

SENATE BILL 1041

A1

4lr1746
CF HB 1217

By: **Senators Gile and Folden**

Introduced and read first time: February 2, 2024

Assigned to: Finance

Committee Report: Favorable with amendments

Senate action: Adopted with floor amendments

Read second time: February 27, 2024

CHAPTER _____

1 AN ACT concerning

2 **Alcoholic Beverages – Breweries, Wineries, and Distilleries – Direct Delivery**
3 **~~and Direct Shipment~~**

4 FOR the purpose of establishing certain permits authorizing the direct delivery ~~or shipment~~
5 of certain alcoholic beverages to a consumer in the State; ~~establishing that certain~~
6 ~~affiliates of the holders of nonresident brewery permits or nonresident distillery~~
7 ~~permits are included in certain production limits; authorizing common carriers to~~
8 ~~transport, if applicable, beer or liquor;~~ establishing the requirements an individual
9 must meet in order to qualify for a direct-to-consumer alcoholic beverages delivery
10 ~~or shipping~~ permit; establishing a maximum amount that a recipient of an alcoholic
11 beverages delivery ~~or shipment~~ may receive annually; repealing a maximum amount
12 that a consumer may purchase when visiting certain alcoholic beverage
13 manufacturers; ~~requiring a holder of a direct beer shipper's permit or direct liquor~~
14 ~~shipper's permit to post security for the alcoholic beverage tax in a certain amount;~~
15 and generally relating to alcoholic beverages.

16 BY repealing and reenacting, with amendments,
17 Article – Alcoholic Beverages and Cannabis
18 Section ~~2-132 and 2-132.1; and~~ 2-142 through 2-147 and 2-150 ~~through 2-152 to~~
19 be under the amended part “Part V. Direct Wine Delivery, Direct Wine
20 Shipper’s, and Common Carrier Permits”; and 2-202(k), 2-205(c) and (d),
21 2-206(h), and 2-214(a)
22 Annotated Code of Maryland
23 (2016 Volume and 2023 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.



BY repealing and reenacting, without amendments,
Article – Alcoholic Beverages and Cannabis
Section 2–148, 2–149, ~~2–153, 2–154~~, 2–202(a), 2–205(a), 2–206(a), and 2–207(b)
Annotated Code of Maryland
(2016 Volume and 2023 Supplement)

BY adding to
Article – Alcoholic Beverages and Cannabis
Section 2–148.1 and 2–149.1; ~~and 2–167 through 2–176~~ 2–175 to be under the new
part “Part VIII. Direct-to-Consumer Beer and Liquor ~~Shipping and Delivery~~”;
and 2–202(k) and (l), 2–205(d) and (e), 2–206(h) and (i), and 2–207(k) and (l)
Annotated Code of Maryland
(2016 Volume and 2023 Supplement)

~~BY repealing and reenacting, without amendments,
Article – Tax – General
Section 13–825(a) and (i)
Annotated Code of Maryland
(2022 Replacement Volume and 2023 Supplement)~~

~~BY repealing and reenacting, with amendments,
Article – Tax – General
Section 13–825(b)
Annotated Code of Maryland
(2022 Replacement Volume and 2023 Supplement)~~

BY repealing and reenacting, with amendments,
Article – Alcoholic Beverages and Cannabis
Section 2–202(c) and 2–207(d)
Annotated Code of Maryland
(2016 Volume and 2023 Supplement)
(As enacted by Section 3 of Chapters 359 and 360 of the Acts of the General Assembly
of 2021, as amended by Chapters 477 and 478 of the Acts of the General
Assembly of 2022 and Chapter 594 of the Acts of the General Assembly of
2023)

BY repealing and reenacting, without amendments,
Article – Alcoholic Beverages and Cannabis
Section 2–207(c)
Annotated Code of Maryland
(2016 Volume and 2023 Supplement)
(As enacted by Section 3 of Chapters 359 and 360 of the Acts of the General Assembly
of 2021, as amended by Chapters 477 and 478 of the Acts of the General
Assembly of 2022 and Chapter 594 of the Acts of the General Assembly of
2023)

1 WHEREAS, Section 1–201(a)(1)(i) of the Alcoholic Beverages and Cannabis Article
2 states, in part, that it is the policy of the State to regulate and control the manufacture,
3 sale, distribution, transportation, and storage of alcoholic beverages in the State for the
4 purposes of obtaining respect and obedience to the law and to foster and promote
5 temperance; and

6 WHEREAS, Section 1–201(b)(1) of the Alcoholic Beverages and Cannabis Article
7 states that it is the policy of the State to authorize the Office of the Executive Director and
8 others to displace or limit economic competition by regulating and engaging in the sale or
9 distribution of alcoholic beverages; and

10 WHEREAS, Section 1–201(b)(1)(i) through (iv) of the Alcoholic Beverages and
11 Cannabis Article states that it is the policy of the State to obtain respect and obedience for
12 the law, promote and foster temperance, prevent deceptive, destructive, and unethical
13 business practices, and promote the general welfare of residents of the State by controlling
14 the sale and distribution of alcoholic beverages; and

15 WHEREAS, To accomplish and ensure that the State can carry out its duties as
16 required in the Alcoholic Beverages and Cannabis Article, this Act reaffirms the legitimacy
17 of the three–tiered system as a means of regulating the alcoholic beverages industry as
18 stipulated by the Supreme Court of the United States in Tennessee Wine and Spirits
19 Retailers Assn. v. Thomas, 139 S. Ct. 2449 (2019); and

20 WHEREAS, It is the intent of the General Assembly to limit the issuance of direct
21 delivery permits by the Office of the Executive Director to licensed Maryland
22 manufacturers in order to protect public health and provide strong incentives not to sell
23 alcohol in a way that threatens public health or safety; now, therefore,

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

26 **Article – Alcoholic Beverages and Cannabis**

27 ~~2–132.~~

28 ~~(a) IN THIS SECTION, “AFFILIATE” MEANS A PERSON THAT DIRECTLY OR~~
29 ~~INDIRECTLY THROUGH ONE OR MORE INTERMEDIARIES CONTROLS, IS CONTROLLED~~
30 ~~BY, OR IS UNDER COMMON CONTROL WITH A HOLDER OF A NONRESIDENT BREWERY~~
31 ~~PERMIT.~~

