

HOUSE BILL 1176

A1

8lr1863
CF SB 1044

By: **Delegate Grammer**

Introduced and read first time: February 8, 2018

Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Alcoholic Beverages – Class 5 Breweries – On–Premises Consumption – Hours of**
3 **Operation**

4 FOR the purpose of repealing certain restrictions on individuals to whom a Class 5 brewery
5 may sell and deliver beer; specifying that a Class 5 brewery license entitles the
6 holder to sell certain beer to an individual for on–premises consumption; altering the
7 hours of operation for serving or selling beer for on–premises consumption at Class
8 5 breweries by specifying the hours for a Class 5 brewery with a certain permit and
9 a certain license and the hours for a Class 5 brewery without a certain permit and a
10 certain license; and generally relating to the hours of operation of Class 5 breweries
11 for on–premises consumption of beer.

12 BY repealing and reenacting, without amendments,
13 Article – Alcoholic Beverages
14 Section 2–207(b)
15 Annotated Code of Maryland
16 (2016 Volume and 2017 Supplement)

17 BY repealing and reenacting, with amendments,
18 Article – Alcoholic Beverages
19 Section 2–207(c), (f), and (h)
20 Annotated Code of Maryland
21 (2016 Volume and 2017 Supplement)

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

24 **Article – Alcoholic Beverages**

25 2–207.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (b) There is a Class 5 brewery license.

2 (c) A license holder may:

3 (1) establish and operate a plant for brewing and bottling malt beverages
4 at the location described in the license;

5 (2) import beer from a holder of a nonresident dealer's permit;

6 (3) contract to brew and bottle beer with and on behalf of the holder of a
7 Class 2 rectifying license, Class 5 brewery license, Class 7 micro-brewery license, Class 8
8 farm brewery license, or a nonresident dealer's permit;

9 (4) sell and deliver beer to:

10 (i) a holder of a wholesaler's license that is authorized to acquire
11 beer; or

12 (ii) a person outside of the State that is authorized to acquire beer;

13 (5) subject to subsection (i) of this section, serve, at no charge, samples of
14 beer, consisting of a total of not more than 18 ounces of beer per visit, to an individual who[:

15 (i)] has attained the legal drinking age; [and

16 (ii) is participating in a guided tour of the brewery or attends a
17 scheduled promotional event or other organized activity at the brewery;]

18 (6) subject to subsections (d) and (i) of this section, sell beer for
19 off-premises consumption at retail in a container other than a keg to an individual
20 [participating in a guided tour of the brewery or attending a scheduled promotional event
21 or other organized activity at the brewery]; and

22 (7) subject to subsection (f) of this section, sell beer at the location described
23 in the license for on-premises consumption.

24 (f) (1) A local licensing board may grant an on-site consumption permit to an
25 applicant that holds a Class 5 brewery license and, subject to paragraph (6) of this
26 subsection, a Class D beer license.

27 (2) Subject to the maximum volume limit under paragraph (4) of this
28 subsection, a [Class D beer license or an equivalent license under paragraph (6) of this
29 subsection] **CLASS 5 BREWERY LICENSE** entitles the holder to sell to an individual who
30 has attained the legal drinking age, for on-premises consumption at the brewery:

31 (i) beer:

1 1. of which the holder of the Class 5 license is the brand
2 owner; and

3 2. that is fermented and brewed entirely at the brewery of
4 the license holder;

5 (ii) beer that is fermented and brewed entirely at the brewery under
6 contract with a brand owner who does not possess a Class 5 license; and

7 (iii) subject to paragraph (3) of this subsection, beer brewed at a
8 location other than the Class 5 brewery if:

9 1. the brand owner of the beer is the holder of the Class 5
10 license or an affiliate of the holder of the Class 5 license;

11 2. the number of barrels of the beer sold for on-premises
12 consumption under the Class D beer license or an equivalent license or an on-site
13 consumption permit in a calendar year does not exceed the greater of:

14 A. 25% of the total number of barrels of beer sold for
15 on-premises consumption under the Class D license or an equivalent license or an on-site
16 consumption permit in that calendar year; or

17 B. 1.2% of total finished production under the Class 5
18 brewery license; and

19 3. A. the license holder contracts with or on behalf of a
20 holder of a manufacturer's license or nonresident dealer's permit; or

21 B. the beer is manufactured by an affiliate of the license
22 holder.

23 (3) (i) This paragraph applies to a Class 5 brewery with more than
24 1,000,000 barrels of finished production annually, alone or in combination with its
25 affiliates.

