

ALCOHOLIC BEVERAGES

STATEWIDE:

1. Senate Bill 1059 – House Bill 1432 – Alcoholic Beverages – Departments of Liquor Control and Liquor Control Boards

(1) The identical bills allow the Comptroller to enforce the purchase or importation of alcoholic beverages by a Department of Liquor Control or a Liquor Control Board.

(2) Additionally, the Comptroller may enforce the sale of alcoholic beverages to a wholesaler or retailer by a Department of Liquor Control or a Liquor Control Board.

The Liquor Control Boards and Departments of Liquor have a monopoly on of the sale, through their dispensaries, and the distribution of particular alcoholic beverages that they are empowered to sell. The identical bills now give the Comptroller the above mentioned enforcement powers.

EFFECTIVE JUNE 1, 2012.

2. House Bill 595 – Alcoholic Beverages – Manufacturer’s License

This bill authorizes the holder of a distillery, rectifying, winery, limited winery, or brewery license (classes 1, 2, 3, 4, and 5 or 7, respectively) to hold additional manufacturer licenses of the *same or of a different class* for the same or additional premises. This will be a change from the current law, whereby with the exception of a Class 6 pub-brewery license, the holder of a distillery, rectifying, winery, limited winery or brewery license may apply for and obtain, *under a different name*, one or more additional distillery, rectifying, winery, limited winery, or brewery licenses for the same or another premises.

EFFECTIVE JULY 1, 2012.

3. House Bill 717 – Alcoholic Beverages – Distilleries – Tours, Samples, and Sales

(1) This bill amends Md. Code Ann. Art. 2B § 2-202 to expand the privileges of a Class 1 Manufacturer’s distillery license to allow guided tours of the licensed premises with limited sales.

The bill allows the license holder to conduct guided tours of the licensed premises and serve not more than three samples (not more than one-half ounce from a single product) of products manufactured at the licensed premises to persons of legal drinking age who participated in the guided tour of the facility.

Furthermore, the bill allows the license holder to sell not more than 750-millileter bottles of products manufactured on the premises for consumption off the premises and related merchandise, to persons of legal drinking age who participated in a guided tour of the facility. Such provisions are only allowed if the license holder does not manufacture more than 27,500 gallons of product annually.

(2) Secondly, the bill prohibits a license holder or entity in which the holder has a pecuniary interest from acting as a food caterer. A license holder is required to file a notice with the Comptroller fourteen (14) days in advance of a planned promotional event, if the event is to occur after 6 p.m. The form is provided by the Comptroller's Office.

(3) The bill provides for consumption and sampling off the licenses premises of products manufactured on the premises to be from 10 a.m. to 10 p.m. However, for consumption and sampling of products manufactured by the licensed holder, the allotted times are 10 a.m. to 6 p.m. If guests are attending a planned promotional event or an organized event on the licenses premises, then they allotted times are 10 a.m. to 10 p.m. each day.

(4) Additionally, the bill specifies that a Class 2 manufacturer's license allows the license holder to operate seven (7) days a week; limits the availability of products not manufactured by the license holder for consumption or sale on site; and specify that the bill's provisions do not limit the application of relevant provisions of Title 21 of the Health – General Article (Food, Drugs, and Cosmetics).

EFFECTIVE JULY 1, 2012.

4. Senate Bill 579 – House Bill 1126 – Alcoholic Beverages – Farm Brewery Manufacturer's License

The identical bills amend Md. Code Ann. Art. 2B §§ 2-202 and 2-209 to establish a Class 8 Farm Brewery Manufacturer's license.

(1) The Class 8 license allows the license holder to sell and deliver beer manufactured in a facility on the licensed farm or in a facility other than the licensed farm to a wholesaler license in order to sell and deliver beer to an individual in another state who is authorized to acquire such beer. The beer must be manufactured with a Maryland agricultural ingredient, such as hops, grain or fruit.

