
By: **Delegates Barve, Goldwater, and Donoghue**
Introduced and read first time: February 11, 1999
Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Alcoholic Beverages - Sales by Manufacturers -**
3 **Discounting**

4 FOR the purpose of creating an exception to the prohibition on discounting the sale of
5 alcoholic beverages by a licensed manufacturer or wholesaler based solely on
6 percentage or volume of purchase; creating an exception to the requirement that
7 the Comptroller prescribe a maximum discount that a manufacturer or
8 wholesaler may give in the sale and distribution of wine and liquor; creating an
9 exception to the Comptroller's authority to prohibit a discount by a
10 manufacturer or wholesaler in the sale and distribution of wine and liquor;
11 repealing the requirement that a manufacturer or wholesaler file a schedule of
12 prices and price changes with the Comptroller; and generally relating to the sale
13 and distribution of alcoholic beverages in the State.

14 BY repealing and reenacting, with amendments,
15 Article 2B - Alcoholic Beverages
16 Section 12-102(a) and 12-103(b) and (c)
17 Annotated Code of Maryland
18 (1998 Replacement Volume and 1998 Supplement)

19 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
20 MARYLAND, That the Laws of Maryland read as follows:

21 **Article 2B - Alcoholic Beverages**

22 12-102.

23 (a) (1) [In] EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS SUBSECTION,
24 IN order to eliminate the undue stimulation of the sale of alcoholic beverages and the
25 practice of manufacturers and wholesalers in granting secret discounts, rebates,
26 allowances, free goods or other inducement to selected licensees which contribute to a
27 disorderly distribution of alcoholic beverages, it shall be unlawful for any person
28 licensed hereunder as a manufacturer or wholesaler to discriminate directly or
29 indirectly in price, discounts or the quality of merchandise sold, between one
30 dispensary and another dispensary, between one wholesaler and another wholesaler

1 or between one retailer and another retailer purchasing alcoholic beverages bearing
2 the same brand and trade name and of like age and quality. It shall be unlawful for
3 any nonresident dealer or nonresident unlicensed manufacturer to use or promote the
4 use of any such practices for the sale or distribution of alcoholic beverages to or
5 through the manufacturers, wholesalers or county dispensaries in this State. This
6 section shall not restrict a manufacturer or wholesaler or nonresident dealer from
7 limiting the quantity of alcoholic beverages to be sold to any licensee under a
8 voluntary or compulsory plan of ration and the word "purchase" shall not imply that
9 a manufacturer, wholesaler or nonresident dealer shall be required to sell all
10 licensees from whom they receive orders. The Comptroller may promulgate such rules
11 and regulations as are necessary to carry out the purpose of this section.

12 (2) A PERSON LICENSED AS A MANUFACTURER OR WHOLESALER MAY
13 GIVE A DISCOUNT TO A DISPENSARY, ANOTHER WHOLESALER, OR A RETAILER BASED
14 SOLELY ON THE PERCENTAGE OR VOLUME OF ALCOHOLIC BEVERAGES PURCHASED.
15 12-103.

16 (b) [The] EXCEPT AS PROVIDED IN § 12-102(A)(2) OF THIS TITLE, THE
17 Comptroller is authorized and directed, by regulation, to prescribe the maximum
18 discounts which may be allowed by any manufacturer or wholesaler in the sale and
19 distribution of various quantities of wines and liquors. Said regulation may also, in
20 the discretion of the Comptroller, AND EXCEPT AS PROVIDED IN § 12-102(A)(2) OF THIS
21 TITLE, prohibit the giving of discounts by any manufacturer or wholesaler in the sale
22 and distribution of any or all quantities or kinds of wines and liquors.

23 (c) [The Comptroller is authorized and directed, by regulation, to require the
24 filing, from time to time, by any manufacturer or wholesaler or nonresident dealer, of
25 schedules of prices at which wines and liquors are sold by such manufacturer or
26 wholesaler or nonresident dealer, and further to require the filing of any proposed
27 price change. Said regulation shall provide that the effective date of any proposed
28 price decrease shall be postponed for such period of time as the Comptroller may
29 prescribe sufficient to permit notice thereof to other manufacturers or wholesalers
30 selling similar wines and liquors and an opportunity for the same to make a like price
31 decrease. Said regulation shall also provide that any manufacturer or wholesaler or
32 nonresident dealer proposing to sell any wines and liquors not currently being sold by
33 the same shall first give notice to the Comptroller of the prices at which such wines
34 and liquors are proposed to be sold; and said regulation shall further provide that
35 sales of such wines and liquors shall not be made for such period of time as the
36 Comptroller may prescribe sufficient to permit notice thereof to other manufacturers
37 or wholesalers selling similar wines and liquors and an opportunity for such other
38 manufacturers or wholesalers to alter the price of such similar wines and liquors so as
39 to make that price comparable to the price fixed by the manufacturer or wholesaler
40 proposing to sell wines and liquors not currently being sold.] The Comptroller is
41 authorized and [empowered,] EMPOWERED in promulgating [the] regulations
42 [required by this subsection,] to require the filing by any manufacturer or wholesaler
43 or nonresident dealer of any [other] information with regard to the size, containers,
44 brands, labels, descriptions, packages, AND quantities to be sold [and any other data]
45 in connection with wines and liquors as the Comptroller may reasonably determine.

1 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
2 October 1, 1999.