

OPPOSE SB 338

LICENSED BEVERAGE DISTRIBUTORS OF MARYLAND

Madame Chair, Vice Chair and Finance Committee Members:.

The Licensed Beverage Distributors of Maryland provide most of the wine and spirit to retailers in Maryland and work to uphold Maryland's highly regarded regulatory system. It is in the interest of Marylanders and the wholesale industry to have a strong regulatory system to protect citizens, among other marketplace problems, from contaminated beverages, disparate pricing, and counterfeit products. This bill, SB 338, creates a hole in the State's regulatory system. The bill allows certain social organizations to by-pass the current regulatory system for convenience and profit. It permits some social entities to purchase directly alcoholic beverages from a retailer and then sell them to a consumer. There is no apparent social benefit for this exception. There is, however, significant harm to Maryland.

First, if certain social organizations are exempted from the State's regulatory system, where is the line drawn in future years? If an American Legion is exempted, why not a country club? Why not any other licensed social group in the State. How can you discriminate when they ask?

Second, buying alcoholic products outside the current system abolishes several safeguards. Wholesalers track who sells what beverages to the public. If there is an issue with a beverage, such as a tampered shipment, wholesalers have a written record of who purchased the product for sale to the public. Consequently, the tampered product can be pulled quickly from the marketplace and protect consumers. When a product is purchased from a retailer for resale to the public, there is no paper trail enabling a recall of a contaminated bottle.

For the protection of Marylanders, we ask the committee to uphold the proven and effective regulatory system in Maryland by providing an UNFAVORABLE report on SB 338.

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