

Chapter 1040

(Senate Bill 941)

AN ACT concerning

Wicomico County – Alcoholic Beverages – Class B Beer, Wine, and Liquor Licenses – Purchases From Licensed Wholesalers and Self-Distribution

FOR the purpose of authorizing a Class B beer, wine, and liquor license holder to purchase liquor for retail sale from a licensed wholesaler; authorizing a Class B beer, wine, and liquor restaurant license holder that has been issued a Class 9 limited distillery license to sell certain products manufactured under the distillery license in a certain manner; and generally relating to alcoholic beverages in Wicomico County.

BY repealing and reenacting, without amendments,
 Article – Alcoholic Beverages and Cannabis
 Section 2–203 and 32–102
 Annotated Code of Maryland
 (2016 Volume and 2023 Supplement)

BY repealing and reenacting, with amendments,
 Article – Alcoholic Beverages and Cannabis
 Section 32–902
 Annotated Code of Maryland
 (2016 Volume and 2023 Supplement)

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

Article – Alcoholic Beverages and Cannabis

2–203.

(a) There is a Class 9 limited distillery license.

(b) The limited distillery license may be issued only to a holder of a:

(1) Class D beer, wine, and liquor license where sales for both on- and off-premises consumption are permitted for use on the premises for which the Class D license was issued; or

(2) Class B beer, wine, and liquor license where sales for both on- and off-premises consumption are permitted for use on the premises for which the Class B license was issued.

(c) A holder of the limited distillery license:

(1) may establish and operate a plant in the State for distilling, rectifying, and bottling brandy, rum, whiskey, alcohol, and neutral spirits if the holder:

(i) maintains only one brand at any one time for each product of brandy, rum, whiskey, alcohol, and neutral spirits that is distilled, rectified, and sold; and

(ii) does not manufacture or rectify product of any other brand for another entity;

(2) may acquire bulk alcoholic beverages from the holder of a distillery or rectifying license in the State or from the holder of a nonresident dealer's permit;

(3) after acquiring an individual storage permit, may store on the licensed premises those products manufactured under the license;

(4) except as authorized under subsection (d)(1) of this section, may sell and deliver those products manufactured under the license only to a licensed wholesaler in the State or person authorized to acquire distilled spirits in another state and not to a county dispensary;

(5) may sell the products manufactured under the license at retail in a manner consistent with the underlying Class D or Class B license;

(6) may conduct guided tours of that portion of the licensed premises used for the limited distillery operation;

(7) may serve not more than three samples of products manufactured at the licensed premises, with each sample consisting of not more than one-half ounce from a single product, to persons who:

(i) have attained the legal drinking age;

(ii) participated in a guided tour; and

(iii) are present on that portion of the premises used for the limited distillery operation; and

(8) may sell and deliver products manufactured by the license holder to an individual in accordance with § 2-219 of this subtitle.

(d) A holder of the limited distillery license may not:

(1) apply for or possess a wholesaler's license, except for a Class 8 liquor wholesaler's license;

(2) sell bottles of the products manufactured at the Class 9 limited distillery on that part of the premises used for the distillery operation;

(3) except as provided in subsection (e) of this section, distill, rectify, bottle, or sell more than 100,000 gallons of brandy, rum, whiskey, alcohol, and neutral spirits each calendar year;

(4) sell at retail on the premises of the Class D or Class B license, for on-premises or off-premises consumption, more than 31,000 gallons of the products manufactured under the license each calendar year; and

(5) own, operate, or be affiliated in any manner with another manufacturer.

(e) To distill more than the gallonage specified in subsection (d)(3) of this section, a holder of the limited distillery license shall divest itself of any Class D or Class B retail license and obtain a Class 1 distillery license.

(f) A holder of the limited distillery license shall abide by all trade practice restrictions applicable to distilleries.

(g) The annual license fee:

(1) shall be determined by the Executive Director; and

(2) may not exceed \$500.

32-102.

This title applies only in Wicomico County.

