

# HOUSE BILL 333

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By: **Montgomery County Delegation**

Introduced and read first time: January 28, 2019

Assigned to: Economic Matters

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## A BILL ENTITLED

1 AN ACT concerning

2 **Montgomery County – Alcoholic Beverages – Micro–Breweries and Farm**  
3 **Breweries**

4 **MC 18–19**

5 FOR the purpose of authorizing a holder of a Class 7 micro–brewery license in Montgomery  
6 County to brew, bottle, or contract for an unlimited number of barrels of malt  
7 beverages each calendar year; altering the maximum number of barrels of beer  
8 brewed under a Class 7 micro–brewery license that the license holder may sell at  
9 retail for on–premises consumption each year; establishing a maximum limit on the  
10 barrels of beer from certain locations that a holder of a Class 7 micro–brewery license  
11 may sell under certain circumstances; authorizing a holder of a Class 8 farm brewery  
12 license to sell for on–premises consumption beer produced by the license holder, to  
13 brew, bottle, or contract for sale an unlimited amount of beer, and to engage in retail  
14 sales and food service under certain conditions; specifying that a Class 7 limited beer  
15 wholesaler’s license may be issued only to a person that produces in the aggregate  
16 from all of its locations not more than a certain number of barrels of beer annually;  
17 specifying that the Class 7 limited beer wholesaler’s license authorizes the license  
18 holder to sell and deliver certain beer to certain persons and to distribute a certain  
19 number of barrels of beer annually; authorizing the license holder to use an  
20 additional location for certain purposes under certain circumstances; making certain  
21 technical changes; and generally relating to production, sales, delivery, and  
22 distribution limits of beer by micro–breweries in Montgomery County.

23 BY repealing and reenacting, without amendments,  
24 Article – Alcoholic Beverages  
25 Section 25–102  
26 Annotated Code of Maryland  
27 (2016 Volume and 2018 Supplement)

28 BY repealing and reenacting, with amendments,

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 Article – Alcoholic Beverages  
2 Section 25–401, 25–405, and 25–501  
3 Annotated Code of Maryland  
4 (2016 Volume and 2018 Supplement)

5 BY adding to  
6 Article – Alcoholic Beverages  
7 Section 25–407 and 25–504  
8 Annotated Code of Maryland  
9 (2016 Volume and 2018 Supplement)

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

12 **Article – Alcoholic Beverages**

13 25–102.

14 This title applies only in Montgomery County.

15 25–401.

16 (a) The following sections of Title 2, Subtitle 2 (“Manufacturer’s Licenses”) of  
17 Division I of this article apply in the county without exception or variation:

18 (1) § 2–201 (“Issuance by Comptroller”);

19 (2) § 2–202 (“Class 1 distillery license”);

20 (3) § 2–204 (“Class 2 rectifying license”);

21 (4) § 2–206 (“Class 4 limited winery license”);

22 (5) § 2–207 (“Class 5 brewery license”);

23 (6) [§ 2–210 (“Class 8 farm brewery license”);

24 (7)] § 2–211 (“Residency requirement”);

25 [(8)] (7) § 2–212 (“Additional licenses”);

26 [(9)] (8) § 2–213 (“Additional fees”);

27 [(10)] (9) § 2–214 (“Sale or delivery restricted”);

28 [(11)] (10) § 2–216 (“Interaction between manufacturing entities and

1 retailers”);

2 [(12)] (11) § 2–217 (“Distribution of alcoholic beverages — Prohibited  
3 practices”); and

4 [(13)] (12) § 2–218 (“Restrictive agreements between producers and  
5 retailers — Prohibited”).

6 (b) Section 2–215 (“Beer sale on credit to retail dealer prohibited”) of Division I of  
7 this article does not apply in the county.

8 (c) The following sections of Title 2, Subtitle 2 (“Manufacturer’s Licenses”) of  
9 Division I of this article apply in the county:

10 (1) § 2–203 (“Class 9 limited distillery license”), subject to § 25–406 of this  
11 subtitle;

12 (2) § 2–205 (“Class 3 winery license”), subject to § 25–403 of this subtitle;

13 (3) § 2–208 (“Class 6 pub–brewery license”), subject to § 25–404 of this  
14 subtitle; [and]

15 (4) § 2–209 (“Class 7 micro–brewery license”), subject to § 25–405 of this  
16 subtitle; AND

17 (5) § 2–210 (“CLASS 8 FARM BREWERY LICENSE”), SUBJECT TO §  
18 25–407 OF THIS SUBTITLE.

