

Department of Legislative Services  
Maryland General Assembly  
2016 Session

FISCAL AND POLICY NOTE  
First Reader

Senate Bill 697 (Senator Young)  
Education, Health, and Environmental Affairs

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Frederick County - Alcoholic Beverages - Purchase of Beer by Retail Dealers  
From Manufacturers and Wholesalers

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This bill repeals the applicability of the statewide prohibition on the sale of beer on credit, by a holder of a wholesaler's license, to a retail dealer in Frederick County, and permits a holder of a wholesaler's license to sell beer to a retail dealer by (1) cash on delivery; (2) credit extended until the next date of delivery; (3) escrow accounting; or (4) an electronic transfer system that the Comptroller approves.

The bill takes effect July 1, 2016.

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Fiscal Summary

**State Effect:** None.

**Local Effect:** The bill is not anticipated to impact local finances or operations.

**Small Business Effect:** Minimal overall, but potential meaningful impact on small businesses who are permitted to purchase or sell beer on terms other than for cash on delivery.

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Analysis

**Current Law:** A holder of a wholesaler's license may not sell beer to a retail dealer on terms other than for cash on delivery. A suit to enforce or collect a claim for credit extended, or to enforce payment of a check given in violation of this prohibition, may not be maintained in the State.

If a holder of a wholesaler's license does sell beer to a retail dealer on terms other than for cash on delivery, the holder is guilty of a misdemeanor and on conviction is subject to imprisonment not exceeding two years or a fine not exceeding \$1,000 or both. If a court imposes a penalty on an individual license holder who has obtained a license for or on behalf of a corporation, a partnership, or an unincorporated association, if the penalty is a fine, the corporation, partnership, or unincorporated association also shall be liable for the payment of the fine. If the penalty is imprisonment, the individual license holder must serve the term of imprisonment.

**Background:** In fiscal 2015, there were 310 alcoholic beverages licenses issued for use in Frederick County.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Frederick County, Department of Legislative Services

**Fiscal Note History:** First Reader - February 24, 2016  
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