

HOUSE BILL 1237

A2

11r2744

By: **Delegates McDermott and Conway**

Introduced and read first time: February 21, 2011

Assigned to: Rules and Executive Nominations

Re-referred to: Economic Matters, February 28, 2011

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 21, 2011

CHAPTER _____

1 AN ACT concerning

2 **Worcester County – Department of Liquor Control – ~~Purchases from~~**
3 **~~Wholesalers~~ Wine and Liquor Purchasing Option**

4 FOR the purpose of abolishing the Liquor Control Board for Worcester County and
5 replacing it with the Worcester County Department of Liquor Control;
6 specifying that the Department is a department of the county government
7 ~~under the general supervision of the chief administrative officer~~; specifying that
8 the Department has certain powers; requiring the Board of County
9 Commissioners to appoint the director of the Department; specifying that the
10 director shall be the chief administrative officer of the Department; authorizing
11 the director of the Department, subject to the approval of the Board of County
12 Commissioners, to purchase or otherwise acquire certain alcoholic beverages
13 and certain other property; specifying a certain maximum amount that a
14 licensee may be charged by the Department for certain alcoholic beverages;
15 repealing the minimum price for certain merchandise that the Department
16 must charge to licensees; authorizing an alcoholic beverages licensee in the
17 county, beginning on a certain date, to elect to purchase wine or liquor from a
18 licensed wholesaler in addition to or instead of from the Department; requiring
19 a licensee to provide written notice within a certain time to the Department;
20 ~~providing for an annual fee~~; requiring that the notice contain certain
21 information; requiring that the Department issue ~~a~~, to the licensee, a letter of
22 confirmation; requiring that a licensee display the letter conspicuously on the
23 licensed premises; providing that the title to certain property, including
24 appropriations, credits, assets, liabilities, contracts, and obligations of the

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.



Liquor Control Board, is continued as the title to property of the Department; ~~providing for employees of the Liquor Control Board who accept employment with the Department;~~ providing that a person granted certain authorization by the Liquor Control Board is considered by the Department to maintain that authorization; providing for the correction of certain cross-references under certain circumstances; defining certain terms; and generally relating to the Worcester County Department of Liquor Control.

BY repealing and reenacting, without amendments,

Article 2B – Alcoholic Beverages

Section 6–201(y)(1), 6–301(y)(1), 6–401(y)(1), and 8–224(a) ~~and (g)(2)~~

Annotated Code of Maryland

(2005 Replacement Volume and 2010 Supplement)

BY repealing and reenacting, with amendments,

Article 2B – Alcoholic Beverages

Section 6–201(y)(7), 6–301(y)(8), 6–401(y)(2)(vi), ~~8–224(g)(3)~~ 8–224(g), 8–603(d), 15–201(a), (b)(1), ~~(e)(2)~~, and (j), 15–202, and 15–205(l)

Annotated Code of Maryland

(2005 Replacement Volume and 2010 Supplement)

BY repealing

Article 2B – Alcoholic Beverages

Section ~~8–224(g)(4) and~~ 15–201(d)(5), ~~(e)(2)(iv)~~, (h)(7), (i)(2), and (l)

Annotated Code of Maryland

(2005 Replacement Volume and 2010 Supplement)

BY adding to

Article 2B – Alcoholic Beverages

Section 15–201(c)(5) and 15–204(e)

Annotated Code of Maryland

(2005 Replacement Volume and 2010 Supplement)

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

Article 2B – Alcoholic Beverages

6–201.

(y) (1) This subsection applies only in Worcester County.

(7) (I) **[All] EXCEPT AS PROVIDED IN SUBPARAGRAPH (II) OF THIS PARAGRAPH, ALL** licensees shall purchase all wines and liquors, except light wine and beer, from the **[Liquor Control Board for] Worcester County DEPARTMENT OF LIQUOR CONTROL**. They shall be charged **NOT MORE THAN** 85 percent of the retail price or any special sale price or discount price, whichever is lower, set by the

1 [Board] DEPARTMENT for wines and liquors. ~~However, the price the [Board]~~
 2 ~~DEPARTMENT charges to the licensees may not be lower than 10 percent above the~~
 3 ~~cost the [Liquor Control Board] DEPARTMENT must pay for the merchandise to~~
 4 ~~wholesalers.~~ All licensees may purchase beer and light wine from licensed wholesalers.

