

## Chapter 813

## (House Bill 1283)

AN ACT concerning

**Alcoholic Beverages – Class 5 Brewery License**

FOR the purpose of ~~repealing~~ altering a certain provision of law authorizing a holder of a Class 5 brewery license to serve certain samples of beer ~~brewed at the brewery~~ to certain individuals at no charge; authorizing a license holder to brew and bottle beer at a location other than the Class 5 brewery under certain circumstances; authorizing a certain type of Class 5 brewery to sell beer for on-premises consumption under certain circumstances; specifying that beer sold by a holder of a Class 5 brewery license at retail to a certain individual for off-premises consumption must be in a container other than a keg; ~~repealing~~ altering certain provisions of law ~~requiring to authorize rather than require~~ a local licensing board to grant an on-site consumption permit to a certain applicant ~~and to take certain related actions; repealing a certain provision of law authorizing a local licensing board to charge a certain fee; authorizing a local licensing board to issue in a certain manner a Class D beer license for on-premises consumption to a holder of a Class 5 brewery license;~~ establishing certain requirements for the beer that the holder of a Class 5 brewery license serves for on-premises consumption; altering the maximum amount of beer that the license holder may sell for on-premises consumption each year; authorizing the license holder to file a request to sell up to a certain additional amount of beer in a single year under certain circumstances; requiring that beer sold in excess of a certain amount be purchased from a licensed wholesaler; providing that a certain Class D beer license entitles the holder to sell beer brewed at the brewery under a certain trade name to a certain individual for on-premises consumption under certain circumstances; requiring a holder of a ~~Class D beer~~ certain permit or license ~~or a certain employee~~ to comply with certain alcohol awareness training requirements; requiring a holder of a ~~Class D beer~~ certain permit or license to abide by certain trade practice restrictions; ~~repealing a certain provision of law authorizing a holder of a brewery promotional event permit to provide certain samples to consumers;~~ authorizing the holder of certain licenses and permits to exercise the certain privileges of the licenses and permits only during certain hours on certain days; defining a certain term; requiring the Comptroller to report certain information to certain committees each year; authorizing the Comptroller to include certain information in a certain report; requiring certain license holders to report certain information for certain purposes; making conforming and clarifying changes; providing for the termination of certain provisions of this Act; and generally relating to Class 5 brewery licenses.

BY repealing and reenacting, with amendments,  
 Article – Alcoholic Beverages  
 Section 2-207  
 Annotated Code of Maryland

(2016 Volume and 2016 Supplement)

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

**Article – Alcoholic Beverages**

2–207.

**(A) IN THIS SECTION, “AFFILIATE” MEANS A PERSON THAT DIRECTLY OR INDIRECTLY THROUGH ONE OR MORE INTERMEDIARIES CONTROLS, IS CONTROLLED BY, OR IS UNDER COMMON CONTROL WITH A HOLDER OF A CLASS 5 BREWERY LICENSE.**

~~(a)~~ **(B)** There is a Class 5 brewery license.

~~(b)~~ **(C)** A license holder may:

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

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

**(3) CONTRACT TO BREW AND BOTTLE BEER WITH AND ON BEHALF OF THE HOLDER OF A CLASS 2 RECTIFYING LICENSE, CLASS 5 BREWERY LICENSE, CLASS 7 MICRO-BREWERY LICENSE, CLASS 8 FARM BREWERY LICENSE, OR A NONRESIDENT DEALER’S PERMIT;**

~~(3)~~ **(4)** sell and deliver beer to:

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

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

~~(4)~~ **(5)** ~~serve,~~ **SUBJECT TO SUBSECTION (1) OF THIS SECTION, SERVE,** at no charge, ~~not more than six~~ samples of beer ~~FERMENTED AND brewed ENTIRELY at the brewery, with each sample~~ consisting of **A TOTAL OF** not more than ~~3~~ **18** ounces ~~from a single style~~ of beer **PER DAY VISIT,** to an individual who:

(i) has attained the legal drinking age; and

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

~~(5) (6)~~ subject to ~~subsection (e) of this section,~~ sell beer FERMENTED AND brewed ENTIRELY at the brewery SUBSECTIONS (D) AND (I) OF THIS SECTION, SELL BEER for off-premises consumption at retail IN A CONTAINER OTHER THAN A KEG to an individual participating in a guided tour of the brewery or attending a scheduled promotional event or other organized activity at the brewery; and

~~[(6)(7)] (5)~~ subject to subsection ~~(e)~~ (F) of this section, sell beer FERMENTED AND brewed ENTIRELY at the location described in the license for on-premises consumption.