19 25–405.

20 (a) This section applies to a Class 7 micro–brewery (on– and off–sale) license in  
21 the county.

22 (b) The license may be issued to the holder of:

23 (1) a Class B beer, wine, and liquor (on–sale) license that is issued for use  
24 on the premises of a restaurant located in the county;

25 (2) subject to subsection (c) of this section, a Class D beer and wine license  
26 that is issued for the sale of beer and wine, at retail, at the place described in the license,  
27 for on– and off–premises consumption;

28 (3) a Class H beer and wine license that is issued for the sale of beer and  
29 wine at a hotel or restaurant, at retail, at the place described in the license, for on–premises  
30 consumption; or

1 (4) a Class BD–BWL license that is issued for the sale of beer and wine for  
2 on– and off–premises consumption, and liquor for on–premises consumption, at the place  
3 described in the license.

4 (c) The Comptroller may not issue more than an aggregate amount of two Class  
5 7 micro–brewery licenses to holders of Class D beer and wine licenses in the Town of  
6 Kensington.

7 (d) A holder of the license shall enter into a written agreement with the  
8 Department of Liquor Control for the sale and resale of malt beverages brewed under the  
9 license.

10 (e) (1) Subject to paragraphs (2), (3), and (4) of this subsection, the holder of a  
11 Class 7 micro–brewery license may:

12 (i) brew in two locations using the same Class 7 micro–brewery  
13 license; and

14 (ii) obtain a Class 2 rectifying license for the premises at the two  
15 locations authorized under item (i) of this paragraph.

16 (2) The holder of a Class 7 micro–brewery license may brew in two locations  
17 using the same Class 7 micro–brewery license if the license holder:

18 (i) requests permission by submitting a written application to the  
19 Comptroller; and

20 (ii) obtains written approval from the Comptroller.

21 (3) Before authorizing a holder of a Class 7 micro–brewery license to brew  
22 in two locations using the same Class 7 micro–brewery license, the Comptroller shall:

23 (i) make a determination that a second location to brew additional  
24 capacity is necessary due to insufficient space at the existing Class 7 license location; and

25 (ii) consider any other factor relevant to approval of the application.

26 (4) Notwithstanding any other provision of this article, a holder of a Class  
27 7 micro–brewery license may not serve or sell malt beverages for on– or off–premises  
28 consumption at the second brewing location authorized under this subsection.

29 **(F) A LICENSE HOLDER MAY:**

30 **(1) BREW, BOTTLE, OR CONTRACT FOR AN UNLIMITED NUMBER OF**  
31 **BARRELS OF MALT BEVERAGES EACH CALENDAR YEAR; AND**

1           **(2)    SELL AT RETAIL FOR ON-PREMISES CONSUMPTION:**

2                   **(I)    UP TO 4,000 BARRELS OF BEER BREWED UNDER THE**  
3 **LICENSE; OR**

4                   **(II) IF THE LICENSE HOLDER HAS LICENSES FOR TWO**  
5 **LOCATIONS, UP TO 4,000 BARRELS OF BEER FROM EACH LOCATION THAT HAS BEEN**  
6 **BREWED AT THE LOCATION WHERE IT IS SOLD.**

7 **25-407.**

8           **A HOLDER OF A CLASS 8 FARM BREWERY LICENSE IN THE COUNTY MAY:**

9                   **(1)    SELL FOR ON-PREMISES CONSUMPTION BEER PRODUCED BY THE**  
10 **LICENSE HOLDER;**

11                   **(2)    BREW, BOTTLE, OR CONTRACT FOR SALE AN UNLIMITED NUMBER**  
12 **OF BARRELS OF BEER EACH CALENDAR YEAR; AND**

13                   **(3)    ENGAGE IN RETAIL SALES AND FOOD SERVICE DURING THE SAME**  
14 **HOURS AND DAYS ESTABLISHED FOR A CLASS B BEER, WINE, AND LIQUOR LICENSE.**

