

Department of Legislative Services
 Maryland General Assembly
 2021 Session

FISCAL AND POLICY NOTE
Enrolled - Revised

Senate Bill 205 (Senator Hettleman)

Education, Health, and Environmental Affairs

Economic Matters

Alcoholic Beverages - Sale or Delivery for Off-Premises Consumption

This bill allows restaurants, bars, and taverns to sell and deliver certain alcoholic beverages for off-premises consumption or delivery, as specified, in a jurisdiction in which the local licensing board has adopted regulations to authorize such sales. A local licensing board may limit the quantity of alcoholic beverages that may be sold or delivered to an individual in a single transaction and may not charge an additional fee to an alcoholic beverages license holder for selling or delivering alcoholic beverages under the bill. The Alcohol and Tobacco Commission (ATC) and Maryland Department of Health (MDH) must jointly conduct a study on the impact of the expansion of alcohol access under the Governor’s COVID-19 state of emergency, as specified. MDH must report its findings to the General Assembly by December 31, 2022. **The bill takes effect July 1, 2021 and terminates June 30, 2023.**

Fiscal Summary

State Effect: General fund expenditures increase by an estimated \$50,000 in FY 2022 and \$25,000 in FY 2023 for MDH and ATC to complete the required joint study. Revenues are not materially affected.

(in dollars)	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	50,000	25,000	0	0	0
Net Effect	(\$50,000)	(\$25,000)	\$0	\$0	\$0

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease

Local Effect: Local government expenditures increase minimally in FY 2022 and 2023 for enhanced enforcement activities under the bill. Because a local licensing board is prohibited from charging any additional fees to sell or deliver alcoholic beverages under the bill, revenues are not affected.

Small Business Effect: Meaningful.

Analysis

Bill Summary:

Sale and Delivery of Alcoholic Beverages

The bill's authorizations that allow a restaurant, bar, or tavern to sell certain alcoholic beverages, including mixed drinks or cocktails in sealed or closed containers, for off-premises consumption apply only in a jurisdiction in which the local licensing board has adopted regulations to authorize such sales. In considering whether to do so, a local licensing board must weigh the need to promote the economic recovery of different categories of small businesses in the wake of the COVID-19 pandemic and the need to protect public health and welfare.

For restaurants, bars, and taverns with a license that only allows alcoholic beverages sales for on-premises consumption, any such law or ordinance may allow the off-premises sale and delivery if:

- the alcoholic beverage is purchased along with prepared food other than prepackaged snacks;
- the individual purchasing the alcoholic beverage is (1) at least 21 years old; (2) provides valid identification as proof of age; and (3) if the sale is for delivery, provides any documentation the local licensing board requires;
- the license holder has registered and received written authorization from the local liquor licensing board to sell alcoholic beverages under its license for off-premises consumption or delivery;
- each alcoholic beverage sold for off-premises consumption or delivery is (1) provided in the manufacturer's original sealed container or in a container closed with a cap, cork, seal, or lid with no holes for straws or sipping and (2) sold or delivered before 11:00 p.m.;
- the delivery is made to the individual purchasing the alcoholic beverage from the licensed premises by the license holder or the holder's employee who is at least 21 years old and certified in an alcohol awareness program; and
- the alcoholic beverage is not delivered to (1) another premises licensed to sell alcoholic beverages or (2) an address located outside of the licensed jurisdiction.

For restaurants, bars, and taverns with a license that allows alcoholic beverages sales for on- and off-premises consumption, any such law or ordinance may allow the off-premises sale and delivery if:

- the mixed drink or cocktail is purchased along with prepared food other than prepackaged snacks;
- the individual purchasing the mixed drink or cocktail is (1) at least 21 years old; (2) provides valid identification as proof of age; and (3) if the sale is for delivery, provides any documentation the local licensing board requires;
- each mixed drink sold for off-premises consumption or delivery is (1) provided in the manufacturer’s original sealed container or in a container closed with a cap, cork, seal, or lid with no holes for straws or sipping and (2) sold or delivered before 11:00 p.m.;
- the delivery is made to the individual purchasing the alcoholic beverage from the licensed premises by the license holder or the holder’s employee who is at least 21 years old and certified in an alcohol awareness program; and
- the mixed drink or cocktail is not delivered to (1) another premises licensed to sell alcoholic beverages or (2) an address located outside of the licensed jurisdiction.

Study and Report

ATC and MDH must conduct a study on the impact of the expansion of alcohol access under the Governor’s proclamation of March 5, 2020 “Declaration of State of Emergency and Existence of Catastrophic Health Emergency – COVID-19,” and the authorizations established by the bill for the years 2020, 2021, and 2022, including the impact on public health. MDH must submit its findings to the General Assembly by December 31, 2022.

Current Law: Maryland’s 23 counties, Baltimore City, and the City of Annapolis all have boards of license commissioners that issue and enforce retail alcoholic beverages licenses in their jurisdictions.

Within each jurisdiction, the most common types of retail licenses are Class A, Class B, Class C, and Class D licenses. Each license authorizes the sale of alcoholic beverages in a different manner and may authorize the sale of alcohol for on-premises consumption, off-premises consumption, or both. For example, Class B licenses are generally issued to restaurants and allow the sale of alcoholic beverages with food, and Class D licenses are generally issued to bars and taverns and allow the sale of alcoholic beverages without food.

State Expenditures: General fund expenditures increase by \$50,000 in fiscal 2022 and \$25,000 in fiscal 2023 for MDH and ATC to engage contractual assistance to help research, develop, and conduct the required joint study.

Small Business Effect: A small business restaurant or bar that is able to deliver alcoholic beverages under the bill is likely to experience increased sales and revenues.

Additional Information

Prior Introductions: None.

Designated Cross File: HB 12 (Delegate C. Watson, *et al.*) - Economic Matters.

Information Source(s): Maryland Department of Health; Comptroller's Office; Alcohol and Tobacco Commission; Baltimore, Charles, and Frederick counties; Department of Legislative Services

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Analysis by: Richard L. Duncan

Direct Inquiries to:
(410) 946-5510
(301) 970-5510