32 ~~(b) There is a nonresident brewery permit.~~

33 ~~[(b)] (c) The Executive Director may issue the permit to a person that:~~

34 ~~(1) is licensed outside the State to engage in the manufacture of beer;~~

~~(2) produces in the aggregate from all of its locations not more than~~
~~[22,500] 45,000 barrels of beer annually, ALONE OR IN COMBINATION WITH ITS~~
~~AFFILIATES; and~~

~~(3) does not hold a nonresident dealer's permit.~~

~~[(e)] (D) (1) The permit authorizes the permit holder to sell and deliver not~~
~~more than 3,000 barrels of the permit holder's own beer annually from a location outside~~
~~the State to a retail license holder or permit holder in the State authorized to acquire the~~
~~beer.~~

~~(2) The permit holder shall comply with all the requirements of this article,~~
~~the Tax General Article, and the regulations of the Comptroller or Executive Director~~
~~that apply to a holder of a Class 7 limited beer wholesaler's license.~~

~~[(d)] (E) The annual permit fee is \$50.~~

~~2-132.1.~~

~~(a) IN THIS SECTION, "AFFILIATE" MEANS A PERSON THAT DIRECTLY OR~~
~~INDIRECTLY THROUGH ONE OR MORE INTERMEDIARIES CONTROLS, IS CONTROLLED~~
~~BY, OR IS UNDER COMMON CONTROL WITH A HOLDER OF A NONRESIDENT~~
~~DISTILLERY PERMIT.~~

~~(B) There is a nonresident distillery permit.~~

~~[(b)] (C) The Executive Director may issue the permit to a person that:~~

~~(1) is licensed outside the State to engage in the manufacture of liquor;~~

~~(2) produces in the aggregate from all of its locations not more than 100,000~~
~~gallons of liquor annually, ALONE OR IN COMBINATION WITH ITS AFFILIATES; and~~

~~(3) does not hold a nonresident dealer's permit.~~

~~[(e)] (D) (1) The permit authorizes the permit holder to sell and deliver the~~
~~permit holder's own liquor from a location outside the State to a retail license holder or~~
~~permit holder in the State authorized to acquire the liquor.~~

~~(2) The permit holder shall comply with all the requirements of this article,~~
~~the Tax General Article, and the regulations of the Comptroller or Executive Director~~
~~that apply to a holder of a Class 8 limited liquor wholesaler's license.~~

~~[(d)] (E) The annual permit fee is \$100.~~

Part V. Direct **WINE DELIVERY, DIRECT** Wine Shipper's, and Common Carrier Permits.

1 2–142.

2 (a) In this part the following words have the meanings indicated.

3 (b) (1) “Common carrier” means a business entity that:

4 (i) holds itself out as being available to the public to transport in
5 interstate or foreign commerce for compensation any class of passenger or property; and

6 (ii) holds a common carrier permit issued under § 2–151 of this
7 subtitle.

8 (2) “Common carrier” does not include a business entity that transports
9 only property the business entity owns or that is consigned to the business entity.

10 (c) **“DIRECT WINE DELIVERER” MEANS THE HOLDER OF A DIRECT WINE**
11 **DELIVERY PERMIT ISSUED UNDER THIS PART.**

12 (D) “Direct wine shipper” means the holder of a direct wine shipper’s permit
13 issued under this part.

14 2–143.

15 (A) A person shall be issued a direct wine shipper’s permit by the Executive
16 Director before the person may engage in shipping wine directly to a consumer in the State.

17 (B) **BEFORE A LICENSED MANUFACTURER MAY ENGAGE IN DELIVERING**
18 **WINE DIRECTLY TO A CONSUMER IN THE STATE, THE MANUFACTURER SHALL BE**
19 **ISSUED A DIRECT WINE DELIVERY PERMIT.**

20 2–144.

21 (A) To qualify for a direct wine shipper’s permit, an applicant shall be:

22 (1) a person licensed outside the State to engage in the manufacture of
23 wine; or

24 (2) a holder of a Class 3 manufacturer’s license or a Class 4 manufacturer’s
25 license.

26 (B) (1) **TO QUALIFY FOR A DIRECT WINE DELIVERY PERMIT, AN**
27 **APPLICANT SHALL BE:**

28 (I) **A PERSON LICENSED IN THE STATE TO ENGAGE IN THE**
29 **MANUFACTURE OF WINE; AND**

(II) A HOLDER OF A CLASS 6 LIMITED WINE WHOLESALER'S LICENSE.

(2) THE HOLDER OF A DIRECT WINE DELIVERY PERMIT ISSUED UNDER THIS SUBSECTION MAY SELL AND DELIVER ~~A~~ THE PERMIT HOLDER'S OWN PRODUCT ~~PRODUCED UNDER THE HOLDER'S LICENSE~~ TO AN INDIVIDUAL IN THE STATE IF:

(I) THE DELIVERY IS MADE BY AN EMPLOYEE WHO IS:

1. AT LEAST 18 YEARS OLD; AND

2. CERTIFIED BY AN APPROVED ALCOHOL AWARENESS PROGRAM;

(II) THE PURCHASER, OR ANOTHER INDIVIDUAL AT LEAST 21 YEARS OLD DESIGNATED BY THE PURCHASER, IS PHYSICALLY PRESENT TO RECEIVE THE WINE AT THE TIME AND PLACE OF DELIVERY;

(III) THE PURCHASER PAYS FOR THE PURCHASE AT THE TIME OF ORDER; AND

(IV) THE DIRECT WINE DELIVERER AND THE INDIVIDUAL RECEIVING THE DELIVERY EACH ENDORSE A DELIVERY FORM THAT THE EXECUTIVE DIRECTOR APPROVES CERTIFYING THAT THE DIRECT WINE DELIVERER EXAMINED THE RECIPIENT'S GOVERNMENT-ISSUED IDENTIFICATION AND THE RECIPIENT WAS AT LEAST 21 YEARS OLD.

2-145.

