

SENATE BILL 431

A1

3lr2553
CF HB 565

By: **Washington County Senators**

Introduced and read first time: February 2, 2023

Assigned to: Finance

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 7, 2023

CHAPTER _____

1 AN ACT concerning

2 **Alcoholic Beverages – Class 9 Limited Distillery License – Self-Distribution**

3 FOR the purpose of authorizing ~~a holder of a Class 9 limited distillery license to sell and~~
4 ~~deliver alcoholic beverages manufactured under the license in bulk to a person in the~~
5 ~~State that is authorized to acquire them and to a person outside the State that is~~
6 ~~authorized to acquire them; repealing the prohibition against~~ a holder of a Class 9
7 limited distillery license applying for or possessing a wholesaler's license to apply for
8 or possess a Class 8 liquor wholesaler's license; and generally relating to Class 9
9 limited distillery licenses.

10 BY repealing and reenacting, with amendments,
11 Article – Alcoholic Beverages
12 Section 2–203 and 2–308.1
13 Annotated Code of Maryland
14 (2016 Volume and 2022 Supplement)

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

17 **Article – Alcoholic Beverages**

18 2–203.

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

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

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

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

8 (c) A holder of the limited distillery license:

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

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

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

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

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

19 (4) EXCEPT AS AUTHORIZED UNDER SUBSECTION (D)(1) OF THIS
20 SECTION, may sell and deliver those products manufactured under the license ~~only to a~~
21 ~~licensed wholesaler in the State or person authorized to acquire distilled spirits in another~~
22 ~~state and not to a county dispensary~~;

23 ~~(I) IN BULK TO A PERSON IN THE STATE THAT IS AUTHORIZED~~
24 ~~TO ACQUIRE THEM; AND~~

25 ~~(II) TO A PERSON OUTSIDE THE STATE THAT IS AUTHORIZED TO~~
26 ~~ACQUIRE THEM;~~

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

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

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

4 (i) have attained the legal drinking age;

5 (ii) participated in a guided tour; and

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

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

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

11 (1) ~~apply for or possess a wholesaler's license, **EXCEPT FOR A CLASS 8**~~
12 ~~**LIQUOR WHOLESALER'S LICENSE;**~~

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

15 ~~(3)~~ ~~(2)~~ except as provided in subsection (e) of this section, distill, rectify,
16 bottle, or sell more than 100,000 gallons of brandy, rum, whiskey, alcohol, and neutral
17 spirits each calendar year;

18 ~~(4)~~ ~~(3)~~ sell at retail on the premises of the Class D or Class B license, for
19 on-premises or off-premises consumption, more than 31,000 gallons of the products
20 manufactured under the license each calendar year; and

21 ~~(5)~~ ~~(4)~~ own, operate, or be affiliated in any manner with another
22 manufacturer.

23 (e) To distill more than the gallonage specified in subsection ~~[(d)(3)]~~ ~~(D)(2)~~ of this
24 section, a holder of the limited distillery license shall divest itself of any Class D or Class B
25 retail license and obtain a Class 1 distillery license.

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

28 (g) The annual license fee:

29 (1) shall be determined by the Commission; and

30 (2) may not exceed \$500.

1 2-308.1.

2 (a) There is a Class 8 liquor wholesaler's license.

3 (b) The license may be issued only to a person that:

4 (1) holds a:

5 (I) Class 1 distillery license; OR

6 (II) CLASS 9 LIMITED DISTILLERY LICENSE; and

7 (2) produces in the aggregate from all of its locations not more than 100,000
8 gallons of liquor annually.

9 (c) The license authorizes the license holder to:

10 (1) sell and deliver its own liquor produced at the license holder's premises
11 to:

12 (i) a holder of a retail license that is authorized to acquire liquor
13 from a wholesaler; and

14 (ii) a holder of a permit that is authorized to acquire liquor from a
15 wholesaler; and

16 (2) distribute not more than 27,500 gallons of its own liquor annually.

17 (d) The annual license fee is \$100.

18 (e) The license holder may use an additional location for the warehousing, sale,
19 and delivery of liquor:

20 (1) if approved by the Comptroller following submission of a separate
21 application for each location; and

22 (2) on the payment of a \$100 fee for each additional location.

23 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
24 1, 2023.