

HB443 Letters of Support.pdf

Uploaded by: Lory Ebron

Position: FAV

COMMISSIONERS FOR SOMERSET COUNTY

11916 SOMERSET AVENUE, ROOM 111
PRINCESS ANNE, MARYLAND 21853
TELEPHONE 410-651-0320, FAX 410-651-0366

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RANDY LAIRD, VICE-PRESIDENT
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COUNTY ATTORNEY
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January 30, 2024

The Honorable C.T. Wilson
Economic Matters Committee
Room 231
House Office Building
Annapolis, MD 21401

Re: **House Bill 443 as amended** –Alcoholic Beverages-Class C Fraternal or Sororal
Organization – **Letter of Support**

Dear Delegate Wilson and Committee Members:

The Board of Commissioners for Somerset County wish to state their support to House
Bill 443 as amended – Alcoholic Beverages-Class C Fraternal or Sororal Organization.

The passage of the local bill will allow Service Club license holders in Somerset County
to purchase alcohol from local retailers. The burden of cost to these non-profit organizations is
causing much hardship; as currently they are required to buy bulk amounts from three specific
distributors/wholesalers, two of which are located across the Bay Bridge, and the other in
Salisbury; who only deliver once a week. Having to purchase in this way is a financial hardship to
their inventory expense.

The benefits that will be gained by the passage of this bill will improve cost control by
eliminating required minimum purchases, providing flexibility to buy minimum requirements such
as single bottles, split cases and last-minute purchases that are needed. In addition, the passage of
this bill will create a more competitive marketplace and reduce delivery scheduling and volunteer
requirements.

Thank you for your consideration, and we therefore powerfully recommend a **favorable
report** on HB 443 as amended.

Sincerely,



Randy Laird
Vice President

Cc: Senator Carozza

January 31, 2024

The Honorable C. T. Wilson
Economic Matters Committee
Room 231
House Office Building
Annapolis, Md. 21401

Re: **House Bill 443 as amended** – Alcoholic Beverages-Class C Fraternal or Sororal Organization – **Letter of Support**

Dear Delegate Wilson and Committee Members:

The Officers of American Legion Stanley Cochran Post 16 in Crisfield Maryland wish to state their strong support to House Bill 443 as amended – Alcoholic Beverages-Class C Fraternal or Sororal Organization.

We are a non-profit veterans organization governed by a membership elected group of volunteers and supported by our membership of Legionnaires, Auxiliary and Sons of the Legion. The passage of this local bill will allow us, and like service club license holders, to purchase alcohol from local retailers. We are currently required to purchase all alcohol from three large distributors, two of which are located on the western shore, at a major cost disadvantage for our small and local operation. Additionally, the majority of our purchases **MUST** be made by-the-case, or pay a “price penalty” for a lesser order or split case. Requiring purchases in this manner is a major financial hardship and requires excessive inventory expense. By comparison, we also buy food product and soft goods from two large food distributors, SYSCO and Holt Foods. Yet, we can also buy from our local Food Lion store, seafood distributors and farmer’s markets without restriction. This allows us the needed ability to competitively purchase and also purchase in small quantities and last minute items when needed. Why should there be such a required disadvantage and penalty in our purchase of alcohol??

The benefits to be gained by the passage of this bill will significantly help to improve our cost control and cash flow, both of which are critically important to us and to our ability to survive and operate in this economic environment.

Thank you for your consideration, and we respectfully and strongly recommend a **favorable report** on HB 443 as amended.

Sincerely,
Donald Waters
Commander



Improved, Benevolent and Protective Order of Elks of the World, Inc.

Crisfield Pride Lodge #194
P.O. Box 283, 120 S. 4th Street
Crisfield, MD 21817

February 1, 2024

The Honorable C. T. Wilson
Economic Matters Committee
Room 231
House Office Building
Annapolis, MD 21401

RE: **House Bill 443 as amended** - -Alcoholic Beverages -Class C Fraternal or Sororal Organization – **Letter of Support**

Dear Delegate Wilson and Committee Members:

The Officers and Members of Crisfield Pride Lodge #194 wish to state their full support to House Bill 443 as amended – Alcoholic Beverages-Class C Fraternal or Sororal Organization.

We are a small, member-based, non-profit organization serving our members and our local community. The passage of this local bill will allow us, and like service club license holders, to purchase alcohol from local retailers. The cost burden of having to buy in bulk cases, from three separate distributors, is causing significant financial hardship and the maintenance of excessive inventory for such a small operation as ours. The benefits to be gained by the passage of this bill will significantly help to improve our cost control and cash flow, both of which are critically important to us and to our ability to survive and operate in this economic environment.

Thank you for your consideration, and we respectfully and strongly recommend a **favorable report** on HB 443 as amended.

Sincerely,
Gary Brown
Gary Brown, Exalted Ruler

Cc: Senator Carozza

HB443 - Somertset County - Alcoholic Beverages - C

Uploaded by: Alcohol, Tobacco, and Cannabis Administration Thomas Akras

Position: UNF



February 19, 2024

BILL: HB443 – Somerset County - Alcoholic Beverages - Class C Veterans' Organization or Club License
COMMITTEE: Economic Matters
POSITION: Unfavorable Report

Hon. C.T. Wilson, Chair and Members of the Economic Matters Committee:

I write on behalf of the Alcohol, Tobacco, and Cannabis Commission (ATCC) to request the Economic Matters Committee to issue **an unfavorable report on HB443 – Somerset County - Alcoholic Beverages - Class C Veterans' Organization or Club License**.