~~(e) (D)~~ An individual may purchase beer under subsection ~~[(4)(5) (C)(6)] (B)(4)~~ of this section if the individual:

- (1) purchases not more than 288 ounces of beer PER DAY VISIT; and
- (2) has attained the legal drinking age.

~~(d) (E)~~ The annual license fee is \$1,500.

~~(e) (F)~~ (1) A local licensing board ~~[shall~~ MAY grant an on-site consumption permit] ~~MAY ISSUE, IN ACCORDANCE WITH TITLE 4 OF THIS ARTICLE, A CLASS D BEER LICENSE FOR ON-PREMISES CONSUMPTION~~ to an applicant that holds a Class 5 brewery license ~~[and, subject to paragraph (3) (6) of this subsection, a Class D beer license]~~.

~~(2) (i) [An on-site consumption permit] A OR A CLASS D BEER LICENSE OR AN EQUIVALENT LICENSE UNDER PARAGRAPH (3) OF THIS SUBSECTION~~ entitles the holder to sell beer FERMENTED AND brewed ENTIRELY at the brewery ~~UNDER THE TRADE NAME OF THE LICENSE HOLDER~~ for on-premises consumption to an individual who has attained the legal drinking age.

(2) SUBJECT TO THE MAXIMUM VOLUME LIMIT UNDER PARAGRAPH (4) OF THIS SUBSECTION, A CLASS D BEER LICENSE OR AN EQUIVALENT LICENSE UNDER PARAGRAPH (6) OF THIS SUBSECTION ENTITLES THE HOLDER TO SELL TO AN INDIVIDUAL WHO HAS ATTAINED THE LEGAL DRINKING AGE, FOR ON-PREMISES CONSUMPTION AT THE BREWERY:

(I) BEER:

1. OF WHICH THE HOLDER OF THE CLASS 5 LICENSE IS THE BRAND OWNER; AND
2. THAT IS FERMENTED AND BREWED ENTIRELY AT THE BREWERY OF THE LICENSE HOLDER;

**(II) BEER THAT IS FERMENTED AND BREWED ENTIRELY AT THE BREWERY UNDER CONTRACT WITH A BRAND OWNER WHO DOES NOT POSSESS A CLASS 5 LICENSE; AND**

**(III) SUBJECT TO PARAGRAPH (3) OF THIS SUBSECTION, BEER BREWED AT A LOCATION OTHER THAN THE CLASS 5 BREWERY IF:**

**1. THE BRAND OWNER OF THE BEER IS THE HOLDER OF THE CLASS 5 LICENSE OR AN AFFILIATE OF THE HOLDER OF THE CLASS 5 LICENSE;**

**2. THE NUMBER OF BARRELS OF THE BEER SOLD FOR ON-PREMISES CONSUMPTION UNDER THE CLASS D BEER LICENSE OR AN EQUIVALENT LICENSE OR AN ON-SITE CONSUMPTION PERMIT IN A CALENDAR YEAR DOES NOT EXCEED THE GREATER OF:**

**A. 25% OF THE TOTAL NUMBER OF BARRELS OF BEER SOLD FOR ON-PREMISES CONSUMPTION UNDER THE CLASS D LICENSE OR AN EQUIVALENT LICENSE OR AN ON-SITE CONSUMPTION PERMIT IN THAT CALENDAR YEAR; OR**

**B. 1.2% OF TOTAL FINISHED PRODUCTION UNDER THE CLASS 5 BREWERY LICENSE; AND**

**3. A. THE LICENSE HOLDER CONTRACTS WITH OR ON BEHALF OF A HOLDER OF A MANUFACTURER'S LICENSE OR NONRESIDENT DEALER'S PERMIT; OR**

**B. THE BEER IS MANUFACTURED BY AN AFFILIATE OF THE LICENSE HOLDER.**

**(3) (I) THIS PARAGRAPH APPLIES TO A CLASS 5 BREWERY WITH MORE THAN 1,000,000 BARRELS OF FINISHED PRODUCTION ANNUALLY, ALONE OR IN COMBINATION WITH ITS AFFILIATES.**