(a) An applicant for a direct wine shipper's permit ~~OR A DIRECT WINE DELIVERY PERMIT~~ shall:

(1) submit to the Executive Director a completed application on a form that the Executive Director provides;

(2) provide to the Executive Director a copy of the applicant's current MANUFACTURER'S license;

(3) identify the wines manufactured by the applicant that the applicant intends to ship [into] ~~OR DELIVER TO A CONSUMER IN~~ the State; and

(4) pay a fee of \$200 for initial issuance of the direct wine shipper's permit OR THE DIRECT WINE DELIVERY PERMIT.

(b) The Executive Director shall issue a direct wine shipper's permit **OR A DIRECT WINE DELIVERY PERMIT** to each applicant who meets the requirements of this part for the permit.

2-146.

(A) A direct wine shipper's permit entitles the holder to sell wine manufactured by the holder through a holder of a common carrier permit to a consumer by receiving and filling orders that the consumer transmits by electronic or other means.

(B) **A DIRECT WINE DELIVERY PERMIT ENTITLES THE HOLDER TO SELL AND DELIVER WINE MANUFACTURED BY THE HOLDER DIRECTLY TO A CONSUMER IN THE STATE BY RECEIVING AND FILLING ORDERS THAT THE CONSUMER TRANSMITS BY ELECTRONIC OR OTHER MEANS.**

2-147.

The term of a direct wine shipper's permit **OR A DIRECT WINE DELIVERY PERMIT** is 1 year and begins on July 1.

2-148.

(a) A direct wine shipper shall:

(1) ensure that all containers of wine shipped directly to a consumer in the State are conspicuously labeled with:

(i) the name of the direct wine shipper;

(ii) the name and address of the consumer who is the intended recipient; and

(iii) the words "Contains Alcohol: Signature of Person at Least 21 Years of Age Required for Delivery";

(2) report to the Comptroller and the Executive Director information about the direct wine shipper's wine shipments, in a manner that the Comptroller and the Executive Director determine;

(3) file a quarterly tax return in accordance with § 5-201(d) of the Tax – General Article;

(4) pay quarterly to the Comptroller all sales taxes and excise taxes due on sales to consumers in the State and calculate the taxes as if the sale were made in the State;

(5) maintain for 3 years complete and accurate records of all information needed to verify compliance with this part;

(6) allow the Comptroller and the Executive Director to perform an audit of the direct wine shipper's records on request; and

(7) consent to the jurisdiction of the Comptroller, the Executive Director, or other State unit and the State courts concerning enforcement of this section and any related law.

(b) A direct wine shipper may not:

(1) ship more than 18 9-liter cases of wine each year to a single delivery address; or

(2) cause wine to be delivered on Sunday to an address in the State.

2-148.1.

(A) A DIRECT WINE DELIVERER SHALL:

(1) ENSURE THAT ANY CONTAINER CONTAINING WINE DELIVERED DIRECTLY TO A CONSUMER IN THE STATE IS:

(I) CONSPICUOUSLY LABELED WITH:

1. THE NAME OF THE MANUFACTURER;

2. THE NAME AND ADDRESS OF THE CONSUMER WHO IS THE INTENDED RECIPIENT; AND

3. THE WORDS "CONTAINS ALCOHOL: SIGNATURE OF PERSON AT LEAST 21 YEARS OF AGE REQUIRED FOR DELIVERY"; AND

(II) COMMERCIALY SEALED BY THE MANUFACTURER;

(2) REPORT TO THE EXECUTIVE DIRECTOR INFORMATION ABOUT THE DELIVERIES, IN A MANNER THAT THE EXECUTIVE DIRECTOR DETERMINES;

(3) FILE A QUARTERLY TAX RETURN IN ACCORDANCE WITH § 5-201(D) OF THE TAX – GENERAL ARTICLE;

(4) PAY QUARTERLY TO THE COMPTROLLER ALL SALES TAXES AND EXCISE TAXES DUE ON SALES TO CONSUMERS IN THE STATE;

1 **(5) MAINTAIN FOR 3 YEARS COMPLETE AND ACCURATE RECORDS OF**
2 **ALL INFORMATION NEEDED TO VERIFY COMPLIANCE WITH THIS PART; AND**

3 **(6) ALLOW THE COMPTROLLER OR THE EXECUTIVE DIRECTOR TO**
4 **PERFORM AN AUDIT OF THE PERMIT HOLDER'S RECORDS ON REQUEST.**

5 **(B) THE HOLDER OF A DIRECT WINE DELIVERY PERMIT MAY NOT CAUSE**
6 **MORE THAN 18 9-LITER CASES OF WINE TO BE DELIVERED TO A SINGLE ADDRESS IN**
7 **A SINGLE CALENDAR YEAR.**

8 2-149.

9 (a) A direct wine shipper may renew its direct wine shipper's permit each year if
10 the direct wine shipper:

11 (1) is otherwise entitled to have a direct wine shipper's permit;

12 (2) provides to the Executive Director a copy of its current permit;

13 (3) identifies the wines manufactured by the direct wine shipper that the
14 direct wine shipper intends to ship into the State; and

15 (4) pays to the Executive Director a renewal fee of \$200.

16 (b) The Executive Director may deny a renewal application of a direct wine
17 shipper who fails to:

18 (1) file a tax return required under this part;

19 (2) pay a fee or tax when due; or

20 (3) after receiving notice, comply with this article or a regulation that the
21 Comptroller or Executive Director adopts.

22 2-149.1.

23 **(A) A DIRECT WINE DELIVERER MAY RENEW ITS DIRECT WINE DELIVERY**
24 **PERMIT EACH YEAR IF THE DIRECT WINE DELIVERER:**

25 **(1) IS OTHERWISE ENTITLED TO HOLD A DIRECT WINE DELIVERY**
26 **PERMIT;**

27 **(2) PROVIDES TO THE EXECUTIVE DIRECTOR AND THE**
28 **COMPTROLLER A COPY OF ITS CURRENT PERMIT; AND**

29 **(3) PAYS THE EXECUTIVE DIRECTOR A RENEWAL FEE OF \$200.**

(B) THE EXECUTIVE DIRECTOR MAY DENY A RENEWAL APPLICATION FOR A DIRECT WINE DELIVERY PERMIT IF THE HOLDER FAILS TO:

(1) FILE A TAX RETURN REQUIRED UNDER THIS PART;

(2) PAY A FEE OR TAX WHEN DUE; OR

(3) AFTER RECEIVING NOTICE, COMPLY WITH THIS ARTICLE OR A REGULATION THAT THE EXECUTIVE DIRECTOR ADOPTS UNDER THIS ARTICLE.

