

SENATE BILL 523

A2

5r1640
CF HB 689

By: **Senator Mathias**

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 6, 2015

CHAPTER _____

1 AN ACT concerning

2 **Worcester County – Alcoholic Beverages – ~~Craft~~ Limited Distillery License**

3 FOR the purpose of establishing a Class 9 ~~craft~~ limited distillery license in Worcester
4 County; setting a license fee; providing that the State Comptroller issue the Class 9
5 license only to a holder of a Class D beer, wine and liquor license in the County for
6 use on the premises for which the Class D license was issued; authorizing a holder
7 of a Class 9 license to establish and operate a plant for distilling and bottling brandy,
8 rum, whiskey, alcohol, and neutral spirits under certain circumstances; authorizing
9 a holder of a Class 9 license to acquire bulk alcoholic beverages, to store, sell, and
10 deliver product, to conduct guided tours, and to serve a certain number of samples
11 to certain persons; prohibiting a holder of a Class 9 license from taking certain
12 actions; requiring a holder of a Class 9 license to abide by all trade practice
13 restrictions applicable to distilleries; requiring a holder of a Class 9 license to take
14 certain actions to distill more than a certain amount of gallonage; and generally
15 relating to Class 9 distillery licenses in Worcester County.

16 BY repealing and reenacting, with amendments,
17 Article 2B – Alcoholic Beverages
18 Section 2–201(a)
19 Annotated Code of Maryland
20 (2011 Replacement Volume and 2014 Supplement)

21 BY adding to
22 Article 2B – Alcoholic Beverages
23 Section 2–202.1

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 Annotated Code of Maryland
2 (2011 Replacement Volume and 2014 Supplement)

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

5 **Article 2B – Alcoholic Beverages**

6 2–201.

7 (a) The annual fees for manufacturer’s licenses are as follows:

8	Class 1	Distillery	\$ 2,000
9	Class 2	Rectifying.....	600
10	Class 3	Winery	750
11	Class 4	Limited Winery	200
12	Class 5	Brewery	1,500
13	Class 6	Pub–Brewery.....	500
14	Class 7	Micro–Brewery	500
15	Class 8	Farm Brewery	200
16	CLASS 9	CRAFT <u>LIMITED DISTILLERY</u>	500

17 **2–202.1.**

18 **(A) THERE IS A CLASS 9 ~~CRAFT~~ LIMITED DISTILLERY LICENSE.**

19 **(B) THE LICENSE SHALL BE ISSUED:**

20 **(1) BY THE STATE COMPTROLLER; AND**

21 **(2) ONLY TO A HOLDER OF A CLASS D BEER, WINE AND LIQUOR**
22 **LICENSE IN WORCESTER COUNTY FOR USE ON THE PREMISES FOR WHICH THE**
23 **CLASS D LICENSE WAS ISSUED.**

24 **(C) (1) A HOLDER OF A CLASS 9 ~~CRAFT~~ LIMITED DISTILLERY LICENSE:**

25 **(I) MAY ESTABLISH AND OPERATE A PLANT IN THIS STATE FOR**
26 **DISTILLING AND BOTTLING BRANDY, RUM, WHISKEY, ALCOHOL, AND NEUTRAL**
27 **SPIRITS IF THE HOLDER:**

28 **1. MAINTAINS ONLY ONE BRAND AT ANY ONE TIME FOR**
29 **EACH PRODUCT OF BRANDY, RUM, WHISKEY, ALCOHOL, AND NEUTRAL SPIRITS THAT**
30 **IS DISTILLED AND SOLD; AND**

1 2. **DOES NOT MANUFACTURE PRODUCT OF ANY OTHER**
2 **BRAND FOR ANOTHER ENTITY;**

3 (ii) **MAY ACQUIRE BULK ALCOHOLIC BEVERAGES FROM THE**
4 **HOLDER OF A DISTILLERY OR RECTIFYING LICENSE IN THIS STATE OR FROM THE**
5 **HOLDER OF A NONRESIDENT DEALER'S PERMIT;**

