

HOUSE BILL 71

A1

7lr0759
CF SB 210

By: **Delegates Luedtke, Kaiser, and Queen**

Introduced and read first time: January 12, 2017

Assigned to: Economic Matters

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 29, 2017

CHAPTER _____

1 AN ACT concerning

2 **Alcoholic Beverages – Class 8 Farm Brewery License Holders – Food Service**

3 FOR the purpose of ~~repealing~~ altering the restriction on a holder of a Class 8 farm brewery
4 license ~~to sell~~ selling or ~~serve~~ serving only certain types of food; allowing the holder
5 to sell and serve any food if the holder is licensed to operate a food establishment,
6 subject to certain requirements; and generally relating to holders of Class 8 farm
7 brewery licenses.

8 BY repealing and reenacting, with amendments,
9 Article – Alcoholic Beverages
10 Section 2–210
11 Annotated Code of Maryland
12 (2016 Volume and 2016 Supplement)

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

15 **Article – Alcoholic Beverages**

16 2–210.

17 (a) There is a Class 8 farm brewery 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.



(b) (1) Subject to paragraph (2) of this subsection, a license holder may sell and deliver beer manufactured in a facility on the licensed farm or in a facility other than one on the licensed farm to:

(i) a wholesaler licensed to sell and deliver beer in the State; or

(ii) a person in another state authorized to acquire beer.

(2) The beer to be sold and delivered under paragraph (1) of this subsection shall be manufactured with an ingredient from a Maryland agricultural product, including hops, grain, and fruit, produced on the licensed farm.

(c) A license holder may:

(1) (i) sell beer produced by the license holder for on-premises consumption;

(ii) in an amount not exceeding 6 fluid ounces per brand, provide samples of beer that the license holder produces to a consumer:

1. at no charge; or

2. for a fee; ~~and~~

(iii) sell or serve:

1. bread and other baked goods;

2. chili;

3. chocolate;

4. crackers;

5. cured meat;

6. fruits (whole and cut);

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

8. salads and vegetables (whole and cut);

9. ice cream;

10. jam;

11. jelly;

12. vinegar;

13. pizza;

14. prepackaged sandwiches and other prepackaged foods
ready to be eaten;

15. soup; and

16. condiments~~;~~ AND

**(IV) SUBJECT TO SUBSECTION (E)(2) OF THIS SECTION, SELL OR
SERVE ANY FOOD IF THE LICENSE HOLDER IS LICENSED TO OPERATE A FOOD
ESTABLISHMENT UNDER TITLE 21, SUBTITLE 3 OF THE HEALTH – GENERAL
ARTICLE;**

(2) store on its licensed farm, in a segregated area approved by the
Comptroller, beer produced at the licensed farm for sale and delivery to a wholesaler
licensed in the State or a person outside the State authorized to acquire the beer;

(3) brew, bottle, or contract for not more than 15,000 barrels of beer each
calendar year;

(4) contract with the holder of a Class 2 rectifying license, a Class 5
brewery license, or a Class 7 micro-brewery license to brew and bottle beer from
ingredients produced on the licensed farm;

(5) import, export, and transport its beer in accordance with this section;

(6) store beer at a warehouse for which the license holder has been issued
an individual storage permit, for sale and delivery to a wholesaler licensed in the State or
a person outside the State authorized to acquire the beer, or shipment back to the licensed
farm, if:

(i) the license holder does not serve or sell beer at the warehouse;
and

(ii) the Comptroller has full access at all times to the warehouse to
enforce this article; and

(7) enter into a temporary delivery agreement with a distributor only for
delivery of beer to a beer festival or a wine and beer festival, and the return of any unused
beer, if:

(i) the festival is in a sales territory for which the license holder does not have a franchise with a distributor under the Beer Franchise Fair Dealing Act in Title 5, Subtitle 1 of this article; and

(ii) the temporary delivery agreement is in writing.

(d) (1) A Class 8 farm brewery may be located only at the place stated on the license.

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

(e) ~~(1) Notwithstanding~~ **EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS SUBSECTION AND NOTWITHSTANDING** any local law, a license holder may exercise the privileges of a Class 8 farm brewery license.

(2) A LICENSE HOLDER WHO SELLS FOODS UNDER SUBSECTION (C)(1)(IV) OF THIS SECTION SHALL MEET THE SAME RATIO OF GROSS RECEIPTS BETWEEN FOOD AND ALCOHOLIC BEVERAGES SALES AS A HOLDER OF A CLASS D BEER AND WINE LICENSE OR AN EQUIVALENT LICENSE IN THE JURISDICTION, AS THE LOCAL LICENSING BOARD DETERMINES.

(f) Subject to subsections (i) and (j) of this section, a license holder may exercise the privileges of the license each day:

(1) from 10 a.m. to 6 p.m., for consumption of beer and sales and service of food at the licensed farm; and

(2) from 10 a.m. to 10 p.m., for:

(i) sampling of beer;

(ii) consumption of beer off the licensed farm if the beer is packaged in sealed or resealable containers, such as growlers; and

(iii) guests who attend a planned promotional event or other organized activity at the licensed farm.

(g) Except as provided in Division II of this article, a Class 8 farm brewery license allows the license holder to operate 7 days a week.

(h) Nothing in this section limits the application of relevant provisions of Title 21 of the Health – General Article, and regulations adopted under that title, to a license holder.

(i) (1) A license holder may sponsor a multibrewery activity at the licensed farm that:

1 (i) includes the products of other Maryland breweries; and

2 (ii) provides for the sale of beer by the glass for on-premises
3 consumption only.

4 (2) In a segregated area approved by the Comptroller on the licensed farm,
5 a license holder may store the products of other Maryland breweries for the multibrewery
6 activity.

7 (3) The multibrewery activity:

8 (i) may be held from 10 a.m. to 10 p.m. each day; and

9 (ii) may not exceed 3 consecutive days.

10 (j) (1) The Comptroller may issue a brewery promotional event permit to a
11 license holder.

12 (2) At least 15 days before holding a planned promotional event, the license
13 holder shall obtain a permit from the Comptroller by filing a notice of the promotional event
14 on the form that the Comptroller provides.

15 (3) The permit authorizes the license holder to conduct at the licensed farm
16 a promotional event at which the license holder may:

17 (i) provide samples of not more than 6 fluid ounces per brand to
18 consumers; and

19 (ii) sell beer produced by the license holder to persons who
20 participate in the event.

21 (4) The beer at the event shall be sold by the glass and for on-premises
22 consumption only.

23 (5) The license holder may not be issued more than 12 permits in a
24 calendar year.

25 (6) A single promotional event:

26 (i) may be held from 10 a.m. to 10 p.m. each day; and

27 (ii) may not exceed 3 consecutive days.

28 (7) The permit fee is \$25 per event.

29 (k) The annual license fee is \$200.

1 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
2 1, 2017.

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.