

SENATE BILL 322

A1

(3lr2122)

ENROLLED BILL

— *Finance/Economic Matters* —

Introduced by **Senators Beidle, Gile, and Ready**

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 4 Limited Winery License – Food Service**

3 FOR the purpose of authorizing the holder of a Class 4 limited winery license to prepare,
4 sell, or serve certain food under certain conditions; ~~removing~~ altering certain
5 requirements for off-premises and on-premises consumption at a limited winery;
6 removing the notice requirement for certain planned promotional events at a limited
7 winery; and generally relating to Class 4 limited winery licenses.

8 BY repealing and reenacting, with amendments,

9 Article – Alcoholic Beverages

10 Section 2–206

11 Annotated Code of Maryland

12 (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.



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

Article – Alcoholic Beverages

2–206.

(a) There is a Class 4 limited winery license.

(b) (1) A license holder may:

(i) subject to paragraph (2) of this subsection, from available
Maryland agricultural products:

1. ferment and bottle wine; and

2. distill and bottle pomace brandy; and

(ii) sell and deliver the wine and pomace brandy to:

1. a holder of a wholesaler's license;

2. a holder of a permit that is authorized to acquire wine or
pomace brandy;

3. a person outside the State that is authorized to acquire
wine or pomace brandy; or

4. an individual in accordance with § 2–219 of this subtitle.

(2) A license holder:

(i) shall own or have under contract at least 20 acres of grapes or
other fruit in cultivation in the State for use in the production of wine; or

(ii) except as provided in paragraph (3) of this subsection, if less than
20 acres are owned or under contract, shall ensure that at least 51% of the ingredients used
in the annual production of the license holder's wine are grapes or other fruit grown in the
State.

(3) (i) The Secretary of Agriculture each year may grant a 1-year
exemption to an applicant from the percentage requirement under paragraph (2)(ii) of this
subsection.

(ii) The Secretary shall adopt regulations governing the granting of
an exemption under subparagraph (i) of this paragraph, after consultation with the

1 Governor's Wine and Grape Advisory Commission, the Maryland Grape Growers
2 Association, the Maryland Wineries Association, and other interested parties.

3 (4) Except as provided in Subtitle 3 of this title, a license holder need not
4 obtain any other license to possess, manufacture, sell, or transport wine or pomace brandy.

5 (5) A license holder may:

6 (i) sell wine and pomace brandy produced by the license holder for
7 **ON- AND OFF-PREMISES** consumption;

8 (ii) in an amount not exceeding 2 fluid ounces per brand, provide
9 samples of wine and pomace brandy that the license holder produces to a consumer:

10 1. at no charge; or

11 2. for a fee; and

12 (iii) subject to [paragraph] **PARAGRAPHS (6) AND (7)** of this
13 subsection, **PREPARE**, sell, or serve only:

14 1. bread and other baked goods;

15 2. chili;

16 3. chocolate;

17 4. crackers;

18 5. cured meat;

19 6. fruits (whole and cut);

20 7. hard and soft cheese (whole and cut);

21 8. salads and vegetables (whole and cut);

22 9. the following items made with Maryland wine:

23 A. ice cream;

24 B. jam;

25 C. jelly; and

26 D. vinegar;

10. pizza;

11. ~~prepackaged~~ sandwiches and other ~~prepackaged foods~~
~~ready to be eaten~~ **LIGHT FARE**;

12. soup; and

13. condiments.

~~(6) A LICENSE HOLDER IS NOT LIMITED TO PREPARING, SELLING, OR
SERVING ONLY THE FOOD SPECIFIED IN PARAGRAPH (5)(III) OF THIS SUBSECTION
IF THE LICENSE HOLDER;~~

~~(I) IS ALSO LICENSED TO OPERATE A FOOD ESTABLISHMENT
UNDER TITLE 21, SUBTITLE 3 OF THE HEALTH GENERAL ARTICLE; AND~~

~~(II) MEETS THE SAME RATIO OF GROSS RECEIPTS BETWEEN
FOOD AND ALCOHOLIC BEVERAGE SALES AS A HOLDER OF A CLASS D BEER AND
WINE LICENSE, OR AN EQUIVALENT LICENSE AS DETERMINED BY THE LOCAL
LICENSING BOARD.~~

~~(7)~~ (i) A caterer is not limited to **PREPARING**, selling, or serving only
the foods specified in paragraph (5)(iii) of this subsection.

(ii) A license holder or entity in which the license holder has a
pecuniary interest may not act as a caterer of food.

~~[(7)] (8)~~ Subject to paragraph ~~[(8)] (9)~~ of this subsection, a license holder
may conduct the activities specified in paragraph (5) of this subsection[:

(i) for off-premises consumption of wine and pomace brandy and for
sampling, from 10 a.m. to 10 p.m. each day; and

(ii) for on-premises consumption of wine and pomace brandy and
sales and service of food on the licensed premises:

1. from 10 a.m. to 6 p.m. each day; or

2. if guests are attending a planned promotional event or
other organized activity on the licensed premises,] from 10 a.m. to 10 p.m. each day.

~~[(8)] (9)~~ Except as provided in Division II of this article, the license allows
the license holder to operate 7 days a week.

1 [(9) At least 14 days before holding a planned promotional event after 6
2 p.m., a license holder shall file a notice of the promotional event with the Comptroller on
3 the form that the Comptroller provides.]

4 ~~(10)~~ **(9)** Nothing in this subsection limits the application of relevant
5 provisions of Title 21 of the Health – General Article, and regulations adopted under that
6 title, to a license holder.

7 (c) The place listed on the license shall be in compliance with § 1–405(b) of this
8 article.

9 (d) A license holder may:

10 (1) store on its licensed premises, in a segregated area approved by the
11 Comptroller, the product of other Class 4 limited wineries to be used at Maryland Wineries
12 Association promotional activities, provided records are maintained and reports filed
13 regarding the storage under this item as may be required by the Comptroller;

14 (2) distill and bottle not more than 1,900 gallons of pomace brandy made
15 from available Maryland agricultural products;

16 (3) purchase bulk wine fermented by a manufacturer licensed under this
17 article and blend the wine with the license holder's wine and pomace brandy if the
18 aggregate purchase does not exceed 25% of the license holder's annual wine and pomace
19 brandy production;

20 (4) purchase pomace brandy only for blending with wine;

21 (5) import, export, and transport its wine and pomace brandy in accordance
22 with this section; and

23 (6) produce wine and pomace brandy at a warehouse for which the license
24 holder has been issued an individual storage permit, if:

25 (i) the license holder does not serve or sell wine or pomace brandy
26 at a warehouse to the public; and

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

29 (e) A Class 4 limited winery may be located only at the place stated on the license.

30 (f) If a license holder maintains the records and files the reports that the
31 Comptroller requires, the license holder may:

(1) in the State, conduct winemaking and packaging activities at another federally bonded winery or limited winery; or

(2) outside the State, conduct winemaking and packaging activities, other than fermentation, at another federally bonded winery.

(g) Throughout the winemaking process, the license holder shall:

(1) maintain ownership of the wine or pomace brandy; and

(2) ensure that the wine or pomace brandy returns to the location of the limited winery.

(h) The annual license fee:

(1) shall be determined by the Commission; and

(2) may not exceed \$200.

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

Approved:

Governor.

President of the Senate.

Speaker of the House of Delegates.