2-150.

(a) To receive a direct shipment OR DIRECT DELIVERY of wine, a consumer in the State shall be at least 21 years old.

(b) A person who receives a shipment OR DELIVERY of wine shall use the shipment for personal consumption only and may not resell the shipment OR DELIVERY.

~~2-151.~~

~~(a) There is a common carrier permit.~~

~~(b) A holder of a common carrier permit may deliver [wine] ALCOHOLIC BEVERAGES from a location inside or outside the State to a consumer in the State for the consumer's personal use under this [part] SUBTITLE.~~

~~(c) A person shall be issued a common carrier permit before the person may engage in transporting:~~

~~(1) wine from a direct wine shipper to a consumer;~~

~~(2) BEER FROM A DIRECT BEER SHIPPER TO A CONSUMER; OR~~

~~(3) LIQUOR FROM A DIRECT LIQUOR SHIPPER TO A CONSUMER.~~

~~(d) The term of a common carrier permit is 1 year and begins on July 1.~~

~~(e) To complete delivery of a shipment, the common carrier shall require from a consumer at the address listed on the shipping label:~~

~~(1) the signature of the consumer or another individual at the address who is at least 21 years old; and~~

~~(2) government-issued photographic identification showing that the signing individual is at least 21 years old.~~

~~(f) A common carrier shall refuse delivery when the intended receiving individual appears to be under the age of 21 years or refuses to present valid identification.~~

~~(g) At the time of initial application for a common carrier permit and on request of the Executive Director, a common carrier shall submit to the Executive Director information concerning the training of its drivers in verifying the age of recipients of direct wine shipments, **DIRECT BEER SHIPMENTS, OR DIRECT LIQUOR SHIPMENTS** under this [part] **SUBTITLE**.~~

~~(h) At least once each year, in a manner acceptable to the Executive Director, a holder of a common carrier permit shall verify that the shipper of wine, **BEER, OR LIQUOR** into the State under this part holds a valid direct wine shipper's permit, **DIRECT BEER SHIPPER'S PERMIT, OR DIRECT LIQUOR SHIPPER'S PERMIT**.~~

~~(i) A holder of a common carrier permit that delivers [wine solely] **ALCOHOLIC BEVERAGES** under this [part] **SUBTITLE** may not be required to obtain a transportation permit issued under § 2-118 or § 2-119 of this subtitle in addition to the common carrier permit.~~

~~(j) The permit fee is \$100.~~

~~2-152.~~

~~(a) A common carrier shall report quarterly to the Executive Director:~~

~~(1) the date of each delivery of [wine] **ALCOHOLIC BEVERAGES** in the State; and~~

~~(2) the name and address of:~~

~~(I) the direct wine shipper, **THE DIRECT BEER SHIPPER, OR THE DIRECT LIQUOR SHIPPER**; and~~

~~(II) the receiving consumer of each delivery.~~

~~(b) A common carrier shall maintain for 3 years complete and accurate records of all information needed to verify compliance with this part.~~

~~2-153.~~

~~A person without a direct wine shipper's permit may not ship wine directly to a consumer in the State.~~

~~2-154.~~

~~Each violation of this part is a separate violation.~~

2-165. RESERVED.

2-166. RESERVED.

PART VIII. DIRECT-TO-CONSUMER BEER AND LIQUOR ~~SHIPPING AND~~ DELIVERY.

2-167.

(A) IN THIS PART THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.

~~(B) "COMMON CARRIER" HAS THE MEANING STATED IN § 2-142 OF THIS SUBTITLE.~~

~~(C)~~ (B) "DIRECT BEER DELIVERER" MEANS THE HOLDER OF A DIRECT BEER DELIVERY PERMIT ISSUED UNDER THIS PART.

~~(D) "DIRECT BEER SHIPPER" MEANS THE HOLDER OF A DIRECT BEER SHIPPER'S PERMIT ISSUED UNDER THIS PART.~~

~~(E)~~ (C) "DIRECT LIQUOR DELIVERER" MEANS THE HOLDER OF A DIRECT LIQUOR DELIVERY PERMIT ISSUED UNDER THIS PART.

~~(F) "DIRECT LIQUOR SHIPPER" MEANS THE HOLDER OF A DIRECT LIQUOR SHIPPER'S PERMIT ISSUED UNDER THIS PART.~~

~~(G)~~ (D) "PERMIT" MEANS A DIRECT BEER DELIVERY PERMIT, ~~DIRECT BEER SHIPPER'S PERMIT, OR DIRECT LIQUOR DELIVERY PERMIT, OR DIRECT LIQUOR SHIPPER'S PERMIT~~ ISSUED BY THE EXECUTIVE DIRECTOR UNDER THIS PART.

2-168.

(A) BEFORE A LICENSED MANUFACTURER MAY ENGAGE IN DELIVERING BEER DIRECTLY TO A CONSUMER IN THE STATE, THE MANUFACTURER SHALL BE ISSUED A DIRECT BEER DELIVERY PERMIT.

(B) BEFORE A LICENSED MANUFACTURER MAY ENGAGE IN DELIVERING LIQUOR DIRECTLY TO A CONSUMER IN THE STATE, THE MANUFACTURER SHALL BE ISSUED A DIRECT LIQUOR DELIVERY PERMIT.

2-169.

(A) (1) TO QUALIFY FOR A DIRECT BEER DELIVERY PERMIT, AN APPLICANT SHALL BE:

(I) A PERSON LICENSED IN THE STATE TO ENGAGE IN THE MANUFACTURE OF BEER; AND

(II) A HOLDER OF A CLASS 7 LIMITED BEER WHOLESALER'S LICENSE.