5 (II) ~~BEGINNING IN ON MAY 1, 2016, ALL LICENSEES MAY~~
 6 ~~ELECT TO PURCHASE WINES AND LIQUORS FROM LICENSED WHOLESALERS A~~
 7 ~~LICENSEE MAY ELECT TO PURCHASE WINE AND LIQUOR FROM A LICENSED~~
 8 ~~WHOLESALER UNDER § 15-204(E) OF THIS ARTICLE.~~

9 6-301.

10 (y) (1) This subsection applies only in Worcester County.

11 (8) (I) [Every] EXCEPT AS PROVIDED IN SUBPARAGRAPH (II)
 12 OF THIS PARAGRAPH, EVERY licensee shall purchase all wines and liquors, except
 13 light wine and beer, sold by them from the [Worcester County Liquor Control Board]
 14 dispensaries OF THE WORCESTER COUNTY DEPARTMENT OF LIQUOR CONTROL.
 15 The licensee shall receive AT LEAST a 15 percent discount from the retail sales price
 16 or any special sale price or discount price, whichever is lower. ~~However, the price the~~
 17 ~~[Board] DEPARTMENT charges to the licensees may not be lower than 10 percent~~
 18 ~~above the cost the [Liquor Control Board] DEPARTMENT must pay for the~~
 19 ~~merchandise to wholesalers.~~ All licensees may purchase beer and light wine from
 20 licensed wholesalers.

21 (II) ~~BEGINNING IN ON MAY 1, 2016, ALL LICENSEES MAY~~
 22 ~~ELECT TO PURCHASE WINES AND LIQUORS FROM LICENSED WHOLESALERS A~~
 23 ~~LICENSEE MAY ELECT TO PURCHASE WINE AND LIQUOR FROM A LICENSED~~
 24 ~~WHOLESALER UNDER § 15-204(E) OF THIS ARTICLE.~~

25 6-401.

26 (y) (1) This subsection applies only in Worcester County.

27 (2) (vi) 1. [All] EXCEPT AS PROVIDED IN
 28 SUBSUBPARAGRAPH 2 OF THIS SUBPARAGRAPH, ALL licensees shall purchase all
 29 wines and liquors, except light wine and beer, from the [Liquor Control Board for]
 30 Worcester County DEPARTMENT OF LIQUOR CONTROL. They shall be charged NOT
 31 MORE THAN 85 percent of the retail price or any special sale price or discount price,
 32 whichever is lower, set by the [Board] DEPARTMENT for wines and liquors. ~~However,~~
 33 ~~the price the [Board] DEPARTMENT charges to the licensees may not be lower than~~
 34 ~~10 percent above the cost the [Liquor Board] DEPARTMENT must pay for the~~
 35 ~~merchandise to wholesalers.~~ All licensees may purchase beer and light wine from
 36 licensed wholesalers.

1 **(2) BEGINNING ~~IN~~ ON MAY 1, 2016, ~~ALL LICENSEES MAY ELECT~~**
 2 **~~TO PURCHASE WINES AND LIQUORS FROM LICENSED WHOLESALERS~~ A LICENSEE**
 3 **~~MAY ELECT TO PURCHASE WINE AND LIQUOR FROM A LICENSED WHOLESALER~~**
 4 **UNDER § 15-204(E) OF THIS ARTICLE.**

5 15-201.

6 (a) **(1) [There] SUBJECT TO PARAGRAPHS (2) AND (3) OF THIS**
 7 **SUBSECTION, THERE** is hereby constituted and established in each county a liquor
 8 control board, to be appointed and to have the tenure, compensation, powers and
 9 duties as provided in this subtitle[;].

10 **(2) (I) [provided that in] IN** Montgomery County there is hereby
 11 constituted and established, effective July 1, 1951, a Department of Liquor Control,
 12 which shall be a department of the county government under the general supervision
 13 of the chief administrative officer, and which shall have the powers of a liquor control
 14 board as defined in § 15-205 of this subtitle.

15 **(II)** Whenever used in this subtitle the words “liquor control
 16 board” or “board” shall be construed to apply to the Department of Liquor Control in
 17 Montgomery County whenever such construction would be reasonable.