(2) The license holder may sell beer produced by the license holder for consumption on the licensed farm in an amount not exceeding 6 fluid ounces per brand. Additionally, the Class 8 license holder may provide samples of beer they produce to persons of legal drinking age free of charge. The license holder may sell or serve certain foods including bread, chili, chocolate, crackers, cured meat, hard and soft cheese, ice cream, jelly or jam, pizza, soup, prepared sandwiches or other pre-packaged food read to be eaten.

(3) The license holder may exercise the privileges of the license from 10 a.m. to 6 p.m. every day for consumption of beer, service of food and sales on the licensed farm. Moreover, the bill provides that from 10 a.m. to 10 p.m. the sampling of beer; consumption of beer off the licensed premises is allowed so long as the beer is packed in a sealed or a re-sealable container. The time for guests to attend a planned promotional event at the licensed farm is from 10 a.m. to 10 p.m.

(4) The bill provides for the license holder to brew, bottle or contract for no more than 15,000 barrels of beer each calendar year. Furthermore, a license holder may contract with a holder of a Class 5 Brewery License or Class 2 Rectifying License to

brew and bottle beer from ingredients produced on the licensed farm; import, export and transport its beer in accordance with this section.

(5) The beer may be stored 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 beer, or shipment back to the licensed farm only if the license holder does not serve or sell beer at the warehouse; and the Comptroller must have full access to the warehouse at all times.

(6) The license holder may sponsor a multi-brewery activity at the licensed farm that includes products of other Maryland breweries; and provides for the sale of beer by the glass for consumption on the premises only. The license holder may store products of other Maryland breweries in a segregated area approved by the Comptroller for their multi-brewery activity.

(7) Multi-brewery activities may be held from 10 a.m. to 10 p.m. each day and to not exceed 3 consecutive days. At least fifteen (15) days before holding a planned promotional event the license holder must obtain a permit from the Comptroller by filing a notice of the promotional event on forms provided by the Comptroller.

(8) The permit authorizes the license holder to conduct a promotional event at the licensed farm whereby the license holder may provide samples of not more than six (6) fluid ounces per brand to consumers. The license holder may sell beer produced by the licensee to persons who participate in the event. The beer must be sold by the glass and must be consumed on the premises only.

(9) The license holder may not be issued more than twelve (12) permits in a calendar year. A single promotional event may be held from 10 a.m. to 10 p.m. to not exceed three (3) consecutive days. The fee for the permit is \$25.00 per event.

EFFECTIVE JULY 1, 2012.

5. Senate Bill 755 – House Bill 228 – Consuming Wine Not Bought on Premises – Restaurants, Clubs, and Hotels

(1) Amending Md. Code Ann. Art. 2B § 12-107, the bill permits restaurants, clubs, or hotels with a Class B or Class C license to allow individuals to consume wine not purchased or provided by the license holder. This is allowable only if: (i) the wine is consumed with a meal during the hours of sale specified by the license; (ii) the individual receives the approval of the license holder; (iii) the wine is not available for sale on the license holder's wine list; (iv) and the license holder obtains a permit from the local licensing board before allowing an individual the privilege of consuming wine not purchased from the license holder.

(2) This bill requires the local licensing board to issue a permit at no charge to each individual license holder who seeks to allow individuals to consume wine under the aforementioned provisions.

(3) Under the provisions of this bill, a license holder is authorized to determine the and charge the individual a fee for the privilege of consuming wine not purchased from the license holder. A sales tax shall be imposed on such fee.

(4) The license holder is required to dispose of wine after the meal is finished, however, an individual may remove from the premises any unconsumed wine, so long as the license holder or an employee of the license holder, inserts a cork or places a cap on the bottle. A removed bottle with no cap is considered an “open container” thus a punishable criminal offense. Md. Code Ann. Crim. Law § 10-125.

(5) The license holder may not allow an individual under the age of twenty-one (21) years old or any individual who is visibly under the influence of an alcoholic beverage, the privilege of consuming wine as provided by this bill.

