

SENATE BILL 643

A1

5lr1644
CF HB 330

By: **Senator Edwards**

Introduced and read first time: February 6, 2015

Assigned to: Education, Health, and Environmental Affairs

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 10, 2015

CHAPTER _____

1 AN ACT concerning

2 **Alcoholic Beverages – Micro–Breweries – Additional License**

3 FOR the purpose of authorizing the holder of a micro–brewery license to apply for and
4 obtain an additional micro–brewery license for another premises; specifying certain
5 limitations on the distribution and sale of beer brewed by a holder of an additional
6 micro–brewery license; providing that certain provisions of law that prohibit a holder
7 of a micro–brewery license from owning, operating, or being affiliated with certain
8 other manufacturers of beer, or being granted a wholesaler alcoholic beverages
9 license, do not apply in Allegany County or Frederick County; and generally relating
10 to alcoholic beverages manufacturers in the State.

11 BY repealing and reenacting, with amendments,
12 Article 2B – Alcoholic Beverages
13 Section 2–201(b) and 2–208(c)(1), (d)(1), and (e)
14 Annotated Code of Maryland
15 (2011 Replacement Volume and 2014 Supplement)

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

18 **Article 2B – Alcoholic Beverages**

19 2–201.

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

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

5 **(II) THE HOLDER OF A MICRO-BREWERY LICENSE MAY APPLY**
6 **FOR AND OBTAIN NOT MORE THAN ONE ADDITIONAL MICRO-BREWERY LICENSE FOR**
7 **ANOTHER PREMISES.**

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

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

13 (5) (i) The holder of a rectifying or winery license may apply for and
14 obtain a wholesaler's license of any class for the same premises or elsewhere as provided
15 under this article.

16 (ii) The holder of a limited winery license may apply for and obtain
17 a Class 6 limited wine wholesaler's license for the same premises or elsewhere as provided
18 under this article.

19 (iii) 1. The holder of a Class 5 manufacturer's license or Class 7
20 micro-brewery license may apply for and obtain a Class 7 limited beer wholesaler's license
21 in accordance with this subparagraph.

22 2. A holder of a Class 5 manufacturer's license that was
23 selling the holder's own beer at wholesale in the State as of January 1, 2013, may obtain a
24 Class 7 limited beer wholesaler's license to continue to sell the holder's own beer at
25 wholesale in the same location in an amount that is not more than 3,000 barrels annually.

26 3. A holder of a Class 5 manufacturer's license [or Class 7
27 micro-brewery license] that produces in aggregate from all its locations not more than
28 22,500 barrels of beer annually may obtain a Class 7 limited beer wholesaler's license and
29 distribute not more than 3,000 barrels of its own beer annually.

30 **4. A HOLDER OF ONE OR TWO CLASS 7 MICRO-BREWERY**
31 **LICENSES THAT PRODUCES IN AGGREGATE FROM ALL OF ITS LOCATIONS NOT MORE**
32 **THAN 22,500 BARRELS OF BEER ANNUALLY MAY OBTAIN A CLASS 7 LIMITED BEER**
33 **WHOLESALER'S LICENSE AND DISTRIBUTE BEER THAT:**

34 **A. TOTALS ANNUALLY NOT MORE THAN 3,000 BARRELS**
35 **IN AGGREGATE FROM ALL OF ITS LOCATIONS; AND**

1 **B. HAS BEEN BREWED AT THE LOCATION FROM WHERE**
2 **IT IS DISTRIBUTED.**

3 2–208.

4 (c) (1) **(I)** A holder of a class 7 micro–brewery:

5 **[(i)] 1.** May brew and bottle malt beverages at the license
6 location;

7 **[(ii)] 2.** May obtain a Class 2 rectifying license for a premises
8 located within 1 mile of the existing Class 7 micro–brewery location to bottle malt beverages
9 brewed at the micro–brewery location only;

10 **[(iii)] 3.** May contract with the holder of a Class 2 rectifying license
11 held under § 2–203 of this subtitle, a Class 5 brewery license, a Class 7 micro–brewery
12 license, or a Class 8 farm brewery license, or the holder of a nonresident dealer’s permit to
13 brew and bottle malt beverages on their behalf;

14 **[(iv)] 4.** May store the finished product under an individual
15 storage permit or at a licensed public storage facility for subsequent sale and delivery to a
16 licensed wholesaler, an authorized person outside this State, and for shipment back to the
17 micro–brewery location for sale on the retail premises;

18 **[(v)] 5.** **[May] SUBJECT TO SUBPARAGRAPH (II) OF THIS**
19 **PARAGRAPH, MAY** not collectively brew, bottle, or contract for more than 22,500 barrels of
20 malt beverages each calendar year; and

21 **[(vi)] 6.** May enter into a temporary delivery agreement with a
22 distributor only for delivery of beer to a beer festival or wine and beer festival and the
23 return of any unused beer if:

24 **[1.] A.** The beer festival or wine and beer festival is in a
25 sales territory for which the holder does not have a franchise with a distributor under the
26 Beer Franchise Fair Dealing Act; and

27 **[2.] B.** The temporary delivery agreement is in writing.

28 **(II) A LICENSE HOLDER THAT HAS LICENSES FOR TWO**
29 **LOCATIONS MAY NOT COLLECTIVELY BREW, BOTTLE, OR CONTRACT FOR MORE**
30 **THAN 22,500 BARRELS OF MALT BEVERAGES IN AGGREGATE FROM BOTH OF ITS**
31 **LOCATIONS EACH CALENDAR YEAR.**

32 (d) (1) The on–sale privilege authorizes the holder, each calendar year, to sell
33 at retail **[up] FOR ON–PREMISES CONSUMPTION:**

1 **(I)** **UP** to 4,000 barrels of beer brewed under this license [to
2 customers for consumption on the licensed premises]; **OR**

3 **(II)** **IF THE HOLDER HAS LICENSES FOR TWO LOCATIONS, BEER**
4 **THAT:**

5 **1. TOTALS ANNUALLY UP TO 4,000 BARRELS IN**
6 **AGGREGATE FROM BOTH ITS LOCATIONS; AND**

7 **2. HAS BEEN BREWED AT THE LOCATION WHERE IT IS**
8 **SOLD.**

9 (e) **(1)** **THIS SUBSECTION DOES NOT APPLY IN ALLEGANY COUNTY OR**
10 **FREDERICK COUNTY.**

11 **(2)** A holder of a Class 7 micro–brewery license:

12 **[(1)] (I)** May not own, operate or be affiliated with any other
13 manufacturer of beer except for a Class 2 rectifying license authorized by subsection
14 ~~(e)(1)(ii)~~ **(C)(1)(I)2** of this section; and

15 **[(2)] (II)** Notwithstanding § 2–201(b) of this subtitle, may not be granted
16 a wholesale alcoholic beverages license.

17 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
18 1, 2015.

Approved:

Governor.

President of the Senate.

Speaker of the House of Delegates.