

Legacy SB 0072- Letter of Support_3.4.22.pdf

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Position: FAV



LEGACY PARTNERS
Distribution, LLC

FAVORABLE Support of Senate Bill 0072:
March 4, 2022

Minority Participation in the Alcoholic Beverages Industry - Study

Greetings Chairman Pinsky, Vice-Chair Kagan, and members of the Education, Health, and Environmental Affairs Committee:

Thank you for the opportunity to testify to Senate Bill 0072. I am Gerald Boyd, President Emeritus of DB Consulting Group, Inc., a successful government contracting business my son and I established in Maryland in 2000. Eight years ago, I started a new business in Maryland, Legacy Partners Distribution, LLC. As the business owner, I received federal and state licensing to operate a liquor wholesale distribution business in Maryland and I hired staff, leased warehouse space, and procured contracts to distribute several brands of liquor.

Today, 89 years since the end of Prohibition in 1933, a major disparity exists in Maryland in the liquor industry as African Americans and other minorities are still grossly underrepresented. Maryland's regulatory approach to alcohol sales is the three-tier system which is consistent with the nationwide regulatory approach. The three-tiered system is comprised of (1) the supplier tier, (2) the wholesale distributor tier, and (3) the retailer tier. I would like to note that the level of underrepresentation in the tier (2), the wholesale distributor tier, is such that African Americans and other minorities are virtually non-existent.

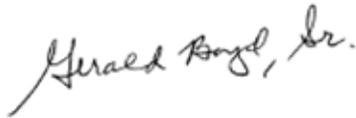
Relative to this, for the past three years I have tried to supply products to the casinos in Maryland, specifically at the Horseshoe Casino in Baltimore City, the Maryland Live casino in Anne Arundel County, and the MGM Casino in Prince George's County. Maryland casino licenses require that at least 29 percent of a casino's purchases of goods and services be made with a minority-owned business if one exists. Given that the three casinos named have not met that 29 percent participation requirement, the casinos should utilize Legacy, my minority-owned liquor wholesale distribution business, to help meet that requirement, especially given that I am the sole African American-owned liquor wholesale distributor licensed in the state of Maryland. Specifically, over the last three years, these casinos have ordered almost 200 cases of liquor from Legacy, by comparison, they have ordered at least 31,000 cases of liquor from the other wholesale distributors over the same time period. This highlights the disparity.

This appears to be a statewide issue, it is apparent that my minority-owned business does not have equal access to compete for the liquor wholesale distribution business at the Horseshoe, Maryland Live, and MGM casinos, which are in three different jurisdictions within the state.

Today, a handful of wholesale distribution companies dominate this industry and refer to themselves as “family-owned businesses”. They have made billions of dollars in generational wealth since the end of prohibition in 1933. To this point, a review of the current websites for the three (3) largest liquor wholesale distribution companies will reveal that their combined revenue in 2021 alone was over \$34 billion. Legacy is a family-owned business that deserves to share in this wealth. Without a study to confirm the magnitude of the disparity that has existed since prohibition ended, the large wholesale distributors will continue to conduct business unaware that there is a major disparity, although they are fully aware that a significant percentage of their revenue and customer base comes from African American and other minority populations.

To confirm the existence of this egregious disparity an independent party should conduct this study and I support the passage of Senate Bill 0072.

Respectfully,

A handwritten signature in cursive script that reads "Gerald Boyd, Sr.".

Gerald Boyd Sr.
President/CEO
Legacy Partners Distribution, LLC.

MDOT - 18-496
PGC SDDD MBE - 18-13371
PGC SDDD CLB - CLBC-16-045

SB 72 Minority Participation Study in the Alcoholi

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Position: FAV

SENATE BILL 72

A1, D5
SB 285/21 – EHE

(PRE-FILED)

2lr0430
CF 2lr0429

By: **Senator Patterson**

Requested: September 1, 2021

Introduced and read first time: January 12, 2022

Assigned to: Education, Health, and Environmental Affairs

A BILL ENTITLED

1 AN ACT concerning

2 **Minority Participation in the Alcoholic Beverages Industry – Study**

3 FOR the purpose of requiring the Governor’s Office of Small, Minority, and Women
4 Business Affairs to conduct a study concerning the alcoholic beverages industry in
5 the State; requiring the Office of the Attorney General and the Department of
6 Transportation to provide staff for the study; and generally relating to the alcoholic
7 beverages industry and minority communities.