**(II) BEER THAT IS DELIVERED TO THE CLASS 5 BREWERY IN FINISHED FORM MAY BE SOLD FOR ON-PREMISES CONSUMPTION UNDER SUBPARAGRAPH (III)2 OF THIS PARAGRAPH ONLY IF IT IS PURCHASED FROM A LICENSED WHOLESALER.**

**(ii) (4) The EXCEPT AS PROVIDED IN SUBPARAGRAPH (III) OF THIS PARAGRAPH PARAGRAPH (5) OF THIS SUBSECTION, THE total amount of beer sold each year for on-premises consumption under this paragraph may not exceed ~~500~~ 2,000 barrels.**

~~(H)~~ 1. (5) (I) IF, IN A SINGLE YEAR, THE LICENSE HOLDER REACHES 80% OF THE VOLUME AUTHORIZED TO BE SOLD FOR ON-PREMISES CONSUMPTION UNDER SUBPARAGRAPH (II) OF THIS PARAGRAPH, THE LICENSE HOLDER MAY FILE A REQUEST WITH THE COMPTROLLER FOR PERMISSION TO SELL UP TO AN ADDITIONAL 1,000 BARRELS FOR ON-PREMISES CONSUMPTION IN THAT YEAR.

2. (II) THE MAXIMUM VOLUME THAT A LICENSE HOLDER MAY SELL FOR ON-PREMISES CONSUMPTION IN A SINGLE YEAR IS 3,000 BARRELS.

3. (III) ANY BEER THAT THE LICENSE HOLDER SELLS FOR ON-PREMISES CONSUMPTION IN EXCESS OF THE 2,000-BARREL LIMIT UNDER SUBPARAGRAPH (II) OF THIS PARAGRAPH PARAGRAPH (4) OF THIS SUBSECTION SHALL BE PURCHASED FROM A LICENSED WHOLESALER.

~~(3)~~ (6) ~~¶~~ Before a local licensing board that does not issue a Class D beer license may grant an on-site consumption permit, the local licensing board shall:

- (i) establish an equivalent license; and
- (ii) require the applicant to obtain that equivalent license.

~~(4)~~ (7) A local licensing board may:

~~(i)~~ charge a fee for granting an on-site consumption permit; and

~~(ii)~~ require that the holder of the permit] A HOLDER OF A CLASS D BEER LICENSE or an employee designated by the holder SHALL comply with the alcohol awareness training requirements under § 4-505 of this article.

~~(4)~~ ~~(5)~~ (8) A LOCAL LICENSING BOARD SHALL REQUIRE THE HOLDER OF AN ON-SITE CONSUMPTION PERMIT OR A CLASS D BEER LICENSE SHALL OR AN EQUIVALENT LICENSE UNDER PARAGRAPH ~~(3)~~ (6) OF THIS SUBSECTION TO:

(I) COMPLY WITH THE ALCOHOL AWARENESS REQUIREMENTS UNDER § 4-505 OF THIS ARTICLE; AND

(II) ABIDE BY ALL APPLICABLE TRADE PRACTICE RESTRICTIONS.

~~(4)~~ (G) (1) The Comptroller may issue a brewery promotional event permit to a holder of a Class 5 brewery license.

(2) ~~The~~ ***SUBJECT TO SUBSECTION (1) OF THIS SECTION, THE*** permit authorizes the holder to conduct on the premises of the brewery a promotional event at which the holder may ~~sell beer~~, ***WITH RESPECT TO INDIVIDUALS WHO HAVE ATTAINED THE LEGAL DRINKING AGE:***

(i) provide samples ***CONSISTING OF A TOTAL*** of not more than ~~3~~ ***18*** fluid ounces ~~per brand to consumers~~ ***A CONSUMER***; and

(ii) ~~sell beer produced by the holder~~ to individuals who participate in the event.

(3) ~~The~~ ***SUBJECT TO SUBSECTION (1) OF THIS SECTION, THE*** beer at the event shall be ~~of the following types:~~

~~(I) FERMENTED AND BREWED ENTIRELY AT THE BREWERY;~~  
***AND***

~~(II)~~ sold by the glass for on-premises consumption only.

(4) To obtain a permit, an applicant, at least 15 days before the event, shall file with the Comptroller an application that the Comptroller provides.

