



The Senate of Maryland
ANNAPOLIS, MARYLAND 21401

TESTIMONY OF SENATOR SHELLY HETTLEMAN

SB 205 – ALCOHOLIC BEVERAGES - SALE OR DELIVERY FOR OFF-PREMISES CONSUMPTION

Exactly one year ago today, the first case of COVID 19 was diagnosed in the state of Maryland. Over the course of this unprecedented year, over 7,700 lives have been lost in our state and countless other lives have been disrupted in ways we never could have imagined. Businesses are struggling to stay afloat and among the hardest hit has been the hospitality industry.

According to a [National Restaurant Association](#) report,¹ the pandemic has brought U.S. restaurants and bars catastrophic losses in revenue. As of Feb. 1, 17 percent of establishments in the industry have either closed permanently or had long-term closures.² Other findings from the report include-

- Restaurant and foodservice industry sales fell by \$240 billion in 2020 from an expected level of \$899 billion.
- As of December 1, 2020, more than 110,000 eating and drinking places were closed for business temporarily, or for good.
- The eating and drinking place sector finished 2020 nearly 2.5 million jobs below its pre-coronavirus level

In Maryland, countless restaurants have closed since the onset of the COVID restrictions, that were prudent to keep us safe but resulted in a ripple effect of unemployment and economic distress. Restaurants operate on thin margins and the loss of inside dining has been devastating.

SB205 would allow these restaurants, bars, and taverns to continue the temporary pandemic related ability granted by the Governor's Executive Order, to offer alcoholic beverages to customers along with prepared food purchases in a safe and lawful manner for carryout and delivery.

Currently, 33 states plus the District of Columbia are allowing restaurants and/or bars to sell cocktails to-go as temporary measures and as of last month, thirty-nine bills in 22 states have been filed to provide long-term extensions or permanent drinks to-go privileges

This bill is the result of a collaborative effort between the Restaurant Association of Maryland and the Maryland State Licensed Beverage Association. SB205 will put what was allowed by the Executive Order into statute, but with some important guardrails. These safeguards are the result of a robust discussion with liquor board administrators and the industry itself.

¹ National Restaurant Association. 2021 State of the Restaurant Industry
<https://www.restaurant.org/research/reports/state-of-restaurant-industry>

² National Restaurant Association (2021). *COVID-19 Restaurant Impact Survey VI* (Key Findings Feb. 11, 2021).
<https://restaurant.org/downloads/pdfs/advocacy/covid-19restaurantimpactsurvey-vi-keyfindings>

The sale of alcohol has always been a necessary component of profit margins for restaurants and bars with alcohol licenses. Allowing the off-premises sale during the pandemic has been a lifeline keeping many of these small businesses alive. Struggling restaurants reported that pivoting and utilizing new business strategies has allowed them to rehire staff, pay rent, and reestablish relationships with customers.

Even before the pandemic, there has been well documented, growing consumer demand for the convenience of foodservice carryout and delivery. The growth of online and app-based ordering has had a positive impact on restaurant and bar operations which operate on razor-thin profit margins typically between 4-6%.

Updating Maryland laws to reflect changes to consumer preferences protects the investment that businesses make in alcohol licenses.

For those licensees who are, in normal times, not allowed to serve alcohol for carry out or delivery, the law would allow them to do so. This is what the bill requires:

1. It requires alcoholic beverages purchased for carryout or delivery be purchased along with prepared food (not prepackaged food).
2. It requires valid identification of proof of age to ensure that purchasers of alcoholic beverages for carryout or delivery are at least 21 years of age. If delivered, must be delivered by an employee, not by a third party such as Uber or Door Dash.
3. It requires alcoholic beverages sold for carryout or delivery must be in the manufacturer's original sealed container, or in a container with a cap, cork, seal, or lid, with no holes for straws or sipping.
4. It requires appropriate local oversight and enforcement by requiring licensees to register and receive written authorization from local liquor licensing Boards to sell alcoholic beverages for carryout or delivery.
5. It prohibits alcoholic beverages with food for carryout or delivery after 11 p.m.
6. It permits delivery only within the jurisdiction where the license is issued. This is in keeping with the rules we already have for package stores making deliveries.

There are some licensees who are already authorized to serve on and off-premises, and the only change for them is that they would now be able to also deliver mixed drinks or cocktails.

You will hear today from multiple industry representatives speaking in support of the bill and there may be differing opinions provided on whether there should be limitations on quantity and how that would be decided. This is a matter that the committee will need to decide.

I ask the committee to consider two main reasons for supporting this bill:

- The hospitality industry has been gravely impacted by the pandemic and those businesses that survive will require three to four years to recover from the losses of the pandemic related closures. Allowing the temporarily granted ability to become permanent will aid their survival and help them recover in the future.
- The second reason is that consumers want the convenience of picking up a bottle of wine with their Wednesday night spaghetti, or a six pack of beer with their Thursday takeout barbeque, or a margarita with their Friday night fajitas. Hospitality is different in 2021 than it was in 1980 and it is time to modernize our liquor law in Maryland to allow restaurants to adapt to changing consumer preferences.

For these reasons, I ask a request a favorable report for SB205