

Department of Legislative Services
Maryland General Assembly
2025 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 112

(Chair, Economic Matters Committee)(By Request -
Departmental - Alcohol, Tobacco, and Cannabis
Commission)

Economic Matters

**Alcohol, Tobacco, and Cannabis Commission – Enforcement Activities –
Memorandum of Understanding**

This departmental bill repeals a requirement that the Alcohol, Tobacco, and Cannabis Commission (ATCC) enter into a memorandum of understanding (MOU) for cooperative activities in inspections and other enforcement activities with the Comptroller related to the alcohol and tobacco laws of the State. **The bill takes effect July 1, 2025.**

Fiscal Summary

State Effect: The bill does not materially affect State operations or finances, as discussed below.

Local Effect: The bill does not directly affect local government operations or finances.

Small Business Effect: ATCC has determined that this bill has minimal or no impact on small business (attached). The Department of Legislative Services concurs with this assessment.

Analysis

Current Law/Background:

Establishment of the Alcohol, Tobacco, and Cannabis Commission and Its Predecessor
Chapter 12 of 2019 established the Alcohol and Tobacco Commission (ATC, the predecessor to ATCC), beginning June 1, 2020 (Chapter 359 of 2020 delayed the effective

date to January 1, 2021), and transferred personnel, powers, duties, and responsibilities that relate to the regulation of alcoholic beverages and tobacco from the Comptroller (specifically the Field Enforcement Division (FED)) to ATC. Chapter 12 specified that all duties and responsibilities associated with FED's alcoholic beverages and tobacco regulation functions must continue under ATC.

Chapter 359 added provisions to increase the efficiency and accuracy in the performance of the respective duties and responsibilities of ATC and the Comptroller by requiring them to, among other things, enter into an MOU for cooperative activities in inspections and other enforcement activities related to the alcohol and tobacco laws of the State.

Chapters 254 and 255 of 2023 (Cannabis Reform Act) reconstituted ATC as ATCC and clarified the powers and duties of ATCC related to alcohol, tobacco, and cannabis regulation and enforcement. The fiscal 2024 budget included funding for the commission, contingent on the enactment of the Cannabis Reform Act, which took effect in May 2023. As a result of the funding, ATCC has been able to, among other things, expand its personnel (creating a Regulatory and Administrative Services Bureau), obtain and lease physical facilities for staff and equipment, and acquire information technology services.

Commission's Memorandum of Understanding with the Comptroller

The commission has had to rely on the Comptroller's Office to perform its duties and responsibilities, including housing for offices, space for seized contraband, and financing, procurement, information technology support, and administrative services. Consequently, the first MOU between ATC and the Comptroller required the Comptroller to share administrative services, personnel, equipment, and other organizational resources with the commission. However, ATCC is now an independent agency that can fully operate without such support from the Comptroller, and an MOU to share services and resources is no longer necessary. The current MOU dated August 1, 2024, between ATCC and the Comptroller terminates June 30, 2025.

Further, as required by statute, ATCC and the Comptroller continue to cooperate and share information and personnel in (1) investigations of licensed premises and other locations and materials relating to enforcement of the alcohol and tobacco laws of the State and (2) other matters relating to the manufacture, processing, importation, taxation, sale, and service of alcohol and tobacco in the State. Also, ATCC (or the Executive Director to address operational matters and efficiencies) may enter into MOUs and other cooperative agreements with federal, State, and local governmental units to reduce duplication of efforts and overall costs of administration of inspection and enforcement programs in the State related to alcohol, tobacco, and cannabis laws.

State Fiscal Effect: The bill has no fiscal or operational impact on ATCC or the Comptroller's Office. ATCC advises that the Regulatory and Administrative Services Bureau within the commission is fully staffed and equipped for the agency's operations, including procurement, budgetary, and human resources services.

Additional Information

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

Designated Cross File: SB 220 (Chair, Finance Committee)(By Request - Departmental - Alcohol, Tobacco, and Cannabis Commission) - Finance.

Information Source(s): Anne Arundel, Baltimore, Charles, Dorchester, Garrett, and Howard counties; Maryland Association of Counties; City of Laurel; Town of La Plata; Maryland Municipal League; Alcohol, Tobacco, and Cannabis Commission; Maryland Cannabis Administration; Comptroller's Office; Department of State Police; Department of Legislative Services

Fiscal Note History: First Reader - January 14, 2025
js/tso

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ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

TITLE OF BILL: Alcohol, Tobacco, and Cannabis Commission - Enforcement
Activities - Memorandum of Understanding

BILL NUMBER: HB 112

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Division

PART A. ECONOMIC IMPACT RATING

This agency estimates that the proposed bill:

WILL HAVE MINIMAL OR NO ECONOMIC IMPACT ON MARYLAND
SMALL BUSINESS

OR

WILL HAVE MEANINGFUL ECONOMIC IMPACT ON MARYLAND
SMALL BUSINESSES

PART B. ECONOMIC IMPACT ANALYSIS

No impact is anticipated.