6 (iii) **AFTER ACQUIRING AN INDIVIDUAL STORAGE PERMIT, MAY**
7 **STORE ON THE LICENSED PREMISES THOSE PRODUCTS MANUFACTURED UNDER THE**
8 **CLASS 9 ~~CRAFT~~ LIMITED DISTILLERY LICENSE;**

9 (iv) **MAY SELL AND DELIVER THOSE PRODUCTS**
10 **MANUFACTURED UNDER THE CLASS 9 ~~CRAFT~~ LIMITED DISTILLERY LICENSE ONLY**
11 **TO A LICENSED WHOLESALER IN THIS STATE OR PERSON AUTHORIZED TO ACQUIRE**
12 **DISTILLED SPIRITS IN ANOTHER STATE AND NOT TO A COUNTY DISPENSARY;**

13 (v) **MAY SELL THE PRODUCTS MANUFACTURED UNDER THE**
14 **CLASS 9 ~~CRAFT~~ LIMITED DISTILLERY LICENSE AT RETAIL IN A MANNER CONSISTENT**
15 **WITH THE UNDERLYING CLASS D LICENSE;**

16 (vi) **MAY CONDUCT GUIDED TOURS OF THAT PORTION OF THE**
17 **LICENSED PREMISES USED FOR THE ~~CRAFT~~ LIMITED DISTILLERY OPERATION; AND**

18 (vii) **MAY SERVE NOT MORE THAN THREE SAMPLES OF**
19 **PRODUCTS MANUFACTURED AT THE LICENSED PREMISES, WITH EACH SAMPLE**
20 **CONSISTING OF NOT MORE THAN ONE-HALF OUNCE FROM A SINGLE PRODUCT, TO**
21 **PERSONS WHO:**

22 1. **HAVE ATTAINED THE LEGAL DRINKING AGE;**

23 2. **PARTICIPATED IN A GUIDED TOUR; AND**

24 3. **ARE PRESENT ON THAT PORTION OF THE PREMISES**
25 **USED FOR THE ~~CRAFT~~ LIMITED DISTILLERY OPERATION.**

26 (2) **A HOLDER OF A CLASS 9 ~~CRAFT~~ LIMITED DISTILLERY LICENSE**
27 **MAY NOT:**

28 (i) **APPLY FOR OR POSSESS A MARYLAND WHOLESALER'S**
29 **LICENSE;**

1 (II) SELL BOTTLES OF THE PRODUCTS MANUFACTURED AT THE
2 CLASS 9 ~~CRAFT~~ LIMITED DISTILLERY ON THAT PART OF THE PREMISES USED FOR
3 THE DISTILLERY OPERATION;

4 (III) DISTILL MORE THAN 100,000 GALLONS OF BRANDY, RUM,
5 WHISKEY, ALCOHOL, AND NEUTRAL SPIRITS EACH CALENDAR YEAR;

6 (IV) SELL AT RETAIL ON THE PREMISES OF THE CLASS D
7 LICENSE, FOR ON- OR OFF-SALE CONSUMPTION, MORE THAN 15,500 GALLONS OF
8 THE PRODUCTS MANUFACTURED UNDER THE CLASS 9 ~~CRAFT~~ LIMITED DISTILLERY
9 LICENSE EACH CALENDAR YEAR; AND

10 (V) OWN, OPERATE, OR BE AFFILIATED IN ANY MANNER WITH
11 ANOTHER MANUFACTURER.

12 (3) A HOLDER OF A CLASS 9 ~~CRAFT~~ LIMITED DISTILLERY LICENSE
13 SHALL ABIDE BY ALL TRADE PRACTICE RESTRICTIONS APPLICABLE TO
14 DISTILLERIES.

15 (D) TO DISTILL MORE THAN THE GALLONAGE SPECIFIED IN SUBSECTION
16 (C)(2)(III) OF THIS SECTION, A HOLDER OF A CLASS 9 ~~CRAFT~~ LIMITED DISTILLERY
17 LICENSE SHALL DIVEST ITSELF OF ANY CLASS D RETAIL LICENSE AND OBTAIN A
18 CLASS 1 MANUFACTURER'S LICENSE.

19 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
20 1, 2015.

Approved:

Governor.

President of the Senate.

Speaker of the House of Delegates.