(2) THE HOLDER OF A DIRECT BEER DELIVERY PERMIT ISSUED UNDER § 2-170 OF THIS SUBTITLE MAY SELL AND DELIVER ~~A THE PERMIT HOLDER'S OWN PRODUCT PRODUCED UNDER THE HOLDER'S LICENSE~~ TO AN INDIVIDUAL IN THE STATE IF:

(I) THE DELIVERY IS MADE BY AN EMPLOYEE WHO IS:

1. AT LEAST 18 YEARS OLD; AND

2. CERTIFIED BY AN APPROVED ALCOHOL AWARENESS PROGRAM;

(II) THE PURCHASER, OR ANOTHER INDIVIDUAL AT LEAST 21 YEARS OLD DESIGNATED BY THE PURCHASER, IS PHYSICALLY PRESENT TO RECEIVE THE BEER AT THE TIME AND PLACE OF DELIVERY;

(III) THE PURCHASER PAYS FOR THE PURCHASE AT THE TIME OF ORDER; AND

(IV) THE DIRECT BEER DELIVERER AND THE INDIVIDUAL RECEIVING THE DELIVERY EACH ENDORSE A DELIVERY FORM THAT THE EXECUTIVE DIRECTOR APPROVES CERTIFYING THAT THE DIRECT BEER DELIVERER EXAMINED THE RECIPIENT'S GOVERNMENT-ISSUED IDENTIFICATION AND THE RECIPIENT WAS AT LEAST 21 YEARS OLD.

~~(B) TO QUALIFY FOR A DIRECT BEER SHIPPER'S PERMIT, AN APPLICANT SHALL BE:~~

~~(1) IF SHIPPING FROM A LOCATION OUTSIDE THE STATE, THE HOLDER OF A NONRESIDENT BREWERY PERMIT; OR~~

~~(2) IF SHIPPING FROM A LOCATION INSIDE THE STATE;~~

~~(I) A PERSON LICENSED IN THE STATE TO ENGAGE IN THE MANUFACTURE OF BEER; AND~~

~~(H) A HOLDER OF A CLASS 7 LIMITED BEER WHOLESALER'S LICENSE.~~

~~(C)~~ (B) (1) TO QUALIFY FOR A DIRECT LIQUOR DELIVERY PERMIT, AN APPLICANT SHALL BE:

(I) A PERSON ISSUED A LICENSE BY THE EXECUTIVE DIRECTOR IN THE STATE TO ENGAGE IN THE MANUFACTURE OF LIQUOR; AND

(II) A HOLDER OF A CLASS 8 LIMITED WHOLESALER'S LICENSE.

(2) THE HOLDER OF A DIRECT LIQUOR DELIVERY PERMIT ISSUED UNDER § 2-170 OF THIS SUBTITLE MAY SELL AND DELIVER ~~A THE PERMIT HOLDER'S OWN PRODUCT PRODUCED UNDER THE HOLDER'S LICENSE~~ TO AN INDIVIDUAL IN THE STATE IF:

(I) THE DELIVERY IS MADE BY AN EMPLOYEE WHO IS:

1. AT LEAST 18 YEARS OLD; AND

2. CERTIFIED BY AN APPROVED ALCOHOL AWARENESS PROGRAM;

(II) THE PURCHASER, OR ANOTHER INDIVIDUAL AT LEAST 21 YEARS OLD DESIGNATED BY THE PURCHASER, IS PHYSICALLY PRESENT TO RECEIVE THE LIQUOR AT THE TIME AND PLACE OF DELIVERY;

(III) THE PURCHASER PAYS FOR THE PURCHASE AT THE TIME OF ORDER; AND

(IV) THE DIRECT LIQUOR DELIVERER AND THE INDIVIDUAL RECEIVING THE DELIVERY EACH ENDORSE A DELIVERY FORM THAT THE EXECUTIVE DIRECTOR APPROVES CERTIFYING THAT THE DIRECT LIQUOR DELIVERER EXAMINED THE RECIPIENT'S GOVERNMENT-ISSUED IDENTIFICATION AND THE RECIPIENT WAS AT LEAST 21 YEARS OLD.

~~(D) TO QUALIFY FOR A DIRECT LIQUOR SHIPPER'S PERMIT, AN APPLICANT SHALL BE:~~

~~(1) IF SHIPPING FROM A LOCATION OUTSIDE THE STATE, A HOLDER OF A NONRESIDENT DISTILLERY PERMIT; OR~~

~~(2) IF SHIPPING FROM A LOCATION INSIDE THE STATE;~~

~~(I) A PERSON ISSUED A LICENSE BY THE EXECUTIVE DIRECTOR
IN THE STATE TO ENGAGE IN THE MANUFACTURE OF LIQUOR; AND~~

~~(H) A HOLDER OF A CLASS 8 LIMITED WHOLESALER'S LICENSE.~~

2-170.

(A) AN APPLICANT FOR A PERMIT UNDER THIS PART SHALL:

(1) SUBMIT TO THE EXECUTIVE DIRECTOR A COMPLETED
APPLICATION ON A FORM THAT THE EXECUTIVE DIRECTOR PROVIDES;

(2) PROVIDE TO THE EXECUTIVE DIRECTOR A COPY OF THE
APPLICANT'S CURRENT ~~HOME STATE~~ MANUFACTURER'S LICENSE;

(3) IDENTIFY THE PRODUCT MANUFACTURED BY THE APPLICANT
THAT THE APPLICANT INTENDS TO ~~SHIP OR~~ DELIVER TO A CONSUMER IN THE STATE;
AND

(4) PAY A FEE OF \$200 FOR INITIAL ISSUANCE OF THE PERMIT.

(B) IF AN APPLICANT MEETS THE REQUIREMENTS OF THIS PART, THE
EXECUTIVE DIRECTOR SHALL ISSUE TO THE APPLICANT:

(1) A DIRECT BEER DELIVERY PERMIT; OR

~~(2) A DIRECT BEER SHIPPER'S PERMIT;~~

~~(3) A DIRECT LIQUOR DELIVERY PERMIT; OR~~

~~(4) A DIRECT LIQUOR SHIPPER'S PERMIT.~~

2-171.