15 **25-501.**

16           (a)    The following sections of Title 2, Subtitle 3 (“Wholesaler’s Licenses”) of  
17 Division I of this article apply in the county without exception or variation:

18                   (1)    § 2-301 (“Licenses issued by Comptroller”);

19                   (2)    § 2-307 (“Class 6 limited wine wholesaler’s license”);

20                   (3)    [§ 2-308 (“Class 7 limited beer wholesaler’s license”);

21                   (4)] § 2-309 (“Sale and delivery of beer or wine from wholesaler’s vehicle”);

22                   [(5)] (4)    § 2-310 (“Sale and delivery to retail license holder”);

23                   [(6)] (5)    § 2-311 (“Additional wholesaler’s licenses”);

24                   [(7)] (6)    § 2-312 (“Direct importation of alcoholic beverages”);

25                   [(8)] (7)    § 2-313 (“Sale or delivery restricted to holder of license or  
26 permit”);

27                   [(9)] (8)    § 2-315 (“Interaction between wholesaling entities and

1 retailers”);

2            ~~[(10)] (9)~~ § 2–316 (“Distribution of alcoholic beverages — Prohibited  
3 practices”); and

4            ~~[(11)] (10)~~ § 2–317 (“Restrictive agreements between wholesalers and  
5 retailers — Prohibited”).

6            (b) Section 2–314 (“Beer sale on credit to retail dealer prohibited”) of Division I of  
7 this article does not apply in the county.

8            (c) The following sections of Title 2, Subtitle 3 (“Wholesaler’s Licenses”) of  
9 Division I of this article apply in the county:

10            **(1)** subject to § 25–502 of this subtitle:

11            ~~[(1)] (I)~~ § 2–302 (“Class 1 beer, wine, and liquor wholesaler’s license”);

12            ~~[(2)] (II)~~ § 2–303 (“Class 2 wine and liquor wholesaler’s license”);

13            ~~[(3)] (III)~~ § 2–304 (“Class 3 beer and wine wholesaler’s license”);

14            ~~[(4)] (IV)~~ § 2–305 (“Class 4 beer wholesaler’s license”); and

15            ~~[(5)] (V)~~ § 2–306 (“Class 5 wine wholesaler’s license”); AND

16            **(2) SUBJECT TO § 25–504 OF THIS SUBTITLE, § 2–308 (“CLASS 7**  
17 **LIMITED BEER WHOLESALER’S LICENSE”).**

18 **25–504.**

19            **(A) THIS SECTION APPLIES TO A CLASS 7 LIMITED BEER WHOLESALER’S**  
20 **LICENSE IN THE COUNTY.**

21            **(B) THE LICENSE MAY BE ISSUED ONLY TO A PERSON THAT PRODUCES IN**  
22 **THE AGGREGATE FROM ALL OF ITS LOCATIONS NOT MORE THAN 45,000 BARRELS OF**  
23 **BEER ANNUALLY.**

24            **(C) THE LICENSE AUTHORIZES THE LICENSE HOLDER TO:**

25            **(1) SELL AND DELIVER THE LICENSE HOLDER’S BEER PRODUCED AT**  
26 **THE LICENSE HOLDER’S PREMISES TO A HOLDER OF A RETAIL LICENSE OR PERMIT**  
27 **AUTHORIZING THE ACQUISITION OF BEER FROM A WHOLESALER; AND**

28            **(2) DISTRIBUTE UP TO 6,000 BARRELS OF THE LICENSE HOLDER’S**

1 BEER ANNUALLY.

2 (D) THE LICENSE HOLDER MAY USE A SECOND LOCATION FOR THE  
3 WAREHOUSING, SALE, AND DELIVERY OF BEER, IF THE LICENSE HOLDER:

4 (1) SUBMITS TO THE COMPTROLLER A SEPARATE APPLICATION FOR  
5 EACH LOCATION, AND THE APPLICATIONS ARE APPROVED; AND

6 (2) PAYS A \$50 FEE FOR EACH ADDITIONAL LOCATION.

7 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July  
8 1, 2019.