18 **(3) (I) IN WORCESTER COUNTY THERE IS A DEPARTMENT OF**
 19 **LIQUOR CONTROL THAT:**

20 **1. IS A DEPARTMENT OF THE COUNTY GOVERNMENT**
 21 **~~UNDER THE GENERAL SUPERVISION OF THE CHIEF ADMINISTRATIVE OFFICER~~**
 22 **~~OF THE COUNTY; AND~~**

23 **2. HAS THE POWERS OF A LIQUOR CONTROL BOARD**
 24 **AS DEFINED IN § 15-205 OF THIS SUBTITLE.**

25 **(II) THE WORDS “LIQUOR CONTROL BOARD” OR “BOARD” IN**
 26 **THIS SUBTITLE ~~APPLIES~~ APPLY TO THE WORCESTER COUNTY DEPARTMENT OF**
 27 **LIQUOR CONTROL WHEN THAT CONSTRUCTION WOULD BE REASONABLE.**

28 (b) **(1) (I)** Except in Harford County, **MONTGOMERY COUNTY, AND**
 29 **WORCESTER COUNTY,** the liquor control board shall consist of three members in
 30 each county.

31 **(II)** Those persons who are members of the respective boards on
 32 June 1, 1947, shall continue as such for the balance of the period for which they may
 33 have been appointed or elected, according to the terms and conditions of their original
 34 appointment or election.

1 **(III)** [Provided that in] **IN** Montgomery County, effective July 1,
 2 1951, there is hereby created the position of director of the Department of Liquor
 3 Control, who shall be the chief administrative officer of said Department of Liquor
 4 Control.

5 **(IV)** **IN WORCESTER COUNTY, THERE IS A DIRECTOR OF THE**
 6 **DEPARTMENT OF LIQUOR CONTROL, WHO IS THE CHIEF ADMINISTRATIVE**
 7 **OFFICER OF THE DEPARTMENT.**

8 (c) **(5)** **IN WORCESTER COUNTY, THE BOARD OF COUNTY**
 9 **COMMISSIONERS SHALL APPOINT THE DIRECTOR OF THE DEPARTMENT OF**
 10 **LIQUOR CONTROL, WHO SHALL SERVE AT THE PLEASURE OF THE BOARD.**

11 (d) In computing the time at which appointments to the several boards
 12 normally expire, and when new terms of office begin, the following dates shall be used:

13 **[(5)** Worcester County — June 1, 1975. Initial appointments shall be
 14 for two, three and four years. Their successors shall be appointed to regular four-year
 15 terms.]

16 (e) (2) Members of the boards in the following counties shall serve for
 17 terms as specified:

18 (i) Garrett County 6 years

19 (ii) Harford County 3 years

20 (iii) Somerset County 4 years

21 [(iv) Worcester County 4 years]

22 (h) Members of the several boards shall receive compensation as follows:

23 **[(7)** Worcester County — Each member of the Worcester County
 24 Liquor Control Board shall receive an annual salary set by the Worcester County
 25 Commissioners, but which may not be less than \$3,000, and a mileage fee when
 26 attending meetings of the Board and when performing official duties as a member of
 27 the Board.]

28 (i) **[(2)** In Worcester County they shall meet at least once each week; in
 29 Somerset County they shall meet at least twice each month.]

30 (j) (1) Except as provided in [paragraphs (2) and (3)] **PARAGRAPH (2)** of
 31 this subsection, in case of a vacancy on an appointive board for any reason whatsoever,
 32 it shall be filled for the unexpired term in the same manner as the original
 33 appointment.

1 (2) [In Worcester County, the vacancy shall be filled by the Governor
2 with the advice and consent of the Senate.

3 (3)] In Harford County, to fill a vacancy other than one resulting from
4 an expired term:

5 (i) The County Executive, as soon as practicable, shall submit
6 the name of one nominee to the Harford County Delegation to the Maryland General
7 Assembly, consisting of Harford County Senators and Delegates, for the advice and
8 consent of the Delegation; and

9 (ii) Thereafter, the procedures under subsection (c)(3)(ii)3
10 through 6 of this section shall be followed.

11 [(1) (1) This subsection applies only in Worcester County.

12 (2) The Board shall present its budget annually to the County
13 Commissioners on the same day that the County Commissioners present the budget
14 for the county. The Board shall be present at that meeting so as to be able to answer
15 any questions that the County Commissioners or the public might have.

16 (3) The Board shall adhere to county personnel practices. By way of
17 illustration, the Board shall advertise for vacant positions and select the most
18 qualified person and shall afford an employee all county termination rights.

19 (4) The Liquor Control Board may not expend any funds in an attempt
20 to influence the referendum to be held in November, 1998, that is required by State
21 statute.]