(6) Md. Code Ann. Art. 2B § 11-101(m)(13) provides for a “taxable service” which includes the privilege of consuming wine not purchased from or provided by a restaurant, club, or hotel under this bill.

EFFECTIVE JULY 1, 2012.

6. Senate Bill 1018 – House Bill 1316 – Alcoholic Beverages – Rectifiers – Tours, Samples, and Sales

The identical bills amend Md. Code Ann. Art. 2B § 2-203 to expand the privileges of a rectifying license by allowing guided tours of the licensed premises coupled with limited sale of products.

(1) The license holder may conduct guided tours of the licensed premises and serve not more than three samples of their product, all of which were manufactured at the licenses premises to persons of legal drinking age who participated in the guided tour. Samples are to be not more than one-half ounce from a single product.

(2) A license holder or entity in which the holder has a pecuniary interest is prohibited from acting as a food caterer. Moreover, a license holder is required to file a notice with the Comptroller fourteen (14) days in advance of a planned promotional event if the event is to take place after 6 p.m. Forms are provided by the Comptroller.

(3) The bill further specifies that a Class 2 Manufacturer’s License allows the license holder to operate seven (7) days a week. The bill limits the availability of products not manufactured by the license holder for sale or consumption on site and specifies that the bill’s provisions do not limit the application of relevant provisions of Md. Code Ann. Health – General § 21.

EFFECTIVE JULY 1, 2012.

ST. MARY’S COUNTY AND DORCHESTER COUNTY:

7. House Bill 171 – Winery Special Event Permits – Farmers’ Markets

This bill amends Md. Code Ann. Art. 2B § 2-101(u) to allow the Comptroller to issue a Winery Special Event Permit to a Class 4 Limited Winery for the unlimited use for one day each week at farmers’ markets throughout Dorchester and St. Mary’s counties. The farmers’ markets must be listed on the Farmer’s Market Directory of the

Maryland Department of Agriculture (MDA). The Winery Special Events Permit is in addition to the other permits allowed in this section.

EFFECTIVE JULY 1, 2012.

CHARLES COUNTY:

8. House Bill 1387 – Winery Special Event Permits – Farmers’ Markets

This bill amends Article 2B – Alcoholic Beverages, Section 2-101(u) to allow the Comptroller to issue a Winery Special Event Permit to a Class 4 Limited Winery for the unlimited use for one day each week at farmers’ markets throughout Charles County. The farmers’ markets must be listed on the Farmer’s Market Directory of the Maryland Department of Agriculture (MDA). The Winery Special Events Permit is in addition to the other permits allowed in this section.

EFFECTIVE JULY 1, 2012.

PRINCE GEORGE’S COUNTY:

9. House Bill 919 – Prince George’s County – Issuance, Transfer, and Renewal of Alcoholic Beverages Licenses – Payment of Taxes

(1) The Board of License Commissioners for Prince George’s County is prohibited from issuing or renewing a license unless the Board is provided verification from the Comptroller and Prince George’s County that the license applicant has paid all undisputed taxes payable to the Comptroller and Prince George’s County or the applicant has provided for the satisfactory payment of such taxes.

(2) The Board is authorized to condition the actual issuance of a license for which a transfer has been approved on verification: (i) of payment of all undisputed taxes payable to the Comptroller or Prince George’s County; or (ii) provided satisfactory payment of such taxes. Moreover, if a license was issued on behalf of a corporation, club or other entity, the verification requirements apply to undisputed taxes payable by each owner or principal of the entity.

EFFECTIVE JULY 1, 2012.

MULTIJURISDICTIONAL:

10. Senate Bill 627 – Multiple Jurisdictions – Alcoholic Beverages – Class B and Class BLX Licenses – Restaurants

This bill amends Md. Code Ann. Art. 2B §§§ 6-201, 8-202.1, 9-102 and § 9-102.1.

(1) The bill alters the requirement for an alcoholic beverages license in Anne Arundel County to be issued a specified Class BLX license for a restaurant, and increases the maximum number of Class B or Class BLX licenses that a person may hold, or in which a person may have a direct or indirect interest in Anne Arundel County, Baltimore

City, Baltimore County, Calvert County, Charles County, Howard County, Montgomery County, and Prince George's County.

