

SENATE BILL 906

A2

11r2944

By: **Senator Mathias**

Introduced and read first time: February 21, 2011

Assigned to: Rules

A BILL ENTITLED

1 AN ACT concerning

2 **Worcester County – Department of Liquor Control – Wine and Liquor**
3 **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 specifying that the Department has certain powers; requiring the Board of
8 County Commissioners to appoint the director of the Department; specifying
9 that the director shall be the chief administrative officer of the Department;
10 authorizing the director of the Department, subject to the approval of the Board
11 of County Commissioners, to purchase or otherwise acquire certain alcoholic
12 beverages and certain other property; specifying a certain maximum amount
13 that a licensee may be charged by the Department for certain alcoholic
14 beverages; authorizing an alcoholic beverages licensee in the county, beginning
15 on a certain date, to elect to purchase wine or liquor from a licensed wholesaler
16 in addition to or instead of from the Department; requiring a licensee to provide
17 written notice within a certain time to the Department; requiring that the
18 notice contain certain information; requiring that the Department issue, to the
19 licensee, a letter of confirmation; requiring that a licensee display the letter
20 conspicuously on the licensed premises; providing that the title to certain
21 property, including appropriations, credits, assets, liabilities, contracts, and
22 obligations of the Liquor Control Board are continued as the title to property of
23 the Department; providing that a person granted certain authorization by the
24 Liquor Control Board is considered by the Department to maintain that
25 authorization; providing for the correction of certain cross-references under
26 certain circumstances; defining certain terms; and generally relating to the
27 Worcester County Department of Liquor Control.

28 BY repealing and reenacting, without amendments,
29 Article 2B – Alcoholic Beverages
30 Section 6–201(y)(1), 6–301(y)(1), 6–401(y)(1), and 8–224(a)

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 Annotated Code of Maryland
2 (2005 Replacement Volume and 2010 Supplement)

3 BY repealing and reenacting, with amendments,
4 Article 2B – Alcoholic Beverages
5 Section 6–201(y)(7), 6–301(y)(8), 6–401(y)(2)(vi), 8–224(g), 8–603(d), 15–201(a),
6 (b)(1), (e)(2), and (j), 15–202, and 15–205(l)
7 Annotated Code of Maryland
8 (2005 Replacement Volume and 2010 Supplement)

9 BY repealing
10 Article 2B – Alcoholic Beverages
11 Section 15–201(d)(5), (h)(7), (i)(2), and (l)
12 Annotated Code of Maryland
13 (2005 Replacement Volume and 2010 Supplement)

14 BY adding to
15 Article 2B – Alcoholic Beverages
16 Section 15–201(c)(5) and 15–204(e)
17 Annotated Code of Maryland
18 (2005 Replacement Volume and 2010 Supplement)

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

21 **Article 2B – Alcoholic Beverages**

22 6–201.

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

24 (7) (I) **[All] EXCEPT AS PROVIDED IN SUBPARAGRAPH (II) OF**
25 **THIS PARAGRAPH, ALL** licensees shall purchase all wines and liquors, except light
26 wine and beer, from the **[Liquor Control Board for] Worcester County DEPARTMENT**
27 **OF LIQUOR CONTROL**. They shall be charged 85 percent of the retail price or any
28 special sale price or discount price, whichever is lower, set by the **[Board]**
29 **DEPARTMENT** for wines and liquors. However, the price the **[Board] DEPARTMENT**
30 charges to the licensees may not be lower than 10 percent above the cost the **[Liquor**
31 **Control Board] DEPARTMENT** must pay for the merchandise to wholesalers. All
32 licensees may purchase beer and light wine from licensed wholesalers.

33 (II) **BEGINNING ON MAY 1, 2016, A LICENSEE MAY ELECT TO**
34 **PURCHASE WINE AND LIQUOR FROM A LICENSED WHOLESALER UNDER §**
35 **15–204(E) OF THIS ARTICLE.**

36 6–301.

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

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

11 (II) **BEGINNING ON MAY 1, 2016, A LICENSEE MAY ELECT TO**
12 **PURCHASE WINE AND LIQUOR FROM A LICENSED WHOLESALER UNDER §**
13 **15-204(E) OF THIS ARTICLE.**

14 6-401.

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

16 (2) (vi) 1. [All] **EXCEPT AS PROVIDED IN**
17 **SUBSUBPARAGRAPH 2 OF THIS SUBPARAGRAPH, ALL** licensees shall purchase all
18 wines and liquors, except light wine and beer, from the [Liquor Control Board for]
19 Worcester County **DEPARTMENT OF LIQUOR CONTROL.** They shall be charged 85
20 percent of the retail price or any special sale price or discount price, whichever is
21 lower, set by the [Board] **DEPARTMENT** for wines and liquors. However, the price the
22 [Board] **DEPARTMENT** charges to the licensees may not be lower than 10 percent
23 above the cost the [Liquor Board] **DEPARTMENT** must pay for the merchandise to
24 wholesalers. All licensees may purchase beer and light wine from licensed wholesalers.

