

# HOUSE BILL 356

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By: **Delegates Barkley, Schulz, Haddaway–Riccio, Clagett, Eckardt, Jameson, Olszewski, and Rudolph**

Introduced and read first time: January 23, 2014

Assigned to: Economic Matters

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## A BILL ENTITLED

1 AN ACT concerning

2 **Alcoholic Beverages – Class 8 Farm Breweries – Festival Licenses**

3 FOR the purpose of authorizing the holder of a Class 8 farm brewery license to enter  
4 into a certain temporary delivery agreement with a certain distributor for  
5 certain purposes under certain circumstances; authorizing the boards of license  
6 commissioners of certain counties to issue certain festival licenses to certain  
7 holders of certain Class 8 farm brewery licenses for certain purposes;  
8 authorizing holders of certain Class 8 farm brewery licenses to participate in  
9 certain festivals; making a stylistic correction; and generally relating to farm  
10 breweries and beer festivals.

11 BY repealing and reenacting, with amendments,

12 Article 2B – Alcoholic Beverages

13 Section 2–209, 8–307(d), 8–801(d), 8–802(b), 8–803(d), 8–804(d), 8–805(d),  
14 8–806(b), and 8–807(d) and (g)

15 Annotated Code of Maryland

16 (2011 Replacement Volume and 2013 Supplement)

17 BY repealing and reenacting, without amendments,

18 Article 2B – Alcoholic Beverages

19 Section 8–307(a), 8–801(b), 8–802(a), 8–803(a), 8–804(b), 8–805(a), 8–806(a),  
20 and 8–807(b)

21 Annotated Code of Maryland

22 (2011 Replacement Volume and 2013 Supplement)

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

25 **Article 2B – Alcoholic Beverages**

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 2-209.

2 (a) (1) There is a Class 8 farm brewery license.

3 (2) Subject to paragraph (3) of this subsection, a Class 8 farm brewery  
4 license allows the licensee to sell and deliver beer manufactured in a facility on the  
5 licensed farm or in a facility other than one on the licensed farm to:

6 (i) A wholesaler licensed to sell and deliver beer in the State; or

7 (ii) A person in another state authorized to acquire beer.

8 (3) The beer to be sold and delivered under paragraph (2) of this  
9 subsection shall be manufactured with an ingredient from a Maryland agricultural  
10 product, including hops, grain, and fruit, produced on the licensed farm.

11 (4) A Class 8 farm brewery may be located only at the place stated on  
12 the license.

13 (5) Notwithstanding any local law, a licensee may exercise the  
14 privileges of a Class 8 farm brewery license.

15 (6) A licensee may:

16 (i) Sell beer produced by the licensee for consumption on the  
17 licensed farm;

18 (ii) In an amount not exceeding 6 fluid ounces per brand,  
19 provide samples of beer that the licensee produces to a consumer:

20 1. At no charge; or

21 2. For a fee; and

22 (iii) Sell or serve:

23 1. Bread and other baked goods;

24 2. Chili;

25 3. Chocolate;

26 4. Crackers;

27 5. Cured meat;

28 6. Fruits (whole and cut);



1           (9) Except as provided under subsection (d) of this section, a licensee  
2 may not sell or allow to be consumed at the location of the farm brewery any alcoholic  
3 beverage other than the beer produced by the licensee under the authority of this  
4 section.

5           (10) Nothing in this subsection limits the application of relevant  
6 provisions of Title 21 of the Health – General Article, and regulations adopted under  
7 that title, to a licensee.

8           (b) The place listed on the Class 8 farm brewery license shall be in  
9 compliance with § 9–103 of this article.

