

HOUSE JOINT RESOLUTION 18

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1998 Regular Session  
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By: ~~Delegates Minnick and Harkins~~ **Harkins, Klausmeier, DeCarlo,  
Comeau, Cryor, Faulkner, Hecht, Krysiak, Mandel, McKee, McIntosh,  
Ports, Preis, Redmer, Shriver, Stup, and Weir**

Introduced and read first time: February 13, 1998  
Assigned to: Economic Matters

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Committee Report: Favorable with amendments  
House action: Adopted  
Read second time: March 31, 1998

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RESOLUTION NO. \_\_\_\_\_

HOUSE JOINT RESOLUTION

1 A House Joint Resolution concerning

2 **Alcoholic Beverages - Direct Shipment to Consumers**

3 FOR the purpose of affirming Maryland's public policy that prohibits the direct  
4 shipment of alcoholic beverages, commonly known as "mail order alcohol", to  
5 Maryland consumers from out-of-state entities; urging the President and  
6 Congress of the United States to support and enact legislation to resolve the  
7 problem of the direct shipment of alcoholic beverages to consumers across state  
8 lines; and requiring the Department of Legislative Services to study and submit  
9 a certain report by a certain date.

10 WHEREAS, It is the declared policy of the State of Maryland that it is necessary  
11 to regulate and control the manufacture, sale, distribution, transportation, and  
12 storage of alcoholic beverages in Maryland, and the transportation and distribution of  
13 alcoholic beverages into and out of Maryland, in order to secure respect for and  
14 obedience to the law and to foster and promote temperance; and

15 WHEREAS, The direct shipment of alcoholic beverages has become more  
16 prevalent in the past 10 years; and

17 WHEREAS, The direct shipment of alcoholic beverages has become a significant  
18 issue of concern for alcoholic beverages regulators and tax administrators nationwide;  
19 and

20 WHEREAS, Illegal shipments of beer, wine, and distilled spirits sold over the  
21 Internet or through direct mail have blossomed into a \$1 billion a year business; and

1 WHEREAS, As a result, states' rights are routinely violated and state  
2 governments are losing between \$200 million and \$400 million in tax revenues each  
3 year; and

4 WHEREAS, The federal Bureau of Alcohol, Tobacco and Firearms, which must  
5 issue permits for most alcoholic beverage producers, could remove the licenses of  
6 producers who ship directly, but has not chosen to do so on a widespread basis; and

7 WHEREAS, The National Conference of State Liquor Administrators, the  
8 National Alcoholic Beverage Control Association, and the Joint Committee of the  
9 States to Study Alcoholic Beverage Laws, have passed resolutions opposing the direct  
10 shipment of alcoholic beverages contrary to individual state laws; and

11 WHEREAS, A person under the legal drinking age may easily order and receive  
12 alcoholic beverages through direct shipping programs or by simply logging onto their  
13 computers; and

14 WHEREAS, The direct shipment of alcoholic beverages to consumers avoids the  
15 alcoholic beverage excise tax and the State sales tax, resulting in a significant  
16 revenue loss to Maryland; and

17 WHEREAS, The direct shipment of alcoholic beverages circumvents the  
18 established three-tier license and distribution system for alcoholic beverages in  
19 Maryland and all of the necessary controls inherent in this system; and

20 WHEREAS, The use of the Internet and direct sales catalogs for promoting  
21 direct shipments of alcoholic beverages has increased significantly in recent years;  
22 and

23 WHEREAS, Legitimate entities may directly market their alcoholic beverage  
24 products to consumers through programs approved by the State Comptroller's Office  
25 that allow the product to flow through normal distribution channels, thus assuring  
26 that taxes are paid, controls are established, and minors are protected; now, therefore,  
27 be it

28 RESOLVED BY THE GENERAL ASSEMBLY OF MARYLAND, That it is the  
29 policy of the Maryland General Assembly that the direct shipment of alcoholic  
30 beverages to consumers in Maryland from entities located outside of Maryland is  
31 illegal and continues to be contrary to the public policy of the State, and the General  
32 Assembly directs that the State Comptroller's Office continue its education,  
33 compliance, and enforcement efforts to protect the citizens and taxpayers of the State;  
34 and be it further

35 RESOLVED, That the President and the Congress of the United States is  
36 respectfully urged to support and enact legislation that will resolve the problem of  
37 shipping alcoholic beverages to consumers across state lines, such as legislation that  
38 would enable states, such as Maryland, to have access to federal court to enforce their  
39 own anti-direct delivery laws; and be it further

1 RESOLVED, That the Department of Legislative Services study and, on or  
2 before November 1, 1998, submit a report to the House Economic Matters Committee  
3 and the Senate Economic and Environmental Affairs Committee on the State  
4 regulation of alcoholic beverages in Maryland and on any restrictions on business  
5 practices in the sale of alcoholic beverages by manufacturers, wholesalers, and  
6 retailers, including the direct shipment of alcoholic beverages to consumers; and be it  
7 further

8 RESOLVED, That the report prepared by the Department of Legislative  
9 Services shall include an analysis of the regulation of alcoholic beverages as well as  
10 business practices regarding the sale of alcoholic beverages in other states and an  
11 analysis of federal and state case law on both alcoholic beverage regulation under the  
12 antitrust laws and restrictions on the sale of alcoholic beverages; and be it further

13 RESOLVED, That a copy of this Resolution be forwarded by the Department of  
14 Legislative Services to the President of the United States, The White House,  
15 Washington, D.C. 20500; the Presiding Officers of each house of the United States  
16 Congress; the Maryland Congressional Delegation: Senators Paul S. Sarbanes and  
17 Barbara A. Mikulski, Senate Office Building, Washington, D.C. 20510; and  
18 Representatives Wayne T. Gilchrest, Robert L. Ehrlich, Jr., Benjamin L. Cardin,  
19 Albert R. Wynn, Steny Hamilton Hoyer, Roscoe G. Bartlett, Elijah E. Cummings, and  
20 Constance A. Morella, House Office Building, Washington, D.C. 20515; the Secretary  
21 of the United States Senate, Senate Office Building, Washington, D.C. 20510; the  
22 Clerk of the United States House of Representatives, House Office Building,  
23 Washington, D.C. 20515; the Honorable Parris N. Glendening, Governor of Maryland;  
24 the Honorable Thomas V. Mike Miller, Jr., President of the Senate of Maryland; the  
25 Honorable Casper R. Taylor, Jr., Speaker of the House of Delegates; and the  
26 Honorable Louis L. Goldstein, Maryland Comptroller of the Treasury.