8 Preamble

9 WHEREAS, Since the end of Prohibition in 1933, the alcoholic beverages industry
10 has been dominated by a small number of companies, particularly in the area of distilled
11 spirits; and

12 WHEREAS, Although minorities, particularly black Americans, constitute a
13 considerable portion of the consumers of alcoholic beverages, they are underrepresented in
14 the alcoholic beverages industry as manufacturers, distributors, and retailers; and

15 WHEREAS, Because of the sensitivity to community values and concerns that
16 belonging to a minority community brings to economic activity in the community,
17 meaningful participation by minorities in the alcoholic beverages industry, particularly in
18 the distribution and retail sectors, may provide a substantial benefit to minority
19 communities and to the State at large; and

20 WHEREAS, Under federal precedent, state–encouraged participation in an industry
21 through a set–aside or preference system requires demonstration of a disparity in the
22 industry based on historical discrimination; now, therefore,

23 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
24 That:

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (a) The Governor's Office of Small, Minority, and Women Business Affairs shall
2 conduct a study of the participation of minority-owned businesses in the alcoholic
3 beverages industry in the State.

4 (b) The study shall include:

5 (1) historical and current levels of participation by minority-owned
6 businesses in the manufacturing, distributing, and retail sales tiers of the alcoholic
7 beverages industry in the State;

8 (2) historical and current levels of market activity in retail sales of
9 alcoholic beverages in the State, especially in areas with high concentrations of minority
10 population;

11 (3) a demonstration of historical and current disparities in the levels of
12 participation of minorities in the manufacturing, distributing, and retail sales tiers of the
13 alcoholic beverages industry in the State through a commissioned and completed disparity
14 study; and

15 (4) consideration and development of legally supportable mechanisms to
16 increase the participation of minorities in each tier of the alcoholic beverages industry in
17 the State by set-aside, by preference, by economic development assistance, or by other
18 appropriate mechanisms.

19 (c) The Office shall conduct the study in consultation and cooperation with:

20 (1) the Office of the Attorney General;

21 (2) the Office of the Comptroller;

22 (3) the Alcohol and Tobacco Commission;

23 (4) the Department of Commerce;

24 (5) the Department of Transportation;

25 (6) local governments and local licensing boards, particularly from
26 jurisdictions with substantial minority populations;

27 (7) representatives of the manufacturing, distributing, and retail sales
28 tiers of the alcoholic beverages industry in the State; and

29 (8) representatives of minority communities in the State.

30 (d) The Office of the Attorney General and the Department of Transportation
31 shall provide staff for the study.

1 (e) On or before January 1, 2023, the Governor’s Office of Small, Minority, and
2 Women Business Affairs shall report its findings and recommendations to the Governor
3 and, in accordance with § 2–1257 of the State Government Article, the General Assembly.

4 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect June
5 1, 2022. It shall remain effective for a period of 1 year and 1 month and, at the end of June
6 30, 2023, this Act, with no further action required by the General Assembly, shall be
7 abrogated and of no further force and effect.

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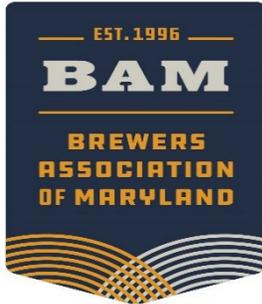
Position: FAV



Maryland State Licensed
Beverage Association



LICENSED BEVERAGE DISTRIBUTORS OF MARYLAND



DATE: March 4, 2022
TO: Senate Education, Health, and Environmental Affairs Committee
FROM: Above Organizations
RE: SUPPORT – Senate Bill 72 – Minority Participation in the Alcoholic Beverage Industry - Study

The organizations listed above, comprising Maryland-based manufacturers, Maryland-based wholesalers, and Maryland retailers, support Senate Bill 72.

Senate Bill 72 calls for a study of minority participation levels in the alcoholic beverage industry. Collectively, the industry believes that a study of this nature is important and may help identify ways that minority businesses can develop a larger presence in the industry. Our organizations look forward to participating in this effort.

For the reasons set forth above, we support Senate Bill 72 and ask that this Committee give the legislation a favorable report.