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Executive Nominations Committee

THE SENATE OF MARYLAND
ANNAPOLIS, MARYLAND 21401

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The Senate Finance Committee

**SB 338 – Somerset County – Alcoholic Beverages – Class C Veterans’
Organization or Club License**

Statement of Support by Bill Sponsor Senator Mary Beth Carozza

Thank you Chair Beidle, Vice Chair Klausmeier, and members of the distinguished Senate Finance Committee for this opportunity to present Senate Bill 338 – Somerset County – Alcoholic Beverages – Class C Veterans’ Organization or Club License as amended.

SB 338 as amended would allow the holder of a Class C (veterans’ organization or club) beer, wine, and liquor license in Somerset County to purchase liquor from a retail dealer. A Class C license is issued to “a local unit of a nationwide nonprofit veterans’ organization or club” such as the American Legion Post 16. This nonprofit located in Crisfield donated over \$175,000 last year to support needed veterans’ programs, youth activities, and many other local and regional nonprofit organizations.

American Legion Post 16 in Crisfield, Maryland brought the need for this legislation to the attention of the Somerset County Commissioners. In your hearing packet, the Somerset County Commissioners highlight the benefits of the legislation for nonprofits including improving cost control by eliminating required minimum purchases, providing flexibility to buy minimum requirements such as single bottles, split cases and last-minute purchases if needed.

American Legion Post 16 Commander Donald Waters has provided written testimony that the requirement to purchase nearly all wine and spirits from three large distributors, two of which are located on the Western Shore, is a major cost disadvantage and financial hardship on American Legion Post 16, which is a small and local operation. You also will hear oral testimony from the Adjutant of American Legion Post 16, Terry Pehan, who emphasizes the importance of being able to purchase competitively in this challenging economic environment.

I want to publicly thank Adjutant Pehan for making the extra effort to travel from Crisfield to be with us today and for his leadership with ongoing efforts to resolve the current purchasing challenges of American Legion Post 16, and of course for his 26 years of military service in the United States Air Force.

Prior to the repeal of the Somerset County Liquor Control Board, small clubs and small bars and restaurants could only purchase from the Somerset County Liquor Control Board, which did not require the purchase of an entire case of one type of liquor, whereas the wholesalers impose a per-bottle fee on any bottle of liquor not sold by the case. The Somerset County Liquor Control Board never required these small organizations with limited funding and limited customer bases to order in advance, to place minimum sized orders, or to order by the case and never imposed an additional fee for doing so.

None of the wholesalers operate brick and mortar establishments in Somerset County and all purchases from the wholesalers must be made by ordering in advance and through delivery to the legion. The three wholesalers only deliver once a week, not on the same day, and not during Post 16's normal business hours, which are late afternoon or evening. All have a three-case minimum purchase, forcing these small establishments to carry a huge and expensive inventory, limits their critical cash flow, and leaves these small volunteer organizations struggling to coordinate with the wholesalers on delivery. This was an unintended consequence of abolishing the Somerset County Liquor Control Board that we hope to rectify.

I am aware of the opposition of the Alcohol, Tobacco, and Cannabis Commission, and last week I requested Executive Director Jeff Kelly to work directly with us on possible solutions to resolving the current purchasing challenges facing American Legion Post 16 and other Class C beer, wine, and liquor retail license holders in Somerset County. These efforts are ongoing, and I want to thank Director Kelly for his leadership in assisting us with the issues that prompted this legislation.

I thank you for your kind attention and consideration, and I respectfully request a favorable report on SB 338 as amended.