(A) A DIRECT BEER DELIVERY PERMIT ENTITLES THE HOLDER TO SELL AND
DELIVER BEER MANUFACTURED BY THE HOLDER DIRECTLY TO A CONSUMER IN THE
STATE BY RECEIVING AND FILLING ORDERS THAT THE CONSUMER TRANSMITS BY
ELECTRONIC OR OTHER MEANS.

~~(B) A DIRECT BEER SHIPPER'S PERMIT ENTITLES THE HOLDER TO SELL
BEER MANUFACTURED BY THE HOLDER THROUGH A HOLDER OF A COMMON
CARRIER PERMIT TO A CONSUMER BY RECEIVING AND FILLING ORDERS THAT THE
CONSUMER TRANSMITS BY ELECTRONIC OR OTHER MEANS.~~

~~(C)~~ A DIRECT LIQUOR DELIVERY PERMIT ENTITLES THE HOLDER TO SELL AND DELIVER LIQUOR MANUFACTURED BY THE HOLDER DIRECTLY TO A CONSUMER IN THE STATE BY RECEIVING AND FILLING ORDERS THAT THE CONSUMER TRANSMITS BY ELECTRONIC OR OTHER MEANS.

~~(D) A DIRECT LIQUOR SHIPPER'S PERMIT ENTITLES THE HOLDER TO SELL LIQUOR MANUFACTURED BY THE HOLDER THROUGH A HOLDER OF A COMMON CARRIER PERMIT TO A CONSUMER BY RECEIVING AND FILLING ORDERS THAT THE CONSUMER TRANSMITS BY ELECTRONIC OR OTHER MEANS.~~

2-172.

THE TERM OF A PERMIT ISSUED UNDER THIS PART IS 1 YEAR AND BEGINS ON JULY 1.

2-173.

(A) A PERSON WHO HOLDS A PERMIT UNDER THIS PART SHALL:

(1) ENSURE THAT ANY CONTAINER CONTAINING AN ALCOHOLIC BEVERAGE DELIVERED ~~OR SHIPPED~~ DIRECTLY TO A CONSUMER IN THE STATE IS:

(I) CONSPICUOUSLY LABELED WITH:

1. THE NAME OF THE MANUFACTURER;

2. THE NAME AND ADDRESS OF THE CONSUMER WHO IS THE INTENDED RECIPIENT; AND

3. THE WORDS "CONTAINS ALCOHOL: SIGNATURE OF PERSON AT LEAST 21 YEARS OF AGE REQUIRED FOR DELIVERY"; AND

(II) COMMERCIALY SEALED BY THE MANUFACTURER;

(2) REPORT TO THE EXECUTIVE DIRECTOR INFORMATION ABOUT THE ~~SHIPMENTS OR~~ DELIVERIES, IN A MANNER THAT THE EXECUTIVE DIRECTOR DETERMINES;

(3) FILE A QUARTERLY TAX RETURN IN ACCORDANCE WITH § 5-201(D) OF THE TAX - GENERAL ARTICLE;

(4) PAY QUARTERLY TO THE COMPTROLLER ALL SALES TAXES AND EXCISE TAXES DUE ON SALES TO CONSUMERS IN THE STATE AND CALCULATE THE TAXES AS IF THE ~~SALE~~ SALES WERE MADE IN THE STATE;

(5) MAINTAIN FOR 3 YEARS COMPLETE AND ACCURATE RECORDS OF ALL INFORMATION NEEDED TO VERIFY COMPLIANCE WITH THIS PART;

(6) ALLOW THE COMPTROLLER OR THE EXECUTIVE DIRECTOR TO PERFORM AN AUDIT OF THE PERMIT HOLDER'S RECORDS ON REQUEST; AND

(7) CONSENT TO THE JURISDICTION OF THE EXECUTIVE DIRECTOR, COMPTROLLER, OR OTHER STATE UNIT AND THE STATE COURTS CONCERNING ENFORCEMENT OF THIS PART AND ANY RELATED LAW.

(B) (1) THE HOLDER OF A DIRECT BEER DELIVERY PERMIT ~~OR A DIRECT BEER SHIPPER'S PERMIT~~ MAY NOT CAUSE MORE THAN 3,456 OUNCES OF ~~BEER OF~~ THE PERMIT HOLDER'S OWN PRODUCT TO BE DELIVERED TO A SINGLE DELIVERY ADDRESS IN A SINGLE CALENDAR YEAR.

(2) THE HOLDER OF A DIRECT LIQUOR DELIVERY PERMIT ~~OR A DIRECT LIQUOR SHIPPER'S PERMIT~~ MAY NOT CAUSE MORE THAN 24 STANDARD 750-MILLILITER BOTTLES OF ~~LIQUOR~~ THE PERMIT HOLDER'S OWN PRODUCT, OR AN EQUIVALENT AMOUNT, TO BE DELIVERED TO A SINGLE DELIVERY ADDRESS IN A SINGLE CALENDAR YEAR.

2-174.

(A) A HOLDER OF A PERMIT ISSUED UNDER THIS PART MAY RENEW THE PERMIT EACH YEAR IF THE HOLDER:

(1) IS OTHERWISE ENTITLED TO HOLD A PERMIT UNDER THIS PART;

(2) PROVIDES TO THE EXECUTIVE DIRECTOR AND THE COMPTROLLER A COPY OF ITS CURRENT PERMIT; AND

(3) PAYS THE EXECUTIVE DIRECTOR A RENEWAL FEE OF \$200.

(B) THE EXECUTIVE DIRECTOR MAY DENY A RENEWAL APPLICATION FOR A PERMIT ISSUED UNDER THIS PART IF THE HOLDER FAILS TO:

(1) FILE A TAX RETURN REQUIRED UNDER THIS SUBTITLE;

(2) PAY A FEE OR TAX WHEN DUE; OR

(3) AFTER RECEIVING NOTICE, COMPLY WITH THIS ARTICLE OR A REGULATION THAT THE EXECUTIVE DIRECTOR ADOPTS UNDER THIS ARTICLE.

