

HOUSE BILL 1237

A2

11r2744

By: **Delegates McDermott and Conway**

Introduced and read first time: February 21, 2011

Assigned to: Rules and Executive Nominations

A BILL ENTITLED

1 AN ACT concerning

2 **Worcester County – Department of Liquor Control – Purchases from**
3 **Wholesalers**

4 FOR the purpose of abolishing the Liquor Control Board for Worcester County and
5 replacing it with the Worcester County Department of Liquor Control;
6 specifying that the Department is a department of the county government
7 under the general supervision of the chief administrative officer; specifying that
8 the Department has certain powers; requiring the Board of County
9 Commissioners to appoint the director of the Department; authorizing the
10 director of the Department, subject to the approval of the Board of County
11 Commissioners, to purchase or otherwise acquire certain alcoholic beverages
12 and certain other property; specifying a certain maximum amount that a
13 licensee may be charged by the Department for certain alcoholic beverages;
14 authorizing an alcoholic beverages licensee in the county, beginning on a certain
15 date, to elect to purchase wine or liquor from a licensed wholesaler in addition
16 to or instead of from the Department; requiring a licensee to provide written
17 notice within a certain time to the Department; providing for an annual fee;
18 requiring that the notice contain certain information; requiring that the
19 Department issue a licensee a letter of confirmation; requiring that a licensee
20 display the letter conspicuously on the licensed premises; providing that the
21 title to certain property, including appropriations, credits, assets, liabilities,
22 contracts, and obligations of the Liquor Control Board, is continued as the title
23 to property of the Department; providing for employees of the Liquor Control
24 Board who accept employment with the Department; providing that a person
25 granted certain authorization by the Liquor Control Board is considered by the
26 Department to maintain that authorization; providing for the correction of
27 certain cross-references under certain circumstances; defining certain terms;
28 and generally relating to the Worcester County Department of Liquor Control.

29 BY repealing and reenacting, without amendments,
30 Article 2B – Alcoholic Beverages

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 Section 6–201(y)(1), 6–301(y)(1), 6–401(y)(1), and 8–224(a) and (g)(2)
 2 Annotated Code of Maryland
 3 (2005 Replacement Volume and 2010 Supplement)

4 BY repealing and reenacting, with amendments,
 5 Article 2B – Alcoholic Beverages
 6 Section 6–201(y)(7), 6–301(y)(8), 6–401(y)(2)(vi), 8–224(g)(3), 8–603(d),
 7 15–201(a), (b)(1), and (j), 15–202, and 15–205(l)
 8 Annotated Code of Maryland
 9 (2005 Replacement Volume and 2010 Supplement)

10 BY repealing
 11 Article 2B – Alcoholic Beverages
 12 Section 8–224(g)(4) and 15–201(d)(5), (e)(2)(iv), (h)(7), (i)(2), and (l)
 13 Annotated Code of Maryland
 14 (2005 Replacement Volume and 2010 Supplement)

15 BY adding to
 16 Article 2B – Alcoholic Beverages
 17 Section 15–201(c)(5) and 15–204(e)
 18 Annotated Code of Maryland
 19 (2005 Replacement Volume and 2010 Supplement)

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

22 **Article 2B – Alcoholic Beverages**

23 6–201.

24 (y) (1) This subsection applies only in Worcester County.

25 (7) (I) **[All] EXCEPT AS PROVIDED IN SUBPARAGRAPH (II) OF**
 26 **THIS PARAGRAPH, ALL** licensees shall purchase all wines and liquors, except light
 27 wine and beer, from the **[Liquor Control Board for] Worcester County DEPARTMENT**
 28 **OF LIQUOR CONTROL**. They shall be charged 85 percent of the retail price or any
 29 special sale price or discount price, whichever is lower, set by the **[Board]**
 30 **DEPARTMENT** for wines and liquors. However, the price the **[Board] DEPARTMENT**
 31 charges to the licensees may not be lower than 10 percent above the cost the **[Liquor**
 32 **Control Board] DEPARTMENT** must pay for the merchandise to wholesalers. All
 33 licensees may purchase beer and light wine from licensed wholesalers.

34 (II) **BEGINNING IN 2016, ALL LICENSEES MAY ELECT TO**
 35 **PURCHASE WINES AND LIQUORS FROM LICENSED WHOLESALERS UNDER**
 36 **§ 15–204(E) OF THIS ARTICLE.**

37 6–301.

1 (y) (1) This subsection applies only in Worcester County.