25 2. **BEGINNING ON MAY 1, 2016, A LICENSEE MAY**
26 **ELECT TO PURCHASE WINE AND LIQUOR FROM A LICENSED WHOLESALER**
27 **UNDER § 15-204(E) OF THIS ARTICLE.**

28 8-224.

29 (a) This section applies only in Worcester County.

30 (g) (1) (I) [A] **EXCEPT AS PROVIDED IN SUBPARAGRAPH (II) OF**
31 **THIS PARAGRAPH, A** licensee shall purchase all alcoholic beverages, except light wine
32 and beer, from the [Liquor Control Board] **WORCESTER COUNTY DEPARTMENT OF**
33 **LIQUOR CONTROL.**

34 (II) **BEGINNING ON MAY 1, 2016, A LICENSEE MAY ELECT TO**
35 **PURCHASE WINE AND LIQUOR FROM A LICENSED WHOLESALER OR MAY**

1 CONTINUE TO PURCHASE ALL ALCOHOLIC BEVERAGES, EXCEPT LIGHT WINE
2 AND BEER, FROM THE WORCESTER COUNTY DEPARTMENT OF LIQUOR
3 CONTROL.

4 (2) A licensee may purchase beer and light wine from a licensed
5 wholesaler.

6 (3) [Except as provided in paragraph (4) of this subsection, a] A
7 licensee shall be charged NOT MORE THAN 85 percent of the retail price or any special
8 sale price or discount price, whichever is lower, set by the [Liquor Control Board]
9 DEPARTMENT for wine and liquor.

10 [(4) The price the Liquor Control Board charges to the licensees may
11 not be lower than 10 percent above the cost the Liquor Control Board must pay to
12 wholesalers for the merchandise.]

13 8-603.

14 (d) (1) [All of these] EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS
15 SUBSECTION, ALL licensees shall purchase all liquors and wines, except light wine,
16 from the [Liquor Control Board for] Worcester County DEPARTMENT OF LIQUOR
17 CONTROL. The licensee shall receive a 15 percent discount from the retail sales price
18 or any special sale price or discount price, whichever is lower. However, the price the
19 [Board] DEPARTMENT charges to the licensees may not be lower than 10 percent
20 above the cost the [Liquor Control Board] DEPARTMENT must pay for the
21 merchandise to wholesalers. All licensees may purchase beer and light wine from
22 licensed wholesalers.

23 (2) BEGINNING ON MAY 1, 2016, A LICENSEE MAY ELECT TO
24 PURCHASE WINE AND LIQUOR FROM A LICENSED WHOLESALER UNDER §
25 15-204(E) OF THIS ARTICLE.

26 15-201.

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

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

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

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

6 **1. IS A DEPARTMENT OF THE COUNTY GOVERNMENT;**
7 **AND**

8 **2. HAS THE POWERS OF A LIQUOR CONTROL BOARD**
9 **AS DEFINED IN § 15–205 OF THIS SUBTITLE.**

10 **(II) THE WORDS “LIQUOR CONTROL BOARD” OR “BOARD” IN**
11 **THIS SUBTITLE APPLY TO THE WORCESTER COUNTY DEPARTMENT OF LIQUOR**
12 **CONTROL WHEN THAT CONSTRUCTION WOULD BE REASONABLE.**

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

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

20 **(III) [Provided that in] IN** Montgomery County, effective July 1,
21 1951, there is hereby created the position of director of the Department of Liquor
22 Control, who shall be the chief administrative officer of said Department of Liquor
23 Control.

24 **(IV) IN WORCESTER COUNTY, THERE IS A DIRECTOR OF THE**
25 **DEPARTMENT OF LIQUOR CONTROL, WHO IS THE CHIEF ADMINISTRATIVE**
26 **OFFICER OF THE DEPARTMENT.**

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

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

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

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

3 (i) Garrett County 6 years

4 (ii) Harford County 3 years

5 (iii) Somerset County 4 years

6 [(iv) Worcester County 4 years]

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

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

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

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

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

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

23 (i) The County Executive, as soon as practicable, shall submit
24 the name of one nominee to the Harford County Delegation to the Maryland General
25 Assembly, consisting of Harford County Senators and Delegates, for the advice and
26 consent of the Delegation; and

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

29 [(1) (1) This subsection applies only in Worcester County.

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

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

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

7 15-202.

