



Maryland State Licensed Beverage Association

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2024 General Assembly Session Preview

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It seems like the gavel just dropped ending the 2023 General Assembly Session, but here we are on the threshold of the 2024 Session, the second of the current four-year cycle. Lawmakers will gather on the constitutionally set date of the second Wednesday in January (this year Jan. 10th) and meet for 90 days, concluding on April 8, 2024.

The Administration of Governor Wes Moore (D) has settled in over the last year, with Cabinet Secretaries and other key positions having been filled since he took office in January of 2023. In the new year, the Governor will be faced with a tightening fiscal landscape, as the federal largesse that showered state governments in recent years has ceased. He will have to choose his priorities and decide whether to balance the State budget with increased revenues or reduced State spending.

The General Assembly's leadership remains the same under Senate President Bill Ferguson (D-Balt City) and House Speaker Adrienne Jones (D-Balt Co). However, the departure of Senate Finance Committee Chair Melony Griffith from the Legislature resulted in the elevation of Senator Pam Beidle (D-Anne Arundel) to the Chair, so she will settle into that post in the upcoming Session. With years of experience in the General Assembly and on the Finance Committee, the transition should be rather seamless.

The Finance Committee and the House Economic Matters Committee, chaired by Delegate C.T. Wilson (D-Charles), will address some key issues affecting the alcohol industry, as described below.

1) Direct Shipment of Alcohol

For the fourth consecutive Session, the General Assembly will confront the issue of Maryland manufacturers directly shipping alcohol to consumers. In 2021, in response to COVID, lawmakers allowed Maryland's brewers and distillers to ship alcohol using third parties. This privilege has been extended in 1-year increments since that time and is set to expire in the summer of 2024. MSLBA will once again argue against any extension.

Adding to the urgency of the issue is a federal lawsuit filed in the summer of 2023 by out of state manufacturers, alleging the law violates the Commerce Clause by extending to in-state manufacturers a privilege not given to out of state manufacturers. As MSLBA has said from the start, they are most likely correct, although the suit remains pending.

MSLBA has been clear since the first extension of the law that the practice should be ceased, not only because of its effect on Maryland retailers, but because the enforcement of laws designed to prevent underage access to alcohol are virtually non-existent with direct ship, with common carriers regularly leaving product on the steps of residential customers without first obtaining proof of age.

All of this forces the General Assembly to confront a choice of either allowing every manufacturer in the country to ship into Maryland, bypassing local retailers and wholesalers to the benefit of out of state businesses, or discontinuing altogether what was clearly a temporary privilege rooted in the COVID pandemic. MSLBA believes the choice is clear: end direct shipment of spirits and beer.

2) Beer and Wine in Supermarkets

This issue needs no explanation and seems as old as time, but the supermarkets and chain stores are again gearing up and plan a more asserted effort in 2024 we hear, continuing to press for a repeal of the prohibition on obtaining beer and wine licenses. Their appeal has been couched in recent years as a solution to “food deserts”, but legislators have not been convinced that more alcohol outlets are a way to solve this problem. We don’t yet know whether a newly styled appeal is planned in 2024, but we understand that significant public relations dollars may be brought to bear leading up to the Session.

Local retailers will never match the financial resources of these large corporations, but our grassroots efforts can. Retailers should have already grabbed their phones and called or emailed their legislators, reminding them of the contributions retailers make to the community and the importance of small businesses that keep jobs and profits in the community and the State. If you have not already done this, you are behind in your efforts to protect your own business.

3) Delivery by Third Parties

Current Maryland law permits licensed retailers with off-premise privileges who receive permission from their local boards to deliver within their jurisdiction, with the licensee or an employee being the deliverer. In 2023, legislation was introduced that would have allowed DoorDash and other similar companies to deliver alcohol on behalf of licensed retailers, adding third parties to the equation, but it did not pass.

At the time, MSLBA voiced concerns over the idea. Over the interim, we met with the bill sponsor to discuss proper controls that would address our concerns, which include ensuring local regulation, delivery only within the jurisdiction that the retailer is licensed in, that the retailer and not the delivery companies make the sale, and not allowing warehousing of any alcohol. These discussions will continue through and into the Session, but the talks have been productive.

4) Manufacturers Serving Products Other Than Their Own

In recent years, Maryland manufacturers have introduced legislation to establish a Class L license that can be obtained by any brewery, winery, or distillery to sell beer, wine, and liquor, regardless of whether it was made by the manufacturer at their location. This privilege essentially turns every brewery, winery, and distillery into a bar. MSLBA believes manufacturers should not be bars under the three-tier system, but that is exactly what these bills permit to happen.

Every year now for the better part of the last 15 years, the State’s manufacturers have introduced bills that erode the three-tier system of alcohol distribution, under which manufacturers were

prohibited from selling alcoholic beverages to customers at all. The erosion began with the offering of small samples of their own products on guided tours but continued with efforts to sell larger and larger amounts. These efforts were presented as a way for the manufacturers to better market their own products. But the biggest change came several years ago when the brewers obtained authority from the Legislature to operate tap rooms. MSLBA resisted this change because we knew what the next step was – manufacturers selling not just their own products but all alcoholic beverages, just like a bar. This legislation represents the predicted next step. This is no longer about marketing their own products, but about being a general retailer of all alcoholic beverages, and MSLBA is opposed to that sea change.

All of these issues and more affect your business. You can make a difference by joining the Association's Legislative Committee, developing a relationship with your local legislators, coming to Annapolis on Alcohol Day, and in many other ways. Just contact the Association for more information.