22 15-202.

23 (a) For the purpose of providing the liquor control board with an adequate
24 working capital for acquiring, establishing and operating a county dispensary, or
25 branch dispensaries, together with warehouse facilities, as found necessary under this
26 subtitle, the board of county commissioners of each county is hereby authorized and
27 empowered from time to time to advance a sum of money to the liquor control board of
28 such county. Said board of county commissioners is hereby authorized and empowered
29 to borrow upon the credit of the county in order to advance such moneys to said liquor
30 control board, issuing therefor such notes, certificates of indebtedness and/or bonds as
31 in the discretion of the board of county commissioners are found necessary.

32 (b) (1) The liquor control board may borrow money from time to time from
33 any banking institution on its own credit.

34 (2) The aggregate sum advanced to or borrowed by the liquor control
35 board may not exceed the following amounts:

1 (i) Somerset County — \$150,000

2 (ii) Wicomico County — \$500,000

3 [(iii) Worcester County — \$6,000,000].

4 (c) (1) The interest rate limitation provided in paragraph (2) of this
5 subsection does not apply in Somerset County [and Worcester County].

6 (2) All funds advanced to the liquor control board by the county
7 commissioners, and all funds borrowed by the county commissioners or the liquor
8 control board for the purposes of this subtitle, shall bear interest at the lowest rate
9 possible, not exceeding 6 percent a year. All these sums advanced or borrowed,
10 together with the interest on them, shall be repaid from the receipts from sales made
11 at the county liquor dispensary, or branch dispensaries.

12 [(3) In Worcester County, any borrowed funds expended for the use of
13 supplies or equipment are to be amortized over a term of five years.]

14 (d) The provisions of this section shall not apply to the Department of Liquor
15 Control of Montgomery County, provided that nothing herein shall be construed to
16 affect the validity of any notes, certificates of indebtedness and/or bonds, or obligations
17 of any kind which may have been heretofore incurred by the Liquor Control Board of
18 Montgomery County.

19 (E) (1) **SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, THIS**
20 **SECTION DOES NOT APPLY TO THE WORCESTER COUNTY DEPARTMENT OF**
21 **LIQUOR CONTROL.**

22 (2) **THIS SECTION DOES NOT AFFECT THE VALIDITY OF A NOTE,**
23 **CERTIFICATE OF INDEBTEDNESS, BOND, OR OTHER OBLIGATION OF ANY KIND**
24 **THAT HAS BEEN INCURRED BY THE LIQUOR CONTROL BOARD ~~OF~~ FOR**
25 **WORCESTER COUNTY.**

26 15-204.

27 (E) (1) **IN THIS SUBSECTION, “DEPARTMENT” MEANS THE**
28 **WORCESTER COUNTY DEPARTMENT OF LIQUOR CONTROL.**

29 (2) **THIS SUBSECTION APPLIES ONLY IN WORCESTER COUNTY.**

30 (3) (1) **BEGINNING ON ~~JANUARY~~ MAY 1, 2016, A LICENSEE IN**
31 **THE COUNTY MAY ELECT TO PURCHASE WINE OR LIQUOR FROM A LICENSED**
32 **WHOLESALER ~~IN A CALENDAR YEAR BY:~~**

1 ~~(I) PROVIDING WRITTEN NOTICE OF ITS INTENT TO THE~~
 2 ~~DEPARTMENT BETWEEN NOVEMBER 1 AND DECEMBER 31 OF THE PREVIOUS~~
 3 ~~YEAR; AND~~

4 ~~(II) PAYING TO THE DEPARTMENT AN ANNUAL FEE THAT~~
 5 ~~THE DEPARTMENT DETERMINES PROVIDING WRITTEN NOTICE OF THE~~
 6 ~~LICENSEE'S INTENT TO THE DEPARTMENT AT LEAST 60 DAYS BEFORE THE DATE~~
 7 ~~THE PURCHASING ACTIVITY IS TO START.~~

8 ~~(4)~~ (II) THE NOTICE SHALL CONTAIN:

9 ~~(A)~~ 1. THE NAME OF THE LICENSEE;

10 ~~(B)~~ 2. THE NAME AND ADDRESS OF THE LICENSED PREMISES;

11 AND

12 ~~(C)~~ 3. THE DATE THAT THE NOTICE WAS SENT TO THE
 13 DEPARTMENT.