(5) A holder of a Class 5 brewery license may not be issued more than 12 permits in a calendar year.

(6) A single promotional event may not exceed 3 consecutive days.

(7) The permit fee is \$25 per event.

~~(C) (1) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, A HOLDER OF A CLASS 5 BREWERY LICENSE MAY EXERCISE THE PRIVILEGES OF THE LICENSE FROM 10 A.M. TO 6 P.M. ON MONDAY THROUGH SUNDAY.~~

~~(2) A NOTWITHSTANDING ANY PROVISION AUTHORIZING LATER SALES IN THE JURISDICTION, A HOLDER OF A CLASS 5 BREWERY LICENSE AND AN ON-SITE CONSUMPTION PERMIT OR A CLASS D BEER LICENSE OR AN EQUIVALENT LICENSE FOR ON-PREMISES CONSUMPTION MAY ONLY EXERCISE THE SALES AND SERVING PRIVILEGES OF THE PERMIT AND LICENSES THE CLASS D OR EQUIVALENT LICENSE;~~

~~(I) FROM 10 A.M. TO 7 P.M. ON SUNDAY THROUGH THURSDAY;~~  
***AND***

~~(H) FROM 10 A.M. TO 9 10 P.M. ON FRIDAY AND SATURDAY.~~

~~(2) THIS SUBSECTION DOES NOT APPLY TO A PROMOTIONAL EVENT CONDUCTED UNDER SUBSECTION (F) OF THIS SECTION.~~

~~(H) ALL BEER OFFERED, SERVED, OR SOLD TO A CONSUMER UNDER SUBSECTION (B)(4), (5), OR (6), OR (C), (E), OR (F) OF THIS SECTION SHALL BE FERMENTED AND BREWED:~~

~~(1) ENTIRELY AT THE BREWERY; AND~~

~~(2) UNDER THE TRADE NAME OF THE LICENSE HOLDER.~~

~~(H) (1) THIS SUBSECTION DOES NOT APPLY TO:~~

~~(I) THE HOLDER OF A CLASS 5 BREWERY LICENSE THAT HELD AN ON-SITE CONSUMPTION PERMIT AND A CLASS D LICENSE OR AN EQUIVALENT LICENSE ON OR BEFORE APRIL 1, 2017;~~

~~(II) AN INDIVIDUAL WHO HELD A MINORITY INTEREST IN AN ON-SITE CONSUMPTION PERMIT AND A CLASS D LICENSE OR AN EQUIVALENT LICENSE ON OR BEFORE APRIL 1, 2017, AND THEN OBTAINS BY TRANSFER A MAJORITY INTEREST IN THE SAME LICENSE OR PERMIT;~~

~~(III) A LOCATION IN THE STATE FOR WHICH A COMPLETED BREWER'S NOTICE FORM WAS FILED WITH THE U. S. DEPARTMENT OF TREASURY ON OR BEFORE APRIL 1, 2017;~~

~~(IV) A PROMOTIONAL EVENT CONDUCTED UNDER SUBSECTION (G) OF THIS SECTION; AND~~

~~(V) A GUIDED TOUR DURING WHICH:~~

~~1. SAMPLES OF BEER ARE SERVED UNDER SUBSECTION (C)(5) OF THIS SECTION; OR~~

~~2. BEER IS SOLD FOR OFF-PREMISES CONSUMPTION UNDER SUBSECTION (C)(6) OF THIS SECTION.~~

~~(2) THIS SUBSECTION APPLIES TO:~~

~~(I) A HOLDER OF A CLASS 5 BREWERY LICENSE WHO:~~

1. AFTER APRIL 1, 2017, OBTAINS AN ON-SITE CONSUMPTION PERMIT AND A CLASS D BEER LICENSE OR EQUIVALENT LICENSE FOR ON-PREMISES CONSUMPTION; OR

2. NOT HOLDING A MINORITY INTEREST IN AN ON-SITE CONSUMPTION PERMIT AND A CLASS D LICENSE OR AN EQUIVALENT LICENSE ON OR BEFORE APRIL 1, 2017, OBTAINS A MAJORITY INTEREST BY TRANSFER IN AN ON-SITE CONSUMPTION PERMIT AND A CLASS D LICENSE OR AN EQUIVALENT LICENSE; AND

(II) NOTWITHSTANDING SUBSECTION (H)(1)(III) OF THIS SECTION, A MANUFACTURER OF BEER WITH MORE THAN 1,000,000 BARRELS OF FINISHED PRODUCTION ANNUALLY ALONE OR IN COMBINATION WITH ITS AFFILIATES.

