

SENATE BILL 431

A1

(3lr2553)

ENROLLED BILL

— Finance/Economic Matters —

Introduced by **Washington County Senators**

Read and Examined by Proofreaders:

Proofreader.

Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this

_____ day of _____ at _____ o'clock, _____ M.

President.

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 and obtain a Class 8 liquor wholesaler's license with certain privileges;
9 and generally relating to Class 9 limited distillery licenses.

10 BY repealing and reenacting, with amendments,

11 Article – Alcoholic Beverages

12 Section 2-203 ~~and, 2-212(b), 2-308.1, and 2-311~~

13 Annotated Code of Maryland

14 (2016 Volume and 2022 Supplement)

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.

Italics indicate opposite chamber/conference committee amendments.



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

3 **Article – Alcoholic Beverages**

4 2–203.

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

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

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

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

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

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

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

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

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

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

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

28 ~~(1) IN BULK TO A PERSON IN THE STATE THAT IS AUTHORIZED~~
29 ~~TO ACQUIRE THEM; AND~~

1 ~~(H) TO A PERSON OUTSIDE THE STATE THAT IS AUTHORIZED TO~~
 2 ~~ACQUIRE THEM;~~

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

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

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

10 (i) have attained the legal drinking age;

11 (ii) participated in a guided tour; and

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

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

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

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

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

21 ~~(3)~~ ~~(2)~~ except as provided in subsection (e) of this section, distill, rectify,
 22 bottle, or sell more than 100,000 gallons of brandy, rum, whiskey, alcohol, and neutral
 23 spirits each calendar year;

24 ~~(4)~~ ~~(3)~~ sell at retail on the premises of the Class D or Class B license, for
 25 on-premises or off-premises consumption, more than 31,000 gallons of the products
 26 manufactured under the license each calendar year; and

27 ~~(5)~~ ~~(4)~~ own, operate, or be affiliated in any manner with another
 28 manufacturer.

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

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

3 (g) The annual license fee:

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

5 (2) may not exceed \$500.

6 2-212.

7 (b) (1) The holder of a rectifying or winery license may apply for and obtain a
8 wholesaler's license of any class for the same premises or elsewhere as provided under this
9 article.

10 (2) The holder of a Class 4 limited winery license may apply for and obtain
11 a Class 6 limited wine wholesaler's license for the same premises or elsewhere as provided
12 under this article.

13 (3) (i) The holder of a Class 5 brewery license or Class 7 micro-brewery
14 license may apply for and obtain a Class 7 limited beer wholesaler's license in accordance
15 with this paragraph.

16 (ii) A holder of a Class 5 brewery license that was selling the holder's
17 own beer at wholesale in the State as of January 1, 2013, may obtain a Class 7 limited beer
18 wholesaler's license to continue to sell the holder's own beer at wholesale in the same location
19 in an amount that is not more than 5,000 barrels annually.

20 (iii) A holder of a Class 5 brewery license that produces in aggregate
21 from all its locations not more than 45,000 barrels of beer annually may obtain a Class 7
22 limited beer wholesaler's license and distribute not more than 5,000 barrels of its own beer
23 annually.

24 (4) A holder of one or two Class 7 micro-brewery licenses that produces in
25 aggregate from all of its locations not more than 45,000 barrels of beer annually may obtain
26 a Class 7 limited beer wholesaler's license and distribute beer that:

27 (i) totals annually not more than 5,000 barrels in aggregate from all
28 of its locations; and

29 (ii) has been brewed at the location from where it is distributed.

30 (5) The holder of a Class 1 distillery license may apply for and obtain a
31 Class 8 liquor wholesaler's license for the same premises or elsewhere as provided under this
32 article.

1 **(6) THE HOLDER OF A CLASS 9 LIMITED DISTILLERY LICENSE MAY**
2 **APPLY FOR AND OBTAIN A CLASS 8 LIQUOR WHOLESALER'S LICENSE, FOR THE SAME**
3 **PREMISES OR ELSEWHERE AS PROVIDED UNDER THIS ARTICLE, AND DISTRIBUTE ITS**
4 **OWN LIQUOR.**

5 2-308.1.

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

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

8 (1) holds a:

9 **(I) Class 1 distillery license; OR**

10 **(II) CLASS 9 LIMITED DISTILLERY LICENSE; and**

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

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

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

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

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

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

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

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

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

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

27 2-311.

1 (a) The holder of a Class 1, Class 2, or Class 3 wholesaler's license may obtain
2 more than one such license [provided] IF separate records are kept.

3 (b) (1) The holder of a rectifying or winery license may apply for and obtain a
4 wholesaler's license of any class for the same premises or elsewhere as provided under this
5 article.

6 (2) The holder of a Class 4 limited winery license may apply for and obtain
7 a Class 6 limited wine wholesaler's license for the same premises or elsewhere as provided
8 under this article.

9 (3) (i) The holder of a Class 5 manufacturer's license or Class 7
10 micro-brewery license may apply for and obtain a Class 7 limited beer wholesaler's license
11 in accordance with this paragraph.

12 (ii) A holder of a Class 5 manufacturer's license that was selling the
13 holder's own beer at wholesale in the State as of January 1, 2013, may obtain a Class 7
14 limited beer wholesaler's license to continue to sell the holder's own beer at wholesale in the
15 same location in an amount that is not more than 5,000 barrels annually.

16 (iii) A holder of a Class 5 manufacturer's license that produces in
17 aggregate from all its locations not more than 45,000 barrels of beer annually may obtain a
18 Class 7 limited beer wholesaler's license and distribute not more than 5,000 barrels of its
19 own beer annually.

20 (iv) A holder of one or two Class 7 micro-brewery licenses that
21 produces in aggregate from all of its locations not more than 45,000 barrels of beer annually
22 may obtain a Class 7 limited beer wholesaler's license and distribute beer that:

23 1. totals annually not more than 5,000 barrels in aggregate
24 from all of its locations; and

25 2. has been brewed at the location from where it is
26 distributed.

27 **(4) A HOLDER OF A CLASS 9 LIMITED DISTILLERY LICENSE MAY APPLY**
28 **FOR AND OBTAIN A CLASS 8 LIQUOR WHOLESALER'S LICENSE, FOR THE SAME**
29 **PREMISES OR ELSEWHERE AS PROVIDED UNDER THIS ARTICLE, AND DISTRIBUTE ITS**
30 **OWN LIQUOR.**

31 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
32 1, 2023.