1 **2-175.**

2 (A) TO RECEIVE A DIRECT DELIVERY ~~OR DIRECT SHIPMENT~~ OF BEER OR
3 LIQUOR, A CONSUMER IN THE STATE SHALL BE AT LEAST 21 YEARS OLD.

4 (B) A PERSON WHO RECEIVES A DELIVERY ~~OR SHIPMENT~~ OF ALCOHOLIC
5 BEVERAGES UNDER THIS PART SHALL USE THE ALCOHOLIC BEVERAGES FOR
6 PERSONAL CONSUMPTION ONLY AND MAY NOT RESELL THE DELIVERY ~~OR SHIPMENT~~
7 IN WHOLE OR IN PART.

8 ~~2-176.~~

9 ~~(A) A PERSON WITHOUT A DIRECT BEER SHIPPER'S PERMIT ISSUED UNDER~~
10 ~~THIS PART MAY NOT SHIP BEER DIRECTLY TO A CONSUMER IN THE STATE.~~

11 ~~(B) A PERSON WITHOUT A DIRECT LIQUOR SHIPPER'S PERMIT ISSUED~~
12 ~~UNDER THIS PART MAY NOT SHIP LIQUOR DIRECTLY TO A CONSUMER IN THE STATE.~~

13 2-202.

14 (a) There is a Class 1 distillery license.

15 (K) THE LICENSE HOLDER SHALL REPORT TO THE EXECUTIVE DIRECTOR
16 ANNUALLY ON A FORM PROVIDED BY THE EXECUTIVE DIRECTOR ON:

17 (1) THE AMOUNT OF ALCOHOLIC BEVERAGES PRODUCED UNDER THE
18 LICENSE;

19 (2) THE AMOUNT OF ALCOHOLIC BEVERAGES SOLD FOR
20 OFF-PREMISES CONSUMPTION; AND

21 (3) THE AMOUNT OF ALCOHOLIC BEVERAGES SERVED FOR
22 ON-PREMISES CONSUMPTION.

23 (L) EXCEPT AS OTHERWISE PROVIDED BY LAW, THE LICENSE HOLDER MAY
24 NOT SELL ALCOHOLIC BEVERAGES FOR OFF-PREMISES CONSUMPTION TO A PERSON
25 WHO INTENDS TO RESELL THE ALCOHOLIC BEVERAGES.

26 [(k)] (M) The annual license fee:

27 (1) shall be determined by the Executive Director; and

28 (2) may not exceed \$2,000.

29 2-205.

(a) There is a Class 3 winery license.

(c) An individual may purchase wine under subsection (b)(4) of this section if the individual:

(1) purchases not more than 1 quart in a single year; and

(2) has attained the legal drinking age.

(D) THE LICENSE HOLDER SHALL REPORT TO THE EXECUTIVE DIRECTOR ANNUALLY ON A FORM PROVIDED BY THE EXECUTIVE DIRECTOR ON:

(1) THE AMOUNT OF ALCOHOLIC BEVERAGES PRODUCED UNDER THE LICENSE;

(2) THE AMOUNT OF ALCOHOLIC BEVERAGES SOLD FOR OFF-PREMISES CONSUMPTION; AND

(3) THE AMOUNT OF ALCOHOLIC BEVERAGES SERVED FOR ON-PREMISES CONSUMPTION.

(E) EXCEPT AS OTHERWISE PROVIDED BY LAW, THE LICENSE HOLDER MAY NOT SELL ALCOHOLIC BEVERAGES FOR OFF-PREMISES CONSUMPTION TO A PERSON WHO INTENDS TO RESELL THE ALCOHOLIC BEVERAGES.

[(d)] (F) The annual license fee:

(1) shall be determined by the Executive Director; and

(2) may not exceed \$750.

2-206.

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

(H) THE LICENSE HOLDER SHALL REPORT TO THE EXECUTIVE DIRECTOR ANNUALLY ON A FORM PROVIDED BY THE EXECUTIVE DIRECTOR ON:

(1) THE AMOUNT OF ALCOHOLIC BEVERAGES PRODUCED UNDER THE LICENSE;

(2) THE AMOUNT OF ALCOHOLIC BEVERAGES SOLD FOR OFF-PREMISES CONSUMPTION; AND

**(3) THE AMOUNT OF ALCOHOLIC BEVERAGES SERVED FOR
ON-PREMISES CONSUMPTION.**

**(I) EXCEPT AS OTHERWISE PROVIDED BY LAW, THE LICENSE HOLDER MAY
NOT SELL ALCOHOLIC BEVERAGES FOR OFF-PREMISES CONSUMPTION TO A PERSON
WHO INTENDS TO RESELL THE ALCOHOLIC BEVERAGES.**

[(h)] (J) The annual license fee:

(1) shall be determined by the Executive Director; and

(2) may not exceed \$200.

2-207.

(b) There is a Class 5 brewery license.

**(K) THE LICENSE HOLDER SHALL REPORT TO THE EXECUTIVE DIRECTOR
ANNUALLY ON A FORM PROVIDED BY THE EXECUTIVE DIRECTOR ON:**

**(1) THE AMOUNT OF ALCOHOLIC BEVERAGES PRODUCED UNDER THE
LICENSE;**

**(2) THE AMOUNT OF ALCOHOLIC BEVERAGES SOLD FOR
OFF-PREMISES CONSUMPTION; AND**

**(3) THE AMOUNT OF ALCOHOLIC BEVERAGES SOLD FOR
ON-PREMISES CONSUMPTION.**

**(L) EXCEPT AS OTHERWISE PROVIDED BY LAW, THE LICENSE HOLDER MAY
NOT SELL ALCOHOLIC BEVERAGES FOR OFF-PREMISES CONSUMPTION TO A PERSON
WHO INTENDS TO RESELL THE ALCOHOLIC BEVERAGES.**

2-214.

**(a) Except as otherwise provided with respect to a DELIVERY PERMIT ISSUED
UNDER PART V OR PART VIII OF DIVISION I OF THIS ARTICLE, A 1-day license in
Division II of this article, and subject to subsection (b) of this section, a holder of a
manufacturer's license may not sell or deliver alcoholic beverages to a person in the State
that does not hold a license or permit under this article.**

Article Tax General

13-825.