14 ~~(5)~~ (4) A LICENSEE THAT MEETS THE REQUIREMENTS OF THIS
 15 SUBSECTION MAY PURCHASE WINE OR LIQUOR FROM A LICENSED WHOLESALER
 16 IN ADDITION TO OR INSTEAD OF THE DEPARTMENT.

17 ~~(6)~~ (5) (I) THE DEPARTMENT SHALL ISSUE A LETTER OF
 18 CONFIRMATION TO A LICENSEE THAT MEETS THE REQUIREMENTS OF THIS
 19 SUBSECTION.

20 (II) THE LICENSEE SHALL DISPLAY THE LETTER
 21 CONSPICUOUSLY ON THE LICENSED PREMISES.

22 15-205.

23 The liquor control board of each county shall have full power and authority
 24 within its county:

25 (l) In Worcester County, [in addition to the other powers listed in this
 26 section, the Board shall pay the salary, not to exceed \$3,500 annually, of an officer to
 27 enforce the laws relating to alcoholic beverages in the county. The officer shall be
 28 appointed by the County Commissioners subject to the approval by State's Attorney of
 29 the county.] **SUBJECT TO THE APPROVAL OF THE COUNTY COMMISSIONERS, THE**
 30 **DIRECTOR OF THE DEPARTMENT OF LIQUOR CONTROL MAY PURCHASE OR**
 31 **OTHERWISE ACQUIRE:**

1 (1) REAL OR PERSONAL PROPERTY THAT THE DIRECTOR
2 CONSIDERS NECESSARY TO OPERATE DISPENSARIES, STORES, OR WAREHOUSES;
3 AND

4 (2) ~~ALCOHOLIC BEVERAGES~~ WINE AND LIQUOR FROM ANY
5 SOURCE FOR RESALE.

6 SECTION 2. AND BE IT FURTHER ENACTED, That the title to all real and
7 personal property, money in banks, credits, accounts receivable, equipment, stock in
8 trade, leases, franchises, contracts, records, files, furniture, fixtures, and other
9 properties and all appropriations, credits, assets, liabilities, contracts, and obligations
10 of the Liquor Control Board ~~is~~ are continued as the title to all real and personal
11 property, money in banks, credits, accounts receivable, equipment, stock in trade,
12 leases, franchises, contracts, records, files, furniture, fixtures, and other properties
13 and all appropriations, credits, assets, liabilities, contracts, and obligations of the
14 Worcester County Department of Liquor Control.

15 ~~SECTION 3. AND BE IT FURTHER ENACTED, That all employees of the~~
16 ~~Liquor Control Board who accept employment with the Worcester County Department~~
17 ~~of Liquor Control shall be in the County classified service and be appointed in the~~
18 ~~manner provided for other employees of the County. An employee who accepts~~
19 ~~employment under this Act shall be appointed without further examination or~~
20 ~~qualification. The employee shall be placed in a classification that is comparable in~~
21 ~~duties and responsibilities to the employee's former position. The employee may not~~
22 ~~suffer a diminution of salary or wages, accrued leave, whether earned or granted, or~~
23 ~~seniority rights.~~

24 ~~SECTION 4. AND BE IT FURTHER ENACTED, That any person licensed,~~
25 ~~registered, certified, or issued a permit or certificate by the Liquor Control Board is~~
26 ~~considered for all purposes to be licensed, registered, certified, or issued a permit or~~
27 ~~certificate by the Worcester County Department of Liquor Control for the duration of~~
28 ~~the term for which the license, registration, certification, or permit was issued and~~
29 ~~may renew that authorization in accordance with the appropriate renewal provisions~~
30 ~~of this Act.~~

31 SECTION 3. AND BE IT FURTHER ENACTED, That any person registered,
32 certified, issued a permit, or granted other authorization by the Liquor Control Board
33 for Worcester County is considered for all purposes to be registered, certified, issued a
34 permit, or granted other authorization by the Worcester County Department of Liquor
35 Control for the duration of the term for which the registration, certification, or permit
36 was issued or other authorization was granted.

37 SECTION ~~5.~~ 4. AND BE IT FURTHER ENACTED, That, subject to the
38 approval of the Executive Director of the Department of Legislative Services, the
39 publishers of the Annotated Code of Maryland shall propose the correction of
40 cross-references that are rendered incorrect by this Act.

1 SECTION ~~6~~ 5. AND BE IT FURTHER ENACTED, That this Act shall take
2 effect ~~October~~ July 1, 2011.

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.