

Department of Legislative Services
Maryland General Assembly
2023 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 787
Economic Matters

Alcoholic Beverages - Retail Delivery - Alterations and Third-Party Delivery Service Permit

This bill establishes a delivery service permit that authorizes the holder to deliver alcoholic beverages from a retail license holder authorized to deliver alcoholic beverages in the State, as specified. The application fee for the delivery service permit is \$1,000, and the permit is valid for two years. The bill also modifies general provisions related to the retail delivery of alcoholic beverages, as specified. **The bill takes effect July 1, 2023.**

Fiscal Summary

State Effect: General fund revenues increase by \$1,000 beginning in FY 2024, for each delivery service permit issued under the bill, as discussed below. Any potential expenditures can be absorbed with existing budgeted resources.

Local Effect: The bill is not anticipated to materially affect local government operations of finances.

Small Business Effect: Meaningful.

Analysis

Bill Summary:

Delivery Service Permit

The bill establishes a delivery service permit for the purpose of delivery of alcoholic beverages from a licensed retail holder. An applicant for the permit must submit to the

Alcohol and Tobacco Commission (ATC) (1) a sample contract that the applicant intends to enter into with a retail license holder authorized to deliver alcoholic beverages; (2) written certification that before delivering any alcoholic beverages, all delivery personnel will be at least 21 years of age and certified by an approved alcohol awareness program; and (3) proof of general liability insurance in the amount of at least \$1 million per occurrence and pay an application fee of \$1,000.

A delivery service permit holder may use employees or contractors over the age of 21 to deliver alcoholic beverages and may facilitate orders via telephone, Internet, or other electronic means. The permit is valid for two years and may be renewed by the holder if the holder maintains all conditions and qualifications of the delivery service permit, as specified, and pays a renewal fee of \$500.

Retail License Operations

The bill authorizes a retail license holder to use a third-party contractor, an independent contractor, or an agent to deliver alcoholic beverages provided the third-party holds a delivery service permit and has contracted with the retail license holder to make deliveries of alcoholic beverages.

The alcoholic beverages must be sold in the manufacturer's original sealed container and only during the hours the retail license holder is open for in-store purchases. The delivery must be made by an individual who is at least 21 years old and has completed an approved alcohol awareness program. The purchaser must also be at least 21 years old and provide valid identification as proof of age.

A person must apply to ATC for a delivery service permit before delivering alcoholic beverages, and a method must be established between the retail license holder and the delivery service permit holder to ensure the retail license holder retains control over payments. The retail license holder cannot be charged with a violation of law for the delivery of an alcoholic beverage to a minor if the delivery was made by a delivery service permit holder and the individual receiving the alcoholic beverages provided valid photographic identification.

Current Law: A retail delivery to a purchaser of alcoholic beverages is prohibited unless, (1) a retail license holder obtains a letter of authorization from a local licensing board and (2) the delivery is made from the licensed premises by the retail license holder or an employee.

State Fiscal Effect: General fund revenues from permit fees increase by \$1,000 for each delivery service permit issued by ATC beginning in fiscal 2024. The permit is valid for two years. Renewal fees for the permit are \$500 and revenues may increase in subsequent

years to the extent delivery service permits are renewed. ATC advises that while expenditures likely increase, such an increase in expenditures can be absorbed by ATC using existing resources.

Small Business Effect: Small businesses that can utilize the permits established under the bill may experience an increase in sales from alcoholic beverages deliveries.

Additional Information

Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: SB 815 (Senator A. Washington) - Finance.

Information Source(s): Alcohol and Tobacco Commission; Department of Legislative Services

Fiscal Note History: First Reader - February 17, 2023
km/tso

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