(2) For a Class BLX license the minimum investment for Prince George's County is \$1,000,000 for dining room facilities and kitchen equipment. Additionally, in Anne Arundel County, the number of Class BLX licenses have increased so that a license holder may hold a seventh, eighth, ninth, and tenth Class BLX license. The bill further provides that a restaurant with a fifth Class BLX license may now be located anywhere within the county, with no limitation to community revitalization zones. The restaurants that hold sixth through tenth Class BLX licenses are held may also be located anywhere in the county.

(3) The bill increases the number of Class B licenses that a licensee may hold by allowing five (5) class B licenses in both Baltimore City and Baltimore County.

(4) The bill increases the number of Class B and Class BLX licenses that a licensee may hold in Calvert County, by allowing no more than a combination of four (4) class B and Class BLX licenses.

(5) In Charles County, the bill increases the number of Class BLX licenses that a licensee may hold by allowing one additional Class BLX license.

(6) In Howard County the bill increases the number of Class BLX licenses that a licensee may hold by allowing either two (2) Class B licenses, seven (7) Class BLX licenses, or nine (9) Class BLX licenses.

(7) The bill increases the number of Class B license in Montgomery County so that a licensee may not hold more than ten (10) licenses altogether.

(8) In Prince George's County, the bill increases the number of Class BLX licenses that a licensee may hold to not more than ten (10) Class BLX licenses.

EFFECTIVE JUNE 1, 2012.

OTHER TOBACCO PRODUCTS

STATEWIDE:

11. Senate Bill 452 – House Bill 570 – Other Tobacco Products – Restrictions on Sale, Distribution, and Shipment - Exemptions

The identical bills specify that certain provisions relating to the regulation of other tobacco products (OTPs) do not apply to certain sellers located outside of Maryland. OTPs include any premium cigar, pipe tobacco or tobacco product, other than a cigarette, intended for consumption by smoking, chewing, or as snuff.

(1) Prior law required out-of-state sellers of premium cigars and pipe tobacco to certain licensing requirements. Furthermore, out-of-state sellers were prohibited from selling or shipping OTPs ordered by mail/internet/telephone directly to a consumer or unlicensed recipient. Prior legislation prohibited licensed OTP retailers or licensed

tobacconists from delivering more than two packages of OTP products directly to consumers.

Under the new bills, out-of-state sellers selling or delivering premium cigars or pipe tobacco are exempt from all of the aforementioned provisions.

(2) Licensed OTP retailers or licensed tobacconists, located in Maryland are exempt from the provisions prohibiting the selling or shipping of OTPs directly to a consumer when the OTPS sold or shipped are premium cigars or pipe tobacco.

(3) Moreover, the bills provide that licensed OTP retailers or licensed tobacconists located in Maryland, who are delivering premium cigars or pipe tobacco, are not subject to the two product delivery limitation.

EFFECTIVE JUNE 1, 2012.

BETTING, WAGERING, and GAMBLING

STATEWIDE:

12. House Bill 7 – Criminal Law – Betting, Wagering, and Gambling – Fantasy Competition

This bill exempts certain fantasy competitions from State prohibitions against betting, wagering, and gambling.

(1) The provisions of the bill defines an exempt fantasy competition to include any online fantasy or simulated game or contest such as fantasy sports which: (i) participants own, manage or coach imaginary teams; (ii) all prizes and awards offered to winning participants are established and made known to participants in advance of the game or contest; (iii) the winning outcome of the game or contest reflects the relative skill of the participants and is determined by statistics generated by actual individuals.

(2) No winning outcome is dependent on the performance of an individual athlete, or on the score point spread, or any performances of any single real-world team or any combination of real-world teams.

(3) The bill allows the Comptroller authority to adopt regulations to carry out the provisions of this section.

EFFECTIVE OCTOBER 1, 2012.