~~(a) The Comptroller may require a person whose gross receipts are subject to admissions and amusement tax and whose business is not a permanent operation in the State to post security for the tax in the amount that the Comptroller determines.~~

~~(b) The Comptroller shall require:~~

~~(1) a manufacturer, wholesaler, or nonresident winery permit holder who sells or delivers beer or wine to retailers in the State to post security for the alcoholic beverage tax:~~

~~(i) in an amount not less than:~~

~~1. \$1,000 for beer; and~~

~~2. \$1,000 for wine; and~~

~~(ii) if the alcoholic beverage tax on beer and wine paid in any 1 month exceeds \$1,000, in an additional amount at least equal to the excess;~~

~~(2) a manufacturer or wholesaler who sells or delivers any distilled spirits or any wine and distilled spirits in the State to post a security for the alcoholic beverage tax:~~

~~(i) in an amount not less than \$5,000; and~~

~~(ii) in an additional amount:~~

~~1. equal to twice the amount of its largest monthly alcoholic beverage tax liability for wine and distilled spirits in the preceding calendar year less \$5,000; or~~

~~2. if the information for the preceding calendar year is not available or cannot be provided, equal to the amount that the Comptroller requires; and~~

~~(3) except as provided in subsection (i) of this section, a holder of a direct wine shipper's permit, **DIRECT BEER SHIPPER'S PERMIT, OR DIRECT LIQUOR SHIPPER'S PERMIT** to post security for the alcoholic beverage tax in an amount not less than \$1,000.~~

~~(i) A person need not post security under subsection (b)(3) of this section if:~~

~~(1) the person is a manufacturer that has posted security under subsection (b)(2) of this section; or~~

~~(2) at any time starting 3 years after the Comptroller first issues a direct wine shipper's permit to the person, the Comptroller:~~

~~(i) determines that the person has a substantial record of tax and reporting compliance; and~~

~~(ii) waives the security requirement.~~

SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland read as follows:

Article – Alcoholic Beverages and Cannabis

2–202.

(a) There is a Class 1 distillery license.

(c) A license holder may:

(1) establish and operate a plant for distilling, rectifying, blending, and bottling, at the location described in the license:

(i) brandy;

(ii) rum;

(iii) whiskey;

(iv) alcohol; and

(v) neutral spirits;

(2) sell and deliver the alcoholic beverages:

(i) in bulk to a person in the State that is authorized to acquire them; and

(ii) to a person outside the State that is authorized to acquire them;

(3) manufacture an alcoholic beverage listed in item (1) of this subsection in the name of another person or under a trade name if the other person or trade name also holds a Class 1 distillery license;

(4) acquire alcoholic beverages from the holder of a manufacturer's license or wholesaler's license or nonresident dealer's permit for use in manufacturing;

(5) (i) conduct guided tours of the licensed premises;

(ii) at no cost or for a fee, serve to an individual who has attained the legal drinking age and participated in a guided tour of the licensed premises, not more than

1 2 ounces of products, with each product sample consisting of not more than one-half ounce
2 from a single product manufactured by the license holder;

3 (iii) serve samples blended with other products manufactured by the
4 license holder or nonalcoholic ingredients; and

5 (iv) sell [not more than 2.25 liters of] products manufactured on the
6 licensed premises, for off-premises consumption, and related merchandise to an individual
7 who has attained the legal drinking age [and participated in a guided tour of the licensed
8 premises]; and

9 (6) subject to subsection (i) of this section, sell liquor manufactured by the
10 license holder that is mixed with other nonalcoholic ingredients.

11 2-207.

12 (b) There is a Class 5 brewery license.

13 (c) A license holder may:

14 (1) establish and operate a plant for brewing and bottling malt beverages
15 at the location described in the license;

16 (2) import beer from a holder of a nonresident dealer's permit;

17 (3) contract to brew and bottle beer with and on behalf of the holder of a
18 Class 2 rectifying license, Class 5 brewery license, Class 7 micro-brewery license, Class 8
19 farm brewery license, or a nonresident dealer's permit;

20 (4) sell and deliver beer to:

21 (i) a holder of a wholesaler's license that is authorized to acquire
22 beer; or

23 (ii) a person outside of the State that is authorized to acquire beer;

24 (5) subject to subsection (i) of this section, serve, at the location described
25 in the license and at no charge, samples of beer, consisting of a total of not more than 18
26 ounces of beer per visit, to an individual who:

27 (i) has attained the legal drinking age; and

28 (ii) is participating in a guided tour of the brewery or attends a
29 scheduled promotional event or other organized activity at the brewery;

(6) subject to subsections (d) and (i) of this section, sell beer for off-premises consumption at the location described in the license, at retail in a container other than a keg to an individual who has attained legal drinking age;

(7) subject to subsection (f) of this section, sell beer at the location described in the license for on-premises consumption; and

(8) brew and bottle malt beverages at a location listed on a permit issued to the license holder in accordance with § 2-113 of this title.

(d) An individual may purchase beer under subsection (c)(6) of this section if the individual[:

(1) purchases not more than 288 ounces of beer per visit; and

(2)] has attained the legal drinking age.

SECTION 3. AND BE IT FURTHER ENACTED, That Section 2 of this Act shall take effect July 1, 2024, the effective date of Chapter 594 of the Acts of the General Assembly of 2023. If the effective date of Chapter 594 is amended, Section 2 of this Act shall take effect on the taking effect of Chapter 594.

SECTION 4. AND BE IT FURTHER ENACTED, That the Executive Director of the Alcohol, Tobacco, and Cannabis Commission shall evaluate the implementation of a standard digital age verification system that holders of a direct delivery permit issued under Part V or Part VIII of Division I of the Alcoholic Beverages and Cannabis Article shall use to verify the age of a person accepting the delivery of alcoholic beverages.

~~SECTION 4.~~ 5. AND BE IT FURTHER ENACTED, That, subject to Section 3 of this Act, this Act shall take effect July 1, 2024.

Approved:

Governor.

President of the Senate.

Speaker of the House of Delegates.