10           (c) A licensee may:

11           (1) Store on its licensed farm, in a segregated area approved by the  
12 Comptroller, beer produced at the licensed farm for sale and delivery to a wholesaler  
13 licensed in the State or a person outside of the State authorized to acquire the beer;

14           (2) Brew, bottle, or contract for not more than 15,000 barrels of beer  
15 each calendar year;

16           (3) Contract with the holder of a Class 2 rectifying license, a Class 5  
17 brewery license, or a Class 7 micro–brewery license to brew and bottle beer from  
18 ingredients produced on the licensed farm;

19           (4) Import, export, and transport its beer in accordance with this  
20 section; [and]

21           (5) Store beer at a warehouse for which the licensee has been issued  
22 an individual storage permit, for sale and delivery to a wholesaler licensed in the State  
23 or a person outside of the State authorized to acquire the beer, or shipment back to the  
24 licensed farm, if:

25           (i) The licensee does not serve or sell beer at the warehouse;  
26 and

27           (ii) The Comptroller has full access at all times to the  
28 warehouse to enforce this article; AND

29           **(6) ENTER INTO A TEMPORARY DELIVERY AGREEMENT WITH A**  
30 **DISTRIBUTOR ONLY FOR DELIVERY OF BEER TO A BEER FESTIVAL OR WINE AND**  
31 **BEER FESTIVAL AND THE RETURN OF ANY UNUSED BEER IF:**

32           **(I) THE BEER FESTIVAL OR WINE AND BEER FESTIVAL IS IN**  
33 **A SALES TERRITORY FOR WHICH THE HOLDER DOES NOT HAVE A FRANCHISE**  
34 **WITH A DISTRIBUTOR UNDER THE BEER FRANCHISE FAIR DEALING ACT; AND**

1                                   **(II) THE TEMPORARY DELIVERY AGREEMENT IS IN WRITING.**

2           (d)   (1)   A licensee may sponsor a multibrewery activity at the licensed  
3 farm that:

4                                   (i)   Includes the products of other Maryland breweries; and

5                                   (ii)   Provides for the sale of beer by the glass for consumption on  
6 the premises only.

7                                   (2)   In a segregated area approved by the Comptroller on the licensed  
8 farm, a licensee may store the products of other Maryland breweries for the  
9 multibrewery activity.

10                                  (3)   The multibrewery activity:

11                                   (i)   May be held from 10 a.m. to 10 p.m. each day; and

12                                   (ii)   May not exceed 3 consecutive days.

13           (e)   (1)   The Office of the Comptroller may issue a special brewery  
14 promotional event permit to a licensee.

15                                  (2)   At least 15 days before holding a planned promotional event, the  
16 licensee shall obtain a permit from the Comptroller by filing a notice of the  
17 promotional event on the form that the Comptroller provides.

18                                  (3)   The permit authorizes the licensee to conduct at the licensed farm  
19 a promotional event at which the licensee may:

20                                   (i)   Provide samples of not more than 6 fluid ounces per brand to  
21 consumers; and

22                                   (ii)   Sell beer produced by the licensee to persons who participate  
23 in the event.

24                                  (4)   The beer at the event shall be sold by the glass and for  
25 consumption on the premises only.

26                                  (5)   The licensee may not be issued more than 12 permits in a calendar  
27 year.

28                                  (6)   A single promotional event:

29                                   (i)   May be held from 10 a.m. to 10 p.m. each day; and

1 (ii) May not exceed 3 consecutive days.

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

3 8-307.

4 (a) This section applies only in Dorchester County.

5 (d) Notwithstanding any other provision of this article, an applicant for a  
6 special festival license shall be a holder of an existing State retail alcoholic beverages  
7 license, State Class 3 winery license, State Class 4 limited winery license, State Class  
8 6 pub-brewery license, [or] State Class 7 micro-brewery license, **OR STATE CLASS 8**  
9 **FARM BREWERY LICENSE** issued under this article.

10 8-801.

11 (b) This section applies only in Baltimore City.

12 (d) Notwithstanding any other provisions of this article, an applicant for a  
13 special festival license shall be the holder of an existing Class 5 brewery, Class 6  
14 pub-brewery, [or] Class 7 micro-brewery, **OR CLASS 8 FARM BREWERY**  
15 **manufacturer's license** issued under this article. Each manufacturer in the beer  
16 festival shall obtain a license.

