;

10 (ii) Has an interest in a wholesaler licensed under this article[,
11 other than a disclosed legal, equity, or security interest of a malt beverage
12 wholesaler]; or

13 (iii) Has an interest in a retailer licensed under this article.

14 (w) (3) A resident dealer’s permit may not be issued to a person who:

15 (i) Holds a wholesaler or retailer license of any class issued
16 under this article;

17 (ii) Has an interest in a wholesaler licensed under this article[,
18 other than a disclosed legal, equity, or security interest of a malt beverage
19 wholesaler]; or

20 (iii) Has an interest in a retailer licensed under this article.

21 **(Z) (1) THE OFFICE OF THE COMPTROLLER MAY ISSUE A**
22 **NONRESIDENT BREWERY PERMIT TO A PERSON THAT:**

23 **(I) IS LICENSED OUTSIDE THE STATE TO ENGAGE IN THE**
24 **MANUFACTURE OF BEER;**

25 **(II) PRODUCES IN THE AGGREGATE FROM ALL OF ITS**
26 **LOCATIONS NOT MORE THAN 22,500 BARRELS OF BEER ANNUALLY; AND**

27 **(III) DOES NOT HOLD A NONRESIDENT DEALER’S PERMIT.**

28 **(2) A HOLDER OF A NONRESIDENT BREWERY PERMIT MAY SELL**
29 **AND DELIVER NOT MORE THAN 3,000 BARRELS OF ITS OWN BEER ANNUALLY**

1 FROM A LOCATION OUTSIDE THE STATE TO A RETAIL LICENSE HOLDER OR
2 PERMIT HOLDER IN THE STATE AUTHORIZED TO ACQUIRE THE BEER.

3 (3) A NONRESIDENT BREWERY PERMIT HOLDER SHALL COMPLY
4 WITH ALL THE REQUIREMENTS OF THIS ARTICLE, THE TAX – GENERAL
5 ARTICLE, AND THE REGULATIONS OF THE OFFICE OF THE COMPTROLLER THAT
6 APPLY TO A HOLDER OF A CLASS 7 LIMITED BEER WHOLESALER’S LICENSE.

7 (4) THE ANNUAL FEE FOR A NONRESIDENT BREWERY PERMIT IS
8 \$50.

9 2–201.

10 (b) (1) This subsection does not apply to a Class 6 pub–brewery license.

11 (2) The holder of a distillery, rectifying, winery, limited winery, or
12 brewery license may apply for and obtain, under a different name, one or more
13 additional distillery, rectifying, winery, limited winery, or brewery licenses for the
14 same or another premises.

15 (3) Those licenses may be issued to different persons or under trade
16 names used by persons occupying a part of or all of the same premises.

17 (4) A holder of a license listed in paragraph (2) of this subsection may
18 hold additional licenses listed in paragraph (2) of this subsection of the same or of a
19 different class.

20 (5) (i) The holder of a rectifying[,] OR winery[, or brewery] license
21 may apply for and obtain a wholesaler’s license of any class for the same premises or
22 elsewhere as provided under this article.

23 (ii) The holder of a limited winery license may apply for and
24 obtain a Class 6 limited wine wholesaler’s license for the same premises or elsewhere
25 as provided under this article.

26 (III) 1. THE HOLDER OF A CLASS 5 MANUFACTURER’S
27 LICENSE OR CLASS 7 MICRO–BREWERY LICENSE MAY APPLY FOR AND OBTAIN A
28 CLASS 7 LIMITED BEER WHOLESALER’S LICENSE IN ACCORDANCE WITH THIS
29 SUBPARAGRAPH.

30 2. A HOLDER OF A CLASS 5 MANUFACTURER’S
31 LICENSE THAT WAS SELLING THE HOLDER’S OWN BEER AT WHOLESALE IN THE
32 STATE AS OF JANUARY 1, 2013, MAY OBTAIN A CLASS 7 LIMITED BEER
33 WHOLESALER’S LICENSE TO CONTINUE TO SELL THE HOLDER’S OWN BEER AT

1 WHOLESALE IN THE SAME LOCATION IN AN AMOUNT THAT IS NOT MORE THAN
2 3,000 BARRELS ANNUALLY.

3 3. A HOLDER OF A CLASS 5 MANUFACTURER’S
4 LICENSE OR CLASS 7 MICRO-BREWERY LICENSE THAT PRODUCES IN
5 AGGREGATE FROM ALL ITS LOCATIONS NOT MORE THAN 22,500 BARRELS OF
6 BEER ANNUALLY MAY OBTAIN A CLASS 7 LIMITED BEER WHOLESALER’S
7 LICENSE AND DISTRIBUTE NOT MORE THAN 3,000 BARRELS OF ITS OWN BEER
8 ANNUALLY.

9 2-301.