(3) NOTWITHSTANDING ANY PROVISION IN DIVISION II OF THIS ARTICLE, THE SALES AND SERVING PRIVILEGES OF AN ON-SITE CONSUMPTION PERMIT AND A CLASS D LICENSE OR AN EQUIVALENT LICENSE MAY BE EXERCISED ONLY FROM 10 A.M. TO 10 P.M. MONDAY THROUGH SUNDAY.

(I) ALL BEER OFFERED, SERVED, OR SOLD TO A CONSUMER UNDER SUBSECTIONS (C)(5) OR (6) OR (G) OF THIS SECTION SHALL BE:

(1) FERMENTED AND BREWED ENTIRELY AT THE CLASS 5 BREWERY;  
OR

(2) BEER OF WHICH THE LICENSE HOLDER OR AN AFFILIATE OF THE LICENSE HOLDER IS THE BRAND OWNER.

[(g)] ~~(H)~~ ~~(I)~~ (J) (1) (i) The Comptroller may issue a refillable container permit for draft beer under § 4-1104 or Subtitle 11 of the various titles in Division II of this article to a holder of a Class 5 brewery license:

1. on completion of an application form that the Comptroller provides; and

2. at no cost to the holder of the Class 5 brewery license.

(ii) A refillable container permit may be renewed each year concurrently with the renewal of the Class 5 brewery license.

(2) The hours of sale for a refillable container permit issued under this subsection are the same as the hours when a guided tour, a promotional event, or other organized activity at the licensed premises authorized under subsection (b) of this section may be conducted.



SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland read as follows:

Article – Alcoholic Beverages

2-207.

~~(H) (J) (K)~~ (1) ON OR BEFORE OCTOBER 1 EACH YEAR, THE COMPTROLLER SHALL REPORT TO THE SENATE EDUCATION, HEALTH, AND ENVIRONMENTAL AFFAIRS COMMITTEE AND THE HOUSE ECONOMIC MATTERS COMMITTEE, IN ACCORDANCE WITH § 2-1246 OF THE STATE GOVERNMENT ARTICLE, ON THE FOLLOWING, IDENTIFIED BY JURISDICTION AND CLASS 5 LICENSE HOLDER:

(I) THE TOTAL BEER PRODUCTION OF THE LICENSE HOLDER IN THE PRECEDING FISCAL YEAR;

(II) THE TOTAL SALES OF THE LICENSE HOLDER FOR ON-SITE CONSUMPTION UNDER AN ON-SITE CONSUMPTION PERMIT, A CLASS D BEER LICENSE, OR AN EQUIVALENT LICENSE IN THE PRECEDING FISCAL YEAR;

(III) WHETHER THE LICENSE HOLDER HAS REQUESTED PERMISSION TO SELL ADDITIONAL BEER UNDER SUBSECTION ~~(E)(2)(III)~~ (F)(5)(I) OF THIS SECTION, AND WHETHER THE COMPTROLLER GRANTED THAT PERMISSION, FOR THE PRECEDING FISCAL YEAR; AND

(IV) THE TOTAL SALES OF THE LICENSE HOLDER OF ADDITIONAL BEER UNDER SUBSECTION ~~(E)(2)(III)~~ (F)(5)(I) OF THIS SECTION IN THE PRECEDING FISCAL YEAR.

(2) EACH HOLDER OF A CLASS ~~B~~ 5 LICENSE SHALL REPORT TO THE COMPTROLLER THE INFORMATION NEEDED TO PREPARE THE ANNUAL REPORT UNDER THIS SUBSECTION.

(3) THE COMPTROLLER MAY INCLUDE THE INFORMATION REPORTED UNDER THIS SUBSECTION IN THE ANNUAL REPORT SUBMITTED UNDER § 1-306 OF THIS ARTICLE.

SECTION ~~2~~ 3. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2017. Section 2 of this Act shall remain effective for a period of 5 years and, at the end of June 30, 2022, with no further action required by the General Assembly, Section 2 of this Act shall be abrogated and of no further force and effect.

**Enacted under Article II, § 17(c) of the Maryland Constitution, May 27, 2017.**