26 (ii) Beer that is delivered to the Class 5 brewery in finished form
27 may be sold for on-premises consumption under paragraph (2)(iii)2 of this subsection only
28 if it is purchased from a licensed wholesaler.

29 (4) Except as provided in paragraph (5) of this subsection, the total amount
30 of beer sold each year for on-premises consumption under this subsection may not exceed
31 2,000 barrels.

32 (5) (i) If, in a single year, the license holder reaches 80% of the volume
33 authorized to be sold for on-premises consumption under paragraph (4) of this subsection,

1 the license holder may file a request with the Comptroller for permission to sell up to an
2 additional 1,000 barrels for on-premises consumption in that year.

3 (ii) The maximum volume that a license holder may sell for
4 on-premises consumption in a single year is 3,000 barrels.

5 (iii) Any beer that the license holder sells for on-premises
6 consumption in excess of the 2,000-barrel limit under paragraph (4) of this subsection shall
7 be purchased from a licensed wholesaler.

8 (6) Before a local licensing board that does not issue a Class D beer license
9 may grant an on-site consumption permit, the local licensing board shall:

10 (i) establish an equivalent license; and

11 (ii) require the applicant to obtain that equivalent license.

12 (7) A local licensing board may charge a fee for granting an on-site
13 consumption permit.

14 (8) A local licensing board shall require the holder of an on-site
15 consumption permit or a Class D beer license or an equivalent license under paragraph (6)
16 of this subsection to:

17 (i) comply with the alcohol awareness requirements under § 4-505
18 of this article; and

19 (ii) abide by all applicable trade practice restrictions.

20 (h) (1) This subsection does not apply to:

21 (i) [the holder of a Class 5 brewery license that held an on-site
22 consumption permit and a Class D license or an equivalent license on or before April 1,
23 2017;

24 (ii) an individual who held a minority interest in an on-site
25 consumption permit and a Class D license or an equivalent license on or before April 1,
26 2017, and then obtains by transfer a majority interest in the same license or permit;

27 (iii) a location in the State for which a completed brewer's notice form
28 was filed with the U. S. Department of Treasury on or before April 1, 2017;

29 (iv)] a promotional event conducted under subsection (g) of this
30 section; and

31 [(v)] (II) a guided tour during which:

1 1. samples of beer are served under subsection (c)(5) of this
2 section; or

3 2. beer is sold for off-premises consumption under
4 subsection (c)(6) of this section.

5 [(2) This subsection applies to:

6 (i) a holder of a Class 5 brewery license who:

7 1. after April 1, 2017, obtains an on-site consumption permit
8 and a Class D beer license or equivalent license for on-premises consumption; or

9 2. not holding a minority interest in an on-site consumption
10 permit and a Class D license or an equivalent license on or before April 1, 2017, obtains a
11 majority interest by transfer in an on-site consumption permit and a Class D license or an
12 equivalent license; and

13 (ii) notwithstanding paragraph (1)(iii) of this subsection, a
14 manufacturer of beer with more than 1,000,000 barrels of finished production annually
15 alone or in combination with its affiliates.

16 (3) Notwithstanding any provision in Division II of this article, the sales
17 and serving privileges of an on-site consumption permit and a Class D license or an
18 equivalent license may be exercised only from 10 a.m. to 10 p.m. Monday through Sunday.]

19 **(2) A HOLDER OF A CLASS 5 BREWERY LICENSE WITH AN ON-SITE
20 CONSUMPTION PERMIT AND A CLASS D LICENSE OR AN EQUIVALENT LICENSE MAY
21 SERVE OR SELL BEER FOR ON-PREMISES CONSUMPTION DURING THE HOURS
22 SPECIFIED IN THE LICENSE.**

23 **(3) A HOLDER OF A CLASS 5 BREWERY LICENSE BUT NOT AN ON-SITE
24 CONSUMPTION PERMIT OR A CLASS D LICENSE MAY SERVE OR SELL BEER FOR
25 ON-PREMISES CONSUMPTION:**

26 **(I) EXCEPT AS PROVIDED IN ITEM (III) OF THIS PARAGRAPH, ON
27 MONDAY THROUGH THURSDAY, FROM 10 A.M. TO 11 P.M.;**

28 **(II) ON FRIDAY THROUGH SUNDAY, FROM 10 A.M. TO 2 A.M. THE
29 FOLLOWING DAY; AND**

30 **(III) ON A DAY DESIGNATED AS A STATE HOLIDAY BY THE
31 SECRETARY OF STATE, FROM 10 A.M. TO 2 A.M. THE FOLLOWING DAY.**

32 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July

1 1, 2018.