



Maryland State Licensed Beverage Association

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MD State Licensed Beverage Association Report on the 2023 General Assembly Session

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INTRODUCTION

The Maryland General Assembly began its 445th Session at noon on Wednesday, January 11th, and concluded its legislative work at midnight on Monday, April 10th. This Session was the first of a new four-year term for members of the General Assembly and the first year of a new Gubernatorial Administration under Governor Wes Moore. Attorney General Anthony Brown and Comptroller Brooke Lierman are also both newly elected to their posts. As such, it was a transitional year for the General Assembly this Session. Part of that transition included several key legislative leadership changes as well. In the Senate, Senator Brian Feldman was appointed as Chair of the newly restructured Education, Energy, and Environment Committee (EEE) and Senator Melony Griffith was appointed as Chair of the Senate Finance Committee. In the House, Delegate Joseline Pena-Melnyk was appointed as Chair of the Health and Government Operations Committee (HGO).

As was reported throughout this Session, the pace in the movement of bills was slower than is typical, especially earlier in Session. In general, this resulted in fewer bills moving through the Chambers than is typical. Much of the focus was on major priority issues of the leadership, including accelerating the minimum wage increase to \$15 by January 1, 2024, setting up the regulatory framework for the adult-use cannabis market approved by voters last November, increasing protections for reproductive rights in wake of the *Dobbs* decision by the Supreme Court of the United States (SCOTUS) and tightening rules around the concealed carry of firearms in light of the *Bruen* decision by SCOTUS.

Direct Shipment and Third-Party Delivery

We have seen many bills over the years addressing the direct shipment of alcohol, including the adoption over 10 years ago of legislation allowing the direct shipment of wine. During COVID, “temporary” direct shipment authority was given to Maryland brewers and distillers, expanding it even further. Newer to the realm of alcohol convenience are bills allowing for alcohol delivery by third parties, which have been introduced in each of the last two years. These debates over direct ship (or direct to consumer (DTC) as it is also known) and delivery are not unique to Maryland, as State legislatures try to mesh the wide-open internet economy with the strictly regulated alcohol market.

As introduced, [House Bill 595/Senate Bill 448-Manufacturers Licenses and Off-Site Permits](#) would extend through 2025 certain COVID-era privileges given to Maryland manufacturers. Among

these were unlimited off-premise sales and direct shipment to consumers. MSLBA opposed these changes for several reasons: 1) the law is clear that a State cannot extend privileges to in-state manufacturers that are different from those given out-of-state manufacturers—this is the gist of the U.S. Supreme Court’s Granholm ruling in 2005; 2) Other COVID restrictions have been discontinued, including the similar privileges given to restaurants allowing them to sell alcohol for carry out and delivery, so the privileges given manufacturers should be as well; and 3) there is no underage sales enforcement at the point of delivery with direct ship in the way there is with brick and mortar stores.

Despite our objections, the General Assembly was clearly inclined to extend these COVID-era privileges, so we proposed amendments that were adopted in the final days of Session to limit the extension of direct ship and unlimited off-premise sales to 1 year. Another amendment limited direct ship to only those manufacturers who already have authorization, the logic being that if a manufacturer needed direct ship to make it through COVID, they would have already sought permission. A final amendment required reporting of how much product is being shipped so we have a handle on the volumes that are going around the 3-tier system.

In the end, the bill passed with our amendments and the privileges will extend 1 more year. The same debate will re-occur next year, but the manufacturers will be forced to say at that point what we’ve known all along—that they want these privileges made permanent.

Separate but related was [House Bill 787/Senate Bill 815-Alcoholic Beverages-Retail Delivery-Third Party Delivery](#). This legislation would have allowed retailers to make use of third-party delivery services, such as DoorDash, to deliver products to consumers. MSLBA opposed the bill with similar concerns to the direct ship bill—that is, the lack of underage sales enforcement on third party deliverers. We also were concerned with delivery companies trying to go beyond county lines, which would run counter to Maryland’s county by county regulatory structure. The House Economic Matters Committee referred the bill to Interim Study, meaning we will be discussing possible ways to allow third party delivery over the interim.

Beer & Wine in the Supermarket

As sure as the sun rises every morning, every legislative session sees the introduction of legislation to allow supermarkets to sell beer and wine. This year’s version was [Senate Bill 854/House Bill 938-Class A Licenses-Food Retailers](#). The bill would allow supermarkets to offer to purchase an existing license from a nearby retailer, but if an agreement could not be reached, to then go to the local liquor board and apply for a new license.

MSLBA members once again turned out in strong opposition to the bill—MSLBA Legislative Co-Chairman Jack Milani of Monaghan’s Pub in Baltimore County, Kim Lawson of Fishpaws in AA County, Aashish Parikh of Cranberry Liquors in Carroll County, and Blaise Miller of BK Miller’s in Prince George’s all testified before the House Economic Matters Committee. They were all warmly received, including with applause at the end of our testimony. We were helped by our beer wholesaler allies who were represented by Nick Manis and Dan Hoose of Buck Distributing, as well as the public health community which was represented by Dr. Raimee Eck. The Senate bill never received a hearing.

While we have survived another year without this legislation getting traction, the supermarkets—and the convenience stores--will certainly not be giving up. They will continue to hone their legislation to address our objections, and at some point, will likely engage in an all-out public relations campaign. Our strength on the issue has always been the relationships of our retailers with their local communities and legislators, and these efforts must continue year-round if we are to continue to be successful.

Wineries

[Senate Bill 322/House Bill 246-Class 4 Limited Winery License-Food Service](#) proposed changes to the law on food service at Maryland wineries. When the Class 4 law was changed about a decade ago allowing special events at the winery, the General Assembly put into law a very strict list of food items that could be served at the winery. This list has become harder to defend over the years, with legislators questioning why food should be limited at all at a facility where patrons are clearly drinking alcohol.

This legislation gives wineries the choice of staying with the list of food items in the current law or obtaining a food service establishment license like a restaurant and serving a full array of foods.

Lottery

[House Bill 566-State Lottery-Internet Sales of Subscription Plans](#) would have allowed the State Lottery to directly sell subscription plans to members via the internet. Jack Milani spent a considerable amount of time speaking with the bill's sponsor, Delegate Eric Ebersole, about the impact this would have on agents, and ultimately convinced him to withdraw the bill on the day of the hearing.

General Business Issues

Governor Moore pledged early on that he would advance the implementation of the \$15 per hour minimum wage, and he fulfilled that pledge over the objections of some businesses. [House Bill 549/Senate Bill 555-Fair Wage Act of 2023](#) require the State's minimum wage to be increased to \$15 per hour as of January 1, 2024. As introduced, the start date would have been October 1, 2023 and the wage would have been indexed to the lesser of the consumer price index or 5%. However, in response to concerns raised by businesses, the General Assembly removed the indexing and pushed back the date to January 1, 2024.

[Senate Bill 299/House Bill 288-Grocery Stores and Restaurants-Automated External Defibrillator Program](#) require that "AED" devices be placed in restaurants (and grocery stores) by Jan 1, 2025. There will be a threshold of either a revenue amount or minimum seating capacity, and only those above this threshold will have to comply.

Recognizing that the bill above was a mandate, the General Assembly also passed [House Bill 1074-Automated External Defibrillator-Tax Credit](#), providing businesses which install AED's with a tax credit of up to \$1,500.