2 (8) (I) [Every] **EXCEPT AS PROVIDED IN SUBPARAGRAPH (II)**
3 **OF THIS PARAGRAPH, EVERY** licensee shall purchase all wines and liquors, except
4 light wine and beer, sold by them from the [Worcester County Liquor Control Board]
5 dispensaries **OF THE WORCESTER COUNTY DEPARTMENT OF LIQUOR CONTROL.**
6 The licensee shall receive a 15 percent discount from the retail sales price or any
7 special sale price or discount price, whichever is lower. However, the price the [Board]
8 **DEPARTMENT** charges to the licensees may not be lower than 10 percent above the
9 cost the [Liquor Control Board] **DEPARTMENT** must pay for the merchandise to
10 wholesalers. All licensees may purchase beer and light wine from licensed wholesalers.

11 (II) **BEGINNING IN 2016, ALL LICENSEES MAY ELECT TO**
12 **PURCHASE WINES AND LIQUORS FROM LICENSED WHOLESALERS UNDER**
13 **§ 15-204(E) OF THIS ARTICLE.**

14 6-401.

15 (y) (1) This subsection applies only in Worcester County.

16 (2) (vi) 1. [All] **EXCEPT AS PROVIDED IN**
17 **SUBSUBPARAGRAPH 2 OF THIS SUBPARAGRAPH, ALL** licensees shall purchase all
18 wines and liquors, except light wine and beer, from the [Liquor Control Board for]
19 Worcester County **DEPARTMENT OF LIQUOR CONTROL.** They shall be charged 85
20 percent of the retail price or any special sale price or discount price, whichever is
21 lower, set by the [Board] **DEPARTMENT** for wines and liquors. However, the price the
22 [Board] **DEPARTMENT** charges to the licensees may not be lower than 10 percent
23 above the cost the [Liquor Board] **DEPARTMENT** must pay for the merchandise to
24 wholesalers. All licensees may purchase beer and light wine from licensed wholesalers.

25 2. **BEGINNING IN 2016, ALL LICENSEES MAY ELECT**
26 **TO PURCHASE WINES AND LIQUORS FROM LICENSED WHOLESALERS UNDER**
27 **§ 15-204(E) OF THIS ARTICLE.**

28 8-224.

29 (a) This section applies only in Worcester County.

30 (g) (2) A licensee may purchase beer and light wine from a licensed
31 wholesaler.

32 (3) [Except as provided in paragraph (4) of this subsection, a] **A**
33 licensee shall be charged **NOT MORE THAN** 85 percent of the retail price or any special
34 sale price or discount price, whichever is lower, set by the [Liquor Control Board]
35 **DEPARTMENT** for wine and liquor.

1 [(4) The price the Liquor Control Board charges to the licensees may
2 not be lower than 10 percent above the cost the Liquor Control Board must pay to
3 wholesalers for the merchandise.]

4 8-603.

5 (d) (1) [All of these] **EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS**
6 **SUBSECTION, ALL** licensees shall purchase all liquors and wines, except light wine,
7 from the [Liquor Control Board for] Worcester County **DEPARTMENT OF LIQUOR**
8 **CONTROL**. The licensee shall receive a 15 percent discount from the retail sales price
9 or any special sale price or discount price, whichever is lower. However, the price the
10 [Board] **DEPARTMENT** charges to the licensees may not be lower than 10 percent
11 above the cost the [Liquor Control Board] **DEPARTMENT** must pay for the
12 merchandise to wholesalers. All licensees may purchase beer and light wine from
13 licensed wholesalers.

14 (2) **BEGINNING IN 2016, ALL LICENSEES MAY ELECT TO**
15 **PURCHASE WINES AND LIQUORS FROM LICENSED WHOLESALERS UNDER**
16 **§ 15-204(E) OF THIS ARTICLE.**

17 15-201.

18 (a) (1) [There] **SUBJECT TO PARAGRAPHS (2) AND (3) OF THIS**
19 **SUBSECTION, THERE** is hereby constituted and established in each county a liquor
20 control board, to be appointed and to have the tenure, compensation, powers and
21 duties as provided in this subtitle[;].

22 (2) (I) [provided that in] **IN** Montgomery County there is hereby
23 constituted and established, effective July 1, 1951, a Department of Liquor Control,
24 which shall be a department of the county government under the general supervision
25 of the chief administrative officer, and which shall have the powers of a liquor control
26 board as defined in § 15-205 of this subtitle.

27 (II) Whenever used in this subtitle the words “liquor control
28 board” or “board” shall be construed to apply to the Department of Liquor Control in
29 Montgomery County whenever such construction would be reasonable.

30 (3) (I) **IN WORCESTER COUNTY THERE IS A DEPARTMENT OF**
31 **LIQUOR CONTROL THAT:**

32 1. **IS A DEPARTMENT OF THE COUNTY GOVERNMENT**
33 **UNDER THE GENERAL SUPERVISION OF THE CHIEF ADMINISTRATIVE OFFICER**
34 **OF THE COUNTY; AND**

1 attending meetings of the Board and when performing official duties as a member of
2 the Board.]

