

# 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)

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### 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**

2–203.

(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~~;~~

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

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

(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)] (2)~~ 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)] (3)~~ 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)] (4)~~ own, operate, or be affiliated in any manner with another manufacturer.

(e) To distill more than the gallonage specified in subsection ~~[(d)(3)] (D)(2)~~ 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 Commission; and

(2) may not exceed \$500.

2-212.

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

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

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

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

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

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

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

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

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

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

2-308.1.

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

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

(1) holds a:

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

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

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

(c) The license authorizes the license holder to:

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

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

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

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

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

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

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

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

2-311.

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

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

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

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

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

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

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

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

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

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

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