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THE SENATE OF MARYLAND
ANNAPOLIS, MARYLAND 21401

Testimony in Support of SB448
Alcoholic Beverages – Manufacturer's Licenses and Off-Site Permits

Madame Chair, Vice Chair Klausmeier, and Fellow Members of the Senate Finance Committee:

In response to the COVID-19 pandemic, the Maryland General Assembly provided flexibilities to Maryland alcohol manufacturers that allowed them to deliver and directly ship the products they produce to Marylanders as well as sell their products to Marylanders off the manufacturers' premise without a restrictive volume cap. These flexibilities are set to expire on June 30, 2023—SB 448 would provide a two-year sunset extension to them.

Extending the flexibilities is the right thing to do for Maryland breweries, distilleries, and wineries, and it's the smart thing to do for Maryland's economy. To adapt to the pandemic, manufacturers made investments in infrastructure to utilize these privileges; extending the current arrangement would allow manufacturers to recoup these investments and to generally offset losses related to the pandemic. An extension would also continue state tax revenue generated from the contemporary consumer demand related to the privileges. This bill is also about fairness as it codifies equitable treatment amongst the entire manufacturing tier. Before the pandemic, wineries could directly ship to consumers, but breweries and distilleries could not (and a limit was in place on the amount of to-go purchases for the latter manufacturers). Appendix I shows this pre-pandemic disparity and how it is resolved post-pandemic.

Failing to pass SB 448 could be a big hit to Maryland's economy. According to the Value-Added Agriculture in Maryland Economic Analysis (2020), the 275 breweries, distilleries and wineries that make up the Maryland Alcohol Manufacturers have annual economic impact of $3.4 billion and generate $52 million/year in tax revenue, supporting over 8,500 jobs in the manufacturing, agriculture, tourism and hospitality industries. Let us not slam on the breaks on this economic engine in the state.

I understand that the General Assembly should not be in the business of extending state policy on an annual or biennial basis. I am confident that during the next two years all stakeholders in this space will convene and come to an agreement on how to best proceed in the long term. This bill provides the stakeholders time to do just that and provides our committee the flexibility to spend much needed bandwidth on the many other pertinent issues we have before us this session.

For these reasons, I respectfully request a favorable report on Senate Bill 448.

Appendix I

Pre-Covid	Direct Shipment (common carrier)	Delivery (using employees)	To-Go Limits
Wineries	Yes (since 2011)	No	No-Limit (since 2010)
Breweries	No	No	288 ounces (per visit)
Distilleries	No	No	3 bottles (per visit)

Post-Covid	Direct Shipment (common carrier)	Delivery (using employees)	To-Go Limits
Wineries	Yes	Yes	No Limit
Breweries	Yes	Yes	No Limit
Distilleries	Yes	Yes	No Limit