3 (i) [(2) In Worcester County they shall meet at least once each week; in
4 Somerset County they shall meet at least twice each month.]

5 (j) (1) Except as provided in [paragraphs (2) and (3)] **PARAGRAPH (2)** of
6 this subsection, in case of a vacancy on an appointive board for any reason whatsoever,
7 it shall be filled for the unexpired term in the same manner as the original
8 appointment.

9 (2) [In Worcester County, the vacancy shall be filled by the Governor
10 with the advice and consent of the Senate.

11 (3)] In Harford County, to fill a vacancy other than one resulting from
12 an expired term:

13 (i) The County Executive, as soon as practicable, shall submit
14 the name of one nominee to the Harford County Delegation to the Maryland General
15 Assembly, consisting of Harford County Senators and Delegates, for the advice and
16 consent of the Delegation; and

17 (ii) Thereafter, the procedures under subsection (c)(3)(ii)3
18 through 6 of this section shall be followed.

19 [(1) (1) This subsection applies only in Worcester County.

20 (2) The Board shall present its budget annually to the County
21 Commissioners on the same day that the County Commissioners present the budget
22 for the county. The Board shall be present at that meeting so as to be able to answer
23 any questions that the County Commissioners or the public might have.

24 (3) The Board shall adhere to county personnel practices. By way of
25 illustration, the Board shall advertise for vacant positions and select the most
26 qualified person and shall afford an employee all county termination rights.

27 (4) The Liquor Control Board may not expend any funds in an attempt
28 to influence the referendum to be held in November, 1998, that is required by State
29 statute.]

30 15-202.

31 (a) For the purpose of providing the liquor control board with an adequate
32 working capital for acquiring, establishing and operating a county dispensary, or
33 branch dispensaries, together with warehouse facilities, as found necessary under this
34 subtitle, the board of county commissioners of each county is hereby authorized and
35 empowered from time to time to advance a sum of money to the liquor control board of

1 such county. Said board of county commissioners is hereby authorized and empowered
2 to borrow upon the credit of the county in order to advance such moneys to said liquor
3 control board, issuing therefor such notes, certificates of indebtedness and/or bonds as
4 in the discretion of the board of county commissioners are found necessary.

5 (b) (1) The liquor control board may borrow money from time to time from
6 any banking institution on its own credit.

7 (2) The aggregate sum advanced to or borrowed by the liquor control
8 board may not exceed the following amounts:

9 (i) Somerset County — \$150,000

10 (ii) Wicomico County — \$500,000

11 [(iii) Worcester County — \$6,000,000].

12 (c) (1) The interest rate limitation provided in paragraph (2) of this
13 subsection does not apply in Somerset County [and Worcester County].

14 (2) All funds advanced to the liquor control board by the county
15 commissioners, and all funds borrowed by the county commissioners or the liquor
16 control board for the purposes of this subtitle, shall bear interest at the lowest rate
17 possible, not exceeding 6 percent a year. All these sums advanced or borrowed,
18 together with the interest on them, shall be repaid from the receipts from sales made
19 at the county liquor dispensary, or branch dispensaries.

20 [(3) In Worcester County, any borrowed funds expended for the use of
21 supplies or equipment are to be amortized over a term of five years.]

22 (d) The provisions of this section shall not apply to the Department of Liquor
23 Control of Montgomery County, provided that nothing herein shall be construed to
24 affect the validity of any notes, certificates of indebtedness and/or bonds, or obligations
25 of any kind which may have been heretofore incurred by the Liquor Control Board of
26 Montgomery County.

27 **(E) (1) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, THIS**
28 **SECTION DOES NOT APPLY TO THE WORCESTER COUNTY DEPARTMENT OF**
29 **LIQUOR CONTROL.**

30 **(2) THIS SECTION DOES NOT AFFECT THE VALIDITY OF A NOTE,**
31 **CERTIFICATE OF INDEBTEDNESS, BOND, OR OTHER OBLIGATION OF ANY KIND**
32 **THAT HAS BEEN INCURRED BY THE LIQUOR CONTROL BOARD OF WORCESTER**
33 **COUNTY.**

1 **(E) (1) IN THIS SUBSECTION, "DEPARTMENT" MEANS THE**
2 **WORCESTER COUNTY DEPARTMENT OF LIQUOR CONTROL.**

3 **(2) THIS SUBSECTION APPLIES ONLY IN WORCESTER COUNTY.**

4 **(3) BEGINNING ON JANUARY 1, 2016, A LICENSEE IN THE**
5 **COUNTY MAY ELECT TO PURCHASE WINE OR LIQUOR FROM A LICENSED**
6 **WHOLESALER IN A CALENDAR YEAR BY:**