10 (a) (1) The annual fees for the following classes of wholesaler’s licenses
11 are:

12	Class 1	Beer, wine and liquor.....	\$ 2,000
13	Class 2	Wine and liquor.....	1,750
14	Class 3	Beer and wine	1,500
15	Class 4	Beer	1,250
16	Class 5	Wine.....	1,250
17	Class 6	Limited wine	50
18	CLASS 7	LIMITED BEER.....	50

19 (2) Upon approval of the application:

20 (i) A Class 1 wholesale licensee may use additional locations for
21 the warehousing, sale and delivery of beer, wine and liquor upon the payment of an
22 additional fee of \$2,000 for each additional location.

23 (ii) A Class 2 wholesale licensee may use additional locations for
24 the warehousing, sale and delivery of wine and liquor upon the payment of an
25 additional fee of \$1,750 for each additional location.

26 (iii) A Class 3 wholesale licensee may use additional locations for
27 the warehousing, sale and delivery of beer and wine upon the payment of an
28 additional fee of \$1,500 for each additional location.

29 (iv) A Class 4 wholesale licensee may use additional locations for
30 the warehousing, sale and delivery of beer upon the payment of an additional fee of
31 \$1,250 for each additional location.

32 (v) A Class 5 wholesale licensee may use additional locations for
33 the warehousing, sale and delivery of wine upon the payment of an additional fee of
34 \$1,250 for each additional location.

1 (vi) A Class 6 limited wine wholesale licensee may use
2 additional locations for the warehousing, sale and delivery of wine upon the payment
3 of an additional fee of \$50 for each additional location.

4 (VII) A CLASS 7 LIMITED BEER WHOLESALE LICENSEE MAY
5 USE ADDITIONAL LOCATIONS FOR THE WAREHOUSING, SALE, AND DELIVERY OF
6 BEER ON THE PAYMENT OF AN ADDITIONAL FEE OF \$50 FOR EACH ADDITIONAL
7 LOCATION.

8 (b) (1) Except as otherwise provided in this subsection, a wholesaler's
9 license issued in accordance with the fee paid entitles the holder to acquire the
10 alcoholic beverages indicated on the license from licensees and holders of nonresident
11 dealer's permits and resident dealer's permits authorized by this State to make the
12 sales and deliveries. The license authorizes the sale and delivery of those alcoholic
13 beverages from the licensed premises to licensees and permit holders in Maryland and
14 to persons outside of this State.

15 (2) A Class 6 limited wine wholesaler's license shall be issued only to a
16 wine manufacturer that:

17 (i) Produces not more than 27,500 gallons of its own wine
18 annually; and

19 (ii) Holds a Class 4 limited winery manufacturer's license issued
20 under this article.

21 (3) A person who holds a Class 6 limited wine wholesaler's license, on
22 approval of the application and payment of the fee:

23 (i) May sell and deliver its own brand of wine produced at the
24 licensee's premises to a retail licensee or permit holder in the State authorized to
25 acquire the wine; and

26 (ii) May not sell its wine to a licensed wholesaler.

27 (4) A CLASS 7 LIMITED BEER WHOLESALE LICENSEE SHALL BE
28 ISSUED ONLY TO A PERSON THAT:

29 (I) PRODUCES IN AGGREGATE FROM ALL ITS LOCATIONS
30 NOT MORE THAN 22,500 BARRELS OF BEER ANNUALLY; AND

31 (II) HOLDS A CLASS 5 MANUFACTURER'S LICENSE OR
32 CLASS 7 MICRO-BREWERY LICENSE.

33 (5) ON APPROVAL OF THE APPLICATION AND PAYMENT OF THE
34 FEE, A HOLDER OF A CLASS 7 LIMITED BEER WHOLESALE LICENSE MAY:

1 **(I) SELL AND DELIVER ITS OWN BEER PRODUCED AT THE**
2 **HOLDER’S PREMISES TO A RETAIL LICENSE HOLDER OR PERMIT HOLDER IN THE**
3 **STATE AUTHORIZED TO ACQUIRE THE BEER; AND**

4 **(II) DISTRIBUTE NOT MORE THAN 3,000 BARRELS OF ITS**
5 **OWN BEER ANNUALLY.**

6 **[(4)] (6)** In Allegany County the holder of a Class 1 or Class 2
7 wholesaler’s license may not sell liquor in any size container smaller than 23 ounces or
8 680 milliliters to any holder of a special permit issued under § 7–101(h) of this article.

9 **[(5)] (7)** A wholesaler’s license of the appropriate class authorizes the
10 holder to directly import beer, wine, or distilled spirits from sources outside the
11 continental limits and possessions of the United States. However, any wholesale
12 licensee that imports for subsequent distribution in or outside the State of Maryland
13 shall be:

14 (i) The brand owner;

15 (ii) A wholesale licensee that purchases directly from the brand
16 owner or the authorized agent of the brand owner; or

17 (iii) A wholesale licensee that purchases from the authorized
18 United States importer.

19 **[(6)] (8)** Paragraph **[(5)] (7)** of this subsection only applies if the
20 wholesale licensee’s jurisdiction and authority to sell has been submitted to the
21 Comptroller by the brand owner.

22 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
23 July 1, 2013.