

Department of Legislative Services  
Maryland General Assembly  
2024 Session

FISCAL AND POLICY NOTE  
Enrolled

Senate Bill 456  
Finance

(Senator A. Washington)

Economic Matters

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Alcoholic Beverages – Retail Delivery – Local Delivery Service Permit

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This bill establishes a local delivery service permit that authorizes the holder to deliver alcoholic beverages from a retail license holder authorized to deliver alcoholic beverages to an individual in the jurisdiction where the retail license holder is located, as specified. The annual fee for the delivery service permit is \$1,000, which is collected by the local licensing board. The bill also modifies general provisions related to the retail delivery of alcoholic beverages, as specified. **The bill takes effect July 1, 2024.**

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Fiscal Summary

**State Effect:** The bill is not anticipated to materially affect State revenues or expenditures.

**Local Effect:** Local government revenues increase by \$1,000 for each local delivery service permit issued under the bill, beginning in FY 2025. In addition, local revenues may increase to the extent a local jurisdiction receives fine revenues under the bill. It is assumed that local boards can handle monitoring and enforcement activities with existing budgeted resources.

**Small Business Effect:** Meaningful.

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Analysis

**Bill Summary:**

*Local Delivery Service Permit*

The bill establishes a local delivery service permit in jurisdictions where a local licensing board has adopted regulations authorizing the delivery of alcoholic beverages by a third party contractor, an independent contractor, or an agent. The permit authorizes the holder to deliver alcoholic beverages from a retail license holder authorized to deliver

alcoholic beverages under State law to an individual in a jurisdiction where the retail license holder is located.

A local delivery service permit holder may use employees or contractors who are at least 21 years old to deliver alcoholic beverages and may facilitate orders via telephone, Internet, or other electronic means. The purchaser or receiver of alcoholic beverages under the bill must be at least 21 years old and provide valid identification as proof of age on receipt of the alcoholic beverages.

Alcoholic beverages sold for off-premises delivery under the bill must be provided in the manufacturer's original sealed container and sold only during the hours the retail license holder is open for in-store purchases.

A local delivery service permit holder is subject to the following penalties for violations under the bill:

- for a first violation, a fine of \$1,000;
- for a second violation, a fine of \$3,000 and a suspension of the local delivery service permit for 30 days;
- for a third violation, a fine of \$6,000 and a suspension of the local delivery service permit for 60 days; and
- for any subsequent violation, revocation of the local delivery service permit.

The holder of a local delivery service permit may not (1) sell alcoholic beverages or (2) store alcoholic beverages for delivery. A person must apply to the local licensing board for a local delivery service permit before contracting to deliver alcoholic beverages for a retail license holder.

If a retail license holder contracts with a local delivery service permit holder to deliver alcoholic beverages, the retail license holder and the local delivery service permit holder must establish a method to ensure that the retail license holder retains control over sales to and payments made from a purchaser for the alcoholic beverages.

The local board may establish regulations for (1) the application requirements for the local delivery service permit and (2) additional requirements for holders of the local delivery service permit who deliver alcoholic beverages on behalf of a retail license holder.

The bill authorizes the Alcohol, Tobacco, and Cannabis Commission to adopt regulations to enforce the bill.

**Current Law:** Generally, State law regulates specific activities of alcoholic beverage license holders including (1) the storage of alcoholic beverages; (2) the certification of license holders; and (3) the conduct of license holders. Statute also regulates the delivery of alcoholic beverages within the State.

Under current law, retail delivery to a purchaser of alcoholic beverages is generally prohibited.

**Local Fiscal Effect:** Local licensing boards are responsible for issuing a local delivery service permit under the bill. For each local delivery service permit issued by a local board, local permit fee revenues increase by \$1,000, beginning fiscal 2025. In addition, local revenues may increase to the extent a local jurisdiction receives fine revenues under the bill. It is assumed that local boards can handle any monitoring and enforcement activities with existing budgeted resources.

**Small Business Effect:** Small businesses that can utilize the local delivery service permit established under the bill may experience an increase in sales from alcoholic beverage deliveries.

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### Additional Information

**Recent Prior Introductions:** Similar legislation has been introduced within the last three years. See HB 787 and SB 815 of 2023.

**Designated Cross File:** HB 808 (Delegate Atterbeary) - Economic Matters.

**Information Source(s):** Anne Arundel, Baltimore, Frederick, and Montgomery counties; Alcohol, Tobacco, and Cannabis Commission; Department of Legislative Services

**Fiscal Note History:** First Reader - February 21, 2024  
km/tso Third Reader - April 5, 2024  
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