32-902.

(a) There is a Class B beer, wine, and liquor license.

(b) The Board may issue the license for use by:

(1) a hotel that has:

(i) at least 25 rooms;

(ii) a lobby with registration, mail desk, and seating facilities; and

(iii) a dining room that serves full-course meals at least twice daily;

or

(2) (i) a restaurant that:

1. has a proper and adequate dining room with facilities for preparing and serving regular meals;

2. not counting seating at a bar or counter, has table seating for at least 40 individuals; and

3. has average daily receipts from the sale of food, not counting foodstuff contained in a mixed drink, that each month exceed the average daily receipts from the sale of alcoholic beverages.

(ii) The seating requirement in item (i)1 of this item does not apply to a Class B beer, wine, and liquor license holder who held the license on July 1, 1978.

(c) The license authorizes the license holder to sell beer, wine, and liquor at a hotel or restaurant at retail at the place described in the license, for on-premises consumption.

(d) (1) In this subsection, “lounge area” means an area that includes:

(i) a bar where alcoholic beverages are served; and

(ii) an entertainment facility in the same area as the bar.

(2) The license holder may:

(i) prohibit an individual under the legal drinking age from entering the lounge area after 9 p.m. unless the individual is accompanied by a parent or legal guardian who is of the legal drinking age; and

(ii) charge an entertainment fee for each individual who is present while live entertainment is in progress in the lounge area.

(e) (1) **[The] NOTWITHSTANDING § 32–306 OF THIS TITLE, THE** license holder **[shall] MAY** purchase liquor for retail sale from a county dispensary **OR FROM A LICENSED WHOLESALER.**

(2) **[The] A COUNTY DISPENSARY MAY NOT CHARGE THE** license holder **[shall be charged not]** more than 15% above the wholesale operating cost to the county dispensary.

(f) The annual license fees are:

(1) \$1,980 for a hotel; and

(2) \$1,320 for a restaurant.

(g) (1) The Board may issue a wine permit to a holder of the license for use by a restaurant that:

(i) at least 5 days per week, offers for sale and describes in a printed menu:

1. breakfast and lunch;
2. breakfast and dinner; or
3. lunch and dinner; and

(ii) has an area used for the preparation and consumption of food and beverages that is at least 80% of the area of the premises.

(2) Off-sale alcoholic beverages receipts shall be included in the calculation of average daily receipts from the sale of alcoholic beverages under § 32-901(c)(2)(i)3 of this subtitle.

(3) The wine permit authorizes the license holder to sell, at retail, at the place described in the license:

- (i) beer, wine, and liquor for on-premises consumption; and
- (ii) wine for off-premises consumption.

(4) The term of the wine permit is the same as the term of the Class B license.

(5) If the premises is open for business as a restaurant, the hours and days of sale for the wine permit are:

- (i) 10 a.m. to midnight, Monday through Saturday; and
- (ii) 12:30 p.m. to midnight on Sunday.

(6) Wine sold under the wine permit may not have an alcohol content greater than 15.5%.

(7) An applicant for the wine permit shall complete the form that the Board provides.

(8) Advertising, posting of notice, and public hearing requirements for the wine permit are the same as those for Class B licenses.

(9) The Board may adopt regulations to carry out this subsection, including a limit on the number of wine permits to be granted.

(10) The annual permit fee is \$1,500.

(H) THE HOLDER OF A CLASS B BEER, WINE, AND LIQUOR RESTAURANT LICENSE THAT HAS BEEN ISSUED A CLASS 9 LIMITED DISTILLERY LICENSE MAY SELL PRODUCTS MANUFACTURED UNDER THE DISTILLERY LICENSE AT THE PLACE DESCRIBED IN THE CLASS B LICENSE IN A MANNER CONSISTENT WITH THE UNDERLYING CLASS B LICENSE FOR ON- AND OFF-PREMISES CONSUMPTION.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2024.

Approved by the Governor, May 16, 2024.