



Maryland State Licensed Beverage Association

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MSLBA 2025 End of Session Report

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Members of our industry entered the 2025 General Assembly Session singularly focused on Governor Moore's December endorsement of legislation allowing beer and wine sales in supermarkets. Never before had a sitting Governor weighed in the way that he did, publicly demanding that the Legislature put "a bill on his desk" by the time it adjourned in April. Everyone braced for whether that move would tip the scale toward a bill passing. But the Governor's comments were met with immediate pushback from House Economic Matters Committee Chairman CT Wilson and Senate Finance Committee Chair Pam Beidle, who pointed out the impact this would have on the small businesses which own and operate retail alcoholic beverage outlets. And with the help of Martha McKenna, our public relations adviser, MSLBA members were in the media and outspoken about their opposition to the bill and the Governor's position. Thanks to this resistance, there would be no bill on the Governor's desk at the end of the Session.

More broadly, it was the State's \$3 billion budget shortfall that was the primary focus of the 2025 Session. Multiple proposals for new tax revenue were considered, but the General Assembly settled on a 3% tax on data and IT services. Other revenue measures which stood to directly impact our industry were luckily averted, as discussed below. We also affected the outcome of two lottery bills and numerous general business bills.

Supermarket Bills

In usual form, the House Economic Matters Committee heard all alcohol bills on the same Day (Feb. 17th) and the Senate Finance Committee followed suit that Friday (Feb. 21st). On both days, the two supermarket bills ([HB 1379/SB 824](#)) drew the most witnesses and attention and were essentially the only statewide alcohol bills this year. We had excellent witness testimony in opposition to the supermarket bills from MSLBA members Jack Milani (Balto. Co.), Jaskinder Gill (Prince George's), Kim Lawson (Anne Arundel), Jed Jenny (Balto. City), Blaise Miller (Prince George's), Jimmy Spiropoulos (Prince George's) Ashish Parikh (Carroll), and Julianne Sullivan (Anne Arundel), as well as our allies from the MD Beer Wholesalers represented by Nick Manis and Dan Hoose, and the MD Distillers Guild, Brewers Association and Wineries Association, represented by Brad Rifkin.

By mid-March it became clear that neither the House nor Senate committees had a desire to advance these bills. [SB 824](#) was withdrawn, and [HB 1379](#) was never voted on. While good witnesses at the hearings are key to our success, so is widespread member involvement. Every member of MSLBA

who either spoke with, emailed or contacted legislators or attended the hearings, should give themselves a giant pat on the back for the defeat of this legislation. Our success was a true group effort, and even these small tasks matter.

While this outcome is a victory for our members and small businesses generally, the issue will return in 2026. But if 2025 has taught us anything, it is that we have done excellent work connecting retailers with legislators and being ready for political developments, like we saw this year with the Governor weighing in. But to continue to be effective, members must stay involved and this issue must be a priority year-round.

The Budget

Governor Moore's initial budget proposal ([HB 350](#)) and the Budget Reconciliation and Financing Act ([HB 352](#)) combined spending cuts and revenue (i.e. taxes and fees) to close the \$3 billion gap. Most notable among the revenue provisions were income tax increases on the "wealthy", lowering the corporate tax rate but adopting combined reporting, raising the sports wagering tax, increasing the cannabis tax, and implementing a .75 cent tax on deliveries to raise transportation trust fund revenue. The General Assembly rejected as much as it accepted of the Governor's budget.

Instead, the legislative leadership introduced a bill ([HB 1554/SB 1045](#)) in late February that would have imposed a 2.5% business to business sales tax on services like accounting, marketing, PR services, IT, and others. But hundreds of Maryland businesses, from McCormick Spice to smaller employers lined up to oppose this tax, and the Legislature partially changed course once again. By Session's end, a plan was enacted that cut over a billion dollars from the Budget, but also raised revenue in the following ways:

- Adding a new 3% sales tax on data and IT services, expected to raise nearly \$500 million.
- Adding a 2% surcharge on capital gains over \$350,000, expected to raise \$367 million, 40% of which would go to the Transportation Trust Fund.
- Imposing higher income tax brackets on higher earners – those earning \$500,000 to \$1 million will pay 6.25%; those earning above \$1 million will pay 6.5%.
- Increasing the cannabis tax rate to 12% from 9%, raising \$39 million.
- Increasing the tax rate on sports wagering to 20% from 15%, expected to raise \$32 million.
- Enabling local governments to increase the maximum local piggyback tax rate to 3.3% from 3.2%.

