

**Department of Legislative Services**  
Maryland General Assembly  
2017 Session

**FISCAL AND POLICY NOTE**  
**Third Reader - Revised**

House Bill 315  
Economic Matters

(Montgomery County Delegation)

Education, Health, and Environmental Affairs

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**Montgomery County - Alcoholic Beverages - Contracts to Sell Liquor for Off-Premises Consumption**  
**MC 18-17**

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This bill expands the authority of the Montgomery County Department of Liquor Control (DLC) to contract with a person to operate a retail outlet for the sale of liquor for off-premises consumption. Specifically, the bill repeals an eligibility requirement that limits DLC to only contract with a person who had an existing contract on January 1, 1997. Instead, DLC may contract with any person that holds a license to sell alcoholic beverages for off-premises consumption or for on- and off-premises consumption. The bill also requires DLC to establish criteria for contracting with retail outlets and repeals a limitation on the products that may be sold by a retail outlet that contracts with DLC.

The bill takes effect July 1, 2017.

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**Fiscal Summary**

**State Effect:** The bill does not materially affect State operations or finances.

**Local Effect:** Montgomery County revenues increase to the extent that retail outlets begin to contract with DLC and more consumers purchase liquor from stores that contract with and sell liquor for DLC; however, any such impact cannot be reliably estimated. Development of the contract eligibility criteria and any additional monitoring and enforcement activities can be handled using existing resources.

**Small Business Effect:** Potential meaningful. Small businesses that contract with DLC may see an increased number of customers and sales due to the expanded product variety made possible by the contract.

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## Analysis

**Current Law:** In Montgomery County, DLC is authorized to sell any kind of alcoholic beverage, and the county may sell alcoholic beverages through the use of a county liquor dispensary. Furthermore, in Montgomery County, no person, firm, or corporation may keep for sale any alcoholic beverage not purchased from DLC. Unless otherwise specified by law, no retailer may sell or deliver any alcoholic beverage in Montgomery County for resale except to a county liquor dispensary. A holder of a Class 6 limited wine wholesaler's license or a nonresident winery permit may sell or deliver wine directly to a restaurant, county liquor dispensary, or other retail dealer in Montgomery County, and the holder of a direct wine shipper's permit may ship wine directly to consumers in Montgomery County.

In addition to selling liquor through dispensaries, DLC is authorized to contract with retail outlets to sell alcoholic beverages. DLC may enter into a contract with a person to operate a retail outlet for the sale of beer, wine, and liquor if the Board of License Commissioners determines the person is fit to operate the retail outlet and the contract existed on January 1, 1997. A dispensary or contract retail outlet may not sell snack food or soft drinks and may only sell (1) for off-premises consumption, nonchilled beer, wine, and liquor; (2) ice; (3) bottled water; and (4) items commonly associated with the serving or consumption of alcoholic beverages.

**Background:** In general, most Maryland jurisdictions permit the sale of alcoholic beverages through a three-tier system in which retail alcoholic beverages licensees purchase alcoholic beverages from licensed Maryland wholesalers who purchase alcoholic beverages from licensed manufacturers and import companies. In Montgomery County, DLC operates a dispensary system that acts as the second-tier wholesaler for retail alcoholic beverages licensees in the county. Furthermore, there is only one Class A-BWL license issued in Montgomery County; people who want to purchase liquor for off-premises consumption must generally buy from a county-operated liquor store.

Montgomery County advises that there are approximately 350 licensed retail outlets eligible to contract with DLC under the bill.

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## Additional Information

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Montgomery County; Department of Legislative Services

**Fiscal Note History:** First Reader - February 14, 2017  
mm/tso Third Reader - March 23, 2017  
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