HB443 seeks to allow a Class C (Veterans Organization or Club) beer, wine, and liquor retail license holder to purchase alcoholic beverages from another retail dealer for resale at their premises.

State law requires that a permanent retail license holder may only purchase alcoholic beverages for sale from a licensed wholesaler.¹ Passage of HB443 would set a new precedent by allowing a permanent retail license holder to purchase alcoholic beverages from another retailer, which would be in direct conflict with Maryland's three-tier system of regulation. Only temporary or "per diem" alcoholic beverage license holders are exempted from this rule, which exist only for the duration of a special event.²

Maryland operates under a three-tier alcoholic beverage distribution system that promotes public safety and health, responsible sales and consumption, efficient tax collection, and a competitive market environment. This system separates alcohol production, wholesale distribution, and retail sales into distinct operations to prevent excessive vertical integration and monopolization within the alcoholic beverage industry. This system also limits financial interests *between* licensees in the same tier to protect the competitive market.³ Federal Circuit Courts have consistently upheld the "unquestionable legitimacy" of the States that operate a three-tier system of alcohol regulation like Maryland to ensure consumers have access to safe products.⁴

¹ Alc. Bev. Can. 6-311(b)(1)

² Alc. Bev. Can. 6-311(b)(2)

³ See e.g. Alc. Bev. Can. 4-109(a)(16)-(20)

⁴ See *Sarasota Wine Mkt., LLC v. Schmitt*, 987 F.3d 1171 (2021), *Lebamoff Enters. v. Whitmer*, 956 F.3d 863 (2020), or *B-21 Wines, Inc. v. Bauer*, 36 F.4th 214 (2022).

While the ATCC understands that the intent behind HB443 is to make it easier for Class C (Veterans Organization or Club) beer, wine, and liquor retail license holders in Somerset County to purchase small amounts of product for sale at their location and address the dissolution of the County dispensary system in 2023. However, passage of HB443 may pose challenges to monitoring the distribution of legitimate product throughout the three-tier system, at risk to the Maryland consumer.

To that end, the ATCC will work with the Class C (Veterans Organization or Club) beer, wine, and liquor license holders in Somerset County and licensed wholesalers in the State to resolve the issues concerning product amount and availability. Working together to resolve issues between the tiers within Maryland's regulated system to ensure the orderly distribution of alcoholic beverages is not new to the ATCC.

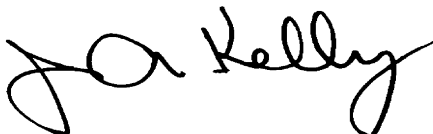
During the 2022 Legislative Session, the Washington County Delegation introduced HB1117 that included language which would have allowed Class B, Class C, and Class D licensees to obtain a local permit to purchase alcoholic beverages from another retailer, to address limited product amounts and availability from licensed wholesalers. Ultimately, the Economic Matters Committee rejected the idea of a "retailer permit," which would have undermined the three-tier system.

However, after the hearing on HB1117 the ATCC pledged to work with Washington County retailers, the Washington County Board of Liquor License Commissioners, and licensed wholesalers to address the issue. Soon after the 2022 Legislative Session, the licensed wholesalers held a town hall meeting in Washington County and directly addressed the questions and concerns of the local retailers. As a result, the product amount and availability issues were resolved. The ATCC believes that a similar collaborative effort with all stakeholders at the table will resolve the issues raised in HB443.

Accordingly, the ATCC requests the Economic Matters Committee to issue an **unfavorable report to HB443 – Somerset County - Alcoholic Beverages - Class C Veterans' Organization or Club License.**

I look forward to answering any questions or concerns that you have regarding this matter.

Sincerely,

A handwritten signature in black ink that reads "JA Kelly". The signature is written in a cursive, flowing style.

Jeffrey A. Kelly
Executive Director

HB0443_ECM_SouthernGlazers_Barnhart_UNF.pdf

Uploaded by: Randy Barnhart

Position: UNF



SOUTHERN GLAZER'S WINE AND SPIRITS

21408 Ursulines Court
Lewes, DE 19958

603-540-2829

Randy Barnhart
RBarnhart@sgws.com

southernglazers.com

February 19, 2024

Maryland Economic Matters Committee

Testimony in opposition of House Bill 443: Authorizing the holder of a Class C (veterans' organization or club) license in Somerset County to purchase alcoholic beverages from a retail dealer.

Mr. Chairman, Vice Chair and Members:

Southern Glazer's Wine and Spirits of Maryland is a local wholesaler, and we are opposed to HB 443.

The state's beverage alcohol business is built around the three-tier structure that protects consumers from fraud and counterfeit products while ensuring an orderly marketplace.

The three-tier structure also permits efficient tax collection through the wholesale tier.

HB 443 would allow Fraternal Clubs in Somerset County to bypass the state's licensed wholesalers and would permit these clubs to purchase directly from retailers. This bill would undermine current market and regulatory practices across the entire state of Maryland.

As a licensed wholesaler in Maryland, we provide sales and service to all classes of licensees in the state of Maryland. We are happy to work with all licensees and if the Class C license holders in Somerset County need assistance in placing orders or should they have questions, we are happy to work with them to facilitate the ordering process for these licensees.

Thank you for your time and I respectfully request an unfavorable report on HB 443.

Thank you,

Randy Barnhart
Vice President Government Relations
Southern Glazer's Wine & Spirits