8 (a) For the purpose of providing the liquor control board with an adequate
9 working capital for acquiring, establishing and operating a county dispensary, or
10 branch dispensaries, together with warehouse facilities, as found necessary under this
11 subtitle, the board of county commissioners of each county is hereby authorized and
12 empowered from time to time to advance a sum of money to the liquor control board of
13 such county. Said board of county commissioners is hereby authorized and empowered
14 to borrow upon the credit of the county in order to advance such moneys to said liquor
15 control board, issuing therefor such notes, certificates of indebtedness and/or bonds as
16 in the discretion of the board of county commissioners are found necessary.

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

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

21 (i) Somerset County — \$150,000

22 (ii) Wicomico County — \$500,000

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

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

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

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

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

6 (E) (1) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, THIS
7 SECTION DOES NOT APPLY TO THE WORCESTER COUNTY DEPARTMENT OF
8 LIQUOR CONTROL.

9 (2) THIS SECTION DOES NOT AFFECT THE VALIDITY OF A NOTE,
10 CERTIFICATE OF INDEBTEDNESS, BOND, OR OTHER OBLIGATION OF ANY KIND
11 THAT HAS BEEN INCURRED BY THE LIQUOR CONTROL BOARD FOR WORCESTER
12 COUNTY.

13 15-204.

14 (E) (1) IN THIS SUBSECTION, "DEPARTMENT" MEANS THE
15 WORCESTER COUNTY DEPARTMENT OF LIQUOR CONTROL.

16 (2) THIS SUBSECTION APPLIES ONLY IN WORCESTER COUNTY.

17 (3) (I) BEGINNING ON MAY 1, 2016, A LICENSEE IN THE
18 COUNTY MAY ELECT TO PURCHASE WINE OR LIQUOR FROM A LICENSED
19 WHOLESALER BY PROVIDING WRITTEN NOTICE OF THE LICENSEE'S INTENT TO
20 THE DEPARTMENT AT LEAST 60 DAYS BEFORE THE DATE THE PURCHASING
21 ACTIVITY IS TO START.

22 (II) THE NOTICE SHALL CONTAIN:

23 1. THE NAME OF THE LICENSEE;

24 2. THE NAME AND ADDRESS OF THE LICENSED
25 PREMISES; AND

26 3. THE DATE THAT THE NOTICE WAS SENT TO THE
27 DEPARTMENT.

28 (4) A LICENSEE WHO MEETS THE REQUIREMENTS OF THIS
29 SUBSECTION MAY PURCHASE WINE OR LIQUOR FROM A LICENSED WHOLESALER
30 IN ADDITION TO OR INSTEAD OF THE DEPARTMENT.

31 (5) (I) THE DEPARTMENT SHALL ISSUE A LETTER OF
32 CONFIRMATION TO A LICENSEE THAT MEETS THE REQUIREMENTS OF THIS
33 SUBSECTION.

1 **(II) THE LICENSEE SHALL DISPLAY THE LETTER**
2 **CONSPICUOUSLY ON THE LICENSED PREMISES.**

3 15–205.

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

6 (1) In Worcester County, [in addition to the other powers listed in this
7 section, the Board shall pay the salary, not to exceed \$3,500 annually, of an officer to
8 enforce the laws relating to alcoholic beverages in the county. The officer shall be
9 appointed by the County Commissioners subject to the approval by State’s Attorney of
10 the county] **SUBJECT TO THE APPROVAL OF THE COUNTY COMMISSIONERS, THE**
11 **DIRECTOR OF THE DEPARTMENT OF LIQUOR CONTROL MAY PURCHASE OR**
12 **OTHERWISE ACQUIRE:**

13 **(1) REAL OR PERSONAL PROPERTY THAT THE DIRECTOR**
14 **CONSIDERS NECESSARY TO OPERATE DISPENSARIES, STORES, OR WAREHOUSES;**
15 **AND**

16 **(2) WINE AND LIQUOR FROM ANY SOURCE FOR RESALE.**

17 SECTION 2. AND BE IT FURTHER ENACTED, That the title to all real and
18 personal property, money in banks, credits, accounts receivable, equipment, stock in
19 trade, leases, franchises, contracts, records, files, furniture, fixtures, and other
20 properties and all appropriations, credits, assets, liabilities, contracts, and obligations
21 of the Liquor Control Board are continued as the title to all real and personal property,
22 money in banks, credits, accounts receivable, equipment, stock in trade, leases,
23 franchises, contracts, records, files, furniture, fixtures, and other properties and all
24 appropriations, credits, assets, liabilities, contracts, and obligations of the Department
25 of Liquor Control.

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

32 SECTION 4. AND BE IT FURTHER ENACTED, That, subject to the approval
33 of the Executive Director of the Department of Legislative Services, the publishers of
34 the Annotated Code of Maryland shall propose the correction of cross–references that
35 are rendered incorrect by this Act.

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