7 **(I) PROVIDING WRITTEN NOTICE OF ITS INTENT TO THE**
8 **DEPARTMENT BETWEEN NOVEMBER 1 AND DECEMBER 31 OF THE PREVIOUS**
9 **YEAR; AND**

10 **(II) PAYING TO THE DEPARTMENT AN ANNUAL FEE THAT**
11 **THE DEPARTMENT DETERMINES.**

12 **(4) THE NOTICE SHALL CONTAIN:**

13 **(I) THE NAME OF THE LICENSEE;**

14 **(II) THE NAME AND ADDRESS OF THE LICENSED PREMISES;**
15 **AND**

16 **(III) THE DATE THAT THE NOTICE WAS SENT TO THE**
17 **DEPARTMENT.**

18 **(5) A LICENSEE THAT MEETS THE REQUIREMENTS OF THIS**
19 **SUBSECTION MAY PURCHASE WINE OR LIQUOR FROM A LICENSED WHOLESALER**
20 **IN ADDITION TO OR INSTEAD OF THE DEPARTMENT.**

21 **(6) (I) THE DEPARTMENT SHALL ISSUE A LETTER OF**
22 **CONFIRMATION TO A LICENSEE THAT MEETS THE REQUIREMENTS OF THIS**
23 **SUBSECTION.**

24 **(II) THE LICENSEE SHALL DISPLAY THE LETTER**
25 **CONSPICUOUSLY ON THE LICENSED PREMISES.**

26 15-205.

27 The liquor control board of each county shall have full power and authority
28 within its county:

29 (l) In Worcester County, [in addition to the other powers listed in this
30 section, the Board shall pay the salary, not to exceed \$3,500 annually, of an officer to

1 enforce the laws relating to alcoholic beverages in the county. The officer shall be
2 appointed by the County Commissioners subject to the approval by State's Attorney of
3 the county.] **SUBJECT TO THE APPROVAL OF THE COUNTY COMMISSIONERS, THE**
4 **DIRECTOR OF THE DEPARTMENT OF LIQUOR CONTROL MAY PURCHASE OR**
5 **OTHERWISE ACQUIRE:**

6 **(1) REAL OR PERSONAL PROPERTY THAT THE DIRECTOR**
7 **CONSIDERS NECESSARY TO OPERATE DISPENSARIES, STORES, OR WAREHOUSES;**
8 **AND**

9 **(2) ALCOHOLIC BEVERAGES FROM ANY SOURCE FOR RESALE.**

10 SECTION 2. AND BE IT FURTHER ENACTED, That the title to all real and
11 personal property, money in banks, credits, accounts receivable, equipment, stock in
12 trade, leases, franchises, contracts, records, files, furniture, fixtures, and other
13 properties and all appropriations, credits, assets, liabilities, contracts, and obligations
14 of the Liquor Control Board is continued as the title to all real and personal property,
15 money in banks, credits, accounts receivable, equipment, stock in trade, leases,
16 franchises, contracts, records, files, furniture, fixtures, and other properties and all
17 appropriations, credits, assets, liabilities, contracts, and obligations of the Worcester
18 County Department of Liquor Control.

19 SECTION 3. AND BE IT FURTHER ENACTED, That all employees of the
20 Liquor Control Board who accept employment with the Worcester County Department
21 of Liquor Control shall be in the County classified service and be appointed in the
22 manner provided for other employees of the County. An employee who accepts
23 employment under this Act shall be appointed without further examination or
24 qualification. The employee shall be placed in a classification that is comparable in
25 duties and responsibilities to the employee's former position. The employee may not
26 suffer a diminution of salary or wages, accrued leave, whether earned or granted, or
27 seniority rights.

28 SECTION 4. AND BE IT FURTHER ENACTED, That any person licensed,
29 registered, certified, or issued a permit or certificate by the Liquor Control Board is
30 considered for all purposes to be licensed, registered, certified, or issued a permit or
31 certificate by the Worcester County Department of Liquor Control for the duration of
32 the term for which the license, registration, certification, or permit was issued and
33 may renew that authorization in accordance with the appropriate renewal provisions
34 of this Act.

35 SECTION 5. AND BE IT FURTHER ENACTED, That, subject to the approval
36 of the Executive Director of the Department of Legislative Services, the publishers of
37 the Annotated Code of Maryland shall propose the correction of cross-references that
38 are rendered incorrect by this Act.

39 SECTION 6. AND BE IT FURTHER ENACTED, That this Act shall take effect
40 October 1, 2011.