17 8-802.

18 (a) The Baltimore County Board of License Commissioners may issue a  
19 special beer festival license.

20 (b) Notwithstanding any other provision to the contrary, an applicant for a  
21 special beer festival license shall be a holder of an existing retail alcoholic beverages  
22 license issued in the State, Class 5 brewery license, [or] Class 7 micro-brewery  
23 license, **OR CLASS 8 FARM BREWERY LICENSE** issued in accordance with this article.

24 8-803.

25 (a) In this section, "Board" means the Board of License Commissioners for  
26 Frederick County.

27 (d) Notwithstanding any other provision of this article, an applicant for a  
28 special beer festival license shall be the holder of a current retail alcoholic beverages  
29 license issued in the State, a Class 5 brewery license, [or] a Class 7 micro-brewery  
30 license, **OR A CLASS 8 FARM BREWERY LICENSE**.

31 8-804.

1 (b) This section applies only in Wicomico County.

2 (d) (1) Notwithstanding any other provision in this article, an applicant  
3 for a special beer festival license shall be the holder of an existing Class 5 brewery,  
4 Class 6 pub-brewery, [or] Class 7 micro-brewery, **OR CLASS 8 FARM BREWERY**  
5 manufacturer's license issued under this article.

6 (2) Each manufacturer that participates in the beer festival shall  
7 obtain a special beer festival license.

8 8-805.

9 (a) In this section, "Board" means the Board of License Commissioners for  
10 Carroll County.

11 (d) Notwithstanding any other provision of this article, an applicant for a  
12 special beer festival license shall be the holder of a current retail alcoholic beverages  
13 license issued in the State, a Class 5 brewery license, [or] a Class 7 micro-brewery  
14 license, **OR A CLASS 8 FARM BREWERY LICENSE.**

15 8-806.

16 (a) The Alcoholic Beverage Board of St. Mary's County may issue a special  
17 beer festival (BF) license.

18 (b) Notwithstanding any other law, an applicant for a special BF license  
19 shall be a holder of an existing retail alcoholic beverages license issued in the State  
20 authorizing the sale of beer, a State Class 5 brewery license, a State Class 6  
21 pub-brewery license, [or] a State Class 7 micro-brewery license, **OR A CLASS 8 FARM**  
22 **BREWERY LICENSE.**

23 8-807.

24 (b) This section applies only in Garrett County.

25 (d) Notwithstanding any other provision of this article, an applicant for a  
26 festival license shall be a holder of a:

27 (1) Retail alcoholic beverages license issued by the Board;

28 (2) Class 5 brewery license;

29 (3) Class 6 pub-brewery license; [or]

30 (4) Class 7 micro-brewery license; **OR**

1                   **(5) CLASS 8 FARM BREWERY LICENSE.**

2           (g)   (1)   A product to be displayed and sold at a beer festival shall be:

3                           (i)   Invoiced to the holder of the beer festival license by a  
4 licensed State wholesaler or holder of a Class 5 brewery license, Class 6 pub–brewery  
5 license [or], Class [6] 7 micro–brewery license, **OR CLASS 8 FARM BREWERY**  
6 **LICENSE**; and

7                           (ii)   Delivered to the beer festival from the licensed premises of  
8 the wholesaler.

9                   (2)   When a beer festival license is issued, a holder of a wholesaler’s  
10 license, a Class 5 brewery license, a Class 6 pub–brewery license, [or] a Class 7  
11 micro–brewery license, **OR A CLASS 8 FARM BREWERY LICENSE** may enter into an  
12 agreement with the holder of the beer festival license to deliver beer 2 days before the  
13 effective date of the beer festival license and to accept returns not later than 2 days  
14 after the expiration date of the beer festival license.

15           SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
16 July 1, 2014.