Lottery

There were two significant lottery bills proposed this year. [HB 539/SB 850](#) – *State Lottery - Ticket Purchase and Delivery by Third Party Entity – Authorization (FAILED)* would have allowed third party entities to take electronic orders for lottery tickets. Companies like Jackpot.com have been successful in entering other states and attempted to do so here, with promises of higher lottery revenue given the greater ease of purchasing tickets. Legislators were not convinced of the security of this program, and did not like that the company directs consumers to certain brick and mortar locations for cashing, and for these reasons the bills did not advance.

The second bill, [HB 618](#) – *State Lottery - Internet Sales of Subscription Plans - Authorization (PASSED)* allows agents to sell subscriptions, something MSLBA has long sought to achieve, but also allows the Lottery to sell subscriptions directly online, something we would prefer to avoid but reluctantly accepted in this limited form. Jack Milani worked hard to get language included in the bill that gives originating agents commissions for two years when renewals are made online.

General Business Bills

MSLBA also weighed in on other issues affecting our members beyond alcohol regulation and the lottery bills. A brief description of these bills is provided below along with their outcome.

[HB 997/SB 324](#) – *Admission and Amusement Tax - Food and Beverages (FAILED)*. This bill would have allowed local governments to impose a 3% gross receipts tax on food and beverages sold for on-premises consumption. It was estimated the tax would generate \$460 million for local governments, which explains why the MD Association of Counties and MD Municipal League support the bill. MSLBA opposed the bill and was joined by other groups in the hospitality industry, including the Restaurant Association, breweries, wineries and distilleries, the MD Beer Wholesalers and the Licensed Beverage Distributors of Maryland. In some last-minute drama, the Senate Bill was voted out of the Budget and Tax Committee on April 1st, but then quickly returned to the Committee.

[HB 29/SB 917](#) – *Electronic Payment Transactions - Interchange Fees - Calculation and Use of Data (FAILED)*. This bill would have prohibited the collection of interchange fees by banks on the amount of the purchase that is comprised of State sales taxes. House committee members expressed concern that banks would simply raise the cost of the fees to offset this revenue loss, and the bill did not advance. The Senate bill was withdrawn.

[SB 542](#) – *Alcoholic Beverages Industry - Study (FAILED)*. This legislation proposed a study of the structure and composition of the distribution and retail sector of the alcoholic beverages industry in the State and called for recommendations on identifying and eliminating barriers to minority participation in the industry. MSLBA supported the legislation with amendments, but it did not emerge from the Senate Finance Committee, in part because of the costs involved in the study.

[HB 232/SB 346](#) – *Beverage Container Recycling Refund and Litter Reduction Program (FAILED)*. These bills would have required retailers, including liquor stores, to accept redeemable beverage containers at their place of business, maintain a “dedicated area” to store the returned containers, and pay the person redeeming the container in cash. MSLBA opposed this legislation. For the first time in the many years it has been introduced, the bill was passed by the House Environment and Transportation Committee, but because the bill was dually referred it also went to the Economic Matters Committee. The Senate Committee did not act on the bill.

[HB 1318/SB 934](#) – *Premium Cigar Lounge License - Establishment (FAILED)*. These bills would have allowed for the issuance of alcoholic beverage licenses to cigar bars in the State. MSLBA has opposed all such bills, pointing back to the removal of indoor smoking from bars and restaurants with the passage of the Clean Indoor Air Act. The bills did not pass because a study of the issue is already underway as per [SB 244](#) of 2024, which requires the Department of Health to convene a workgroup and make findings

and recommendations to the Legislature by July of 2025. Meanwhile, no new alcoholic beverage licenses can be issued in the State to tobacconists through July of 2026.

[HB 385](#) – *Tip Prompt Screen - Requirements (FAILED)*. This bill would have required that effective January 1, 2026, each business which uses a POS system that displays a tip-prompt screen to disclose that the tip will go to employees and have a default to a tip of zero. The bill passed the House and was heard in the Senate but died for lack of a favorable motion in the Senate Finance Committee.

[HB 1400/SB 823](#) – *No Tax on Tips Act (FAILED)*. These bills would have phased in an increase in the State minimum wage to \$20.00 per hour by July 1, 2028, phased out the tip credit for tipped employees so that, beginning July 1, 2028, an employer must directly pay a tipped employee at least the State minimum wage, and prohibited a food service facility from charging a service fee unless it is prominently disclosed to the customer. The bills were contingent on adoption by the voters of a constitutional amendment ([HB 1458/SB 809](#) of 2025), which establishes the right to be paid the State minimum wage without regard to tips.

[HB 1458/SB 809](#) – *Declaration of Rights - Right to Minimum Wage for Tipped Workers (FAILED)*. This bill initiated a constitutional amendment, subject to approval by the voters, requiring that every worker in the State be paid the mandated minimum wage without regard to tipped wages.



We are Maryland Small Business