

Department of Legislative Services  
Maryland General Assembly  
2012 Session

FISCAL AND POLICY NOTE

House Bill 1432  
Economic Matters

(Delegate Barkley)

Education, Health, and Environmental Affairs

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Alcoholic Beverages - Comptroller - Departments of Liquor Control and Liquor Control Boards

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This bill requires the Comptroller to enforce provisions of law applicable to the purchase or importation of alcoholic beverages by a department of liquor control or a liquor control board; and the sale of alcoholic beverages to a wholesaler or retail dealer by a department of liquor control or a liquor control board.

The bill takes effect June 1, 2012.

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Fiscal Summary

**State Effect:** None. The Comptroller's Office can enforce the bill's requirements with existing resources.

**Local Effect:** None.

**Small Business Effect:** None.

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Analysis

**Current Law/Background:** The 21st Amendment to the U.S. Constitution provides states with broad powers and authority to regulate the sale and distribution of alcoholic beverages within their borders, in addition to federal requirements. Each state created its own unique system of alcoholic beverage control, which fall into two general classifications: control states and license states. Control states (18 states) directly control the sale and distribution of alcoholic beverages within its borders. Control states also license those activities outside of the state's direct involvement in the sale of alcoholic

beverages. License states (32 states) do not participate in the sale of alcoholic beverages and regulate through the issuance of licenses to industry members that do business within their states.

Maryland has a bifurcated system. In general, most counties in the State have only license-issuing authority permitting the sale of alcoholic beverages through a three-tier system whereby alcohol is sold from the supplier to the wholesaler, from the wholesaler to the retailer, and from the retailer to consumers. However, Montgomery and Worcester counties have departments of liquor control that are units of the county government and whose employees are county employees. Somerset and Wicomico counties have liquor control boards whose members are appointed by the Governor and whose employees are appointed by the board. Both liquor control boards and departments of liquor control have an absolute monopoly of the sale, through their dispensaries, and the distribution of the particular alcoholic beverages that they are empowered to sell.

According to the Comptroller's Alcohol and Tobacco Tax Annual Report for fiscal 2011, Montgomery County operates 24 county dispensaries, Worcester County operates 6, and Somerset and Wicomico counties operate 3 each.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** SB 1059 (Senator Conway) - Education, Health, and Environmental Affairs.

**Information Source(s):** Comptroller's Office, Montgomery County, Department of Legislative Services

**Fiscal Note History:** First Reader - March 21, 2012  
ncs/hlb

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