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Susan O'Neill, Chair

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Testimony in Support with of
Senate Bill 1041 – Alcoholic Beverages - Breweries, Wineries, and Distilleries - Direct Delivery
and Direct Shipment
Senate Finance Committee
February 23, 2024

The Rural Maryland Council supports Senate Bill 1041 – Alcoholic Beverages - Breweries, Wineries, and Distilleries - Direct Delivery and Direct Shipment. This bill establishes permits authorizing the direct delivery or direct shipment of specified alcoholic beverages to a consumer in the State. The bill also establishes that affiliates of the holders of nonresident brewery and nonresident distillery permits are included in production limits associated with the permits. The bill (1) authorizes common carriers to transport beer or liquor from direct shippers to consumers, as specified; (2) increases the maximum amount that a recipient of specified alcoholic beverages may receive annually; and (3) requires a holder of a direct beer shipper's permit or direct liquor shipper's permit to post security for the alcoholic beverage tax in an amount not less than \$1,000. The bill also repeals restrictions on the maximum number of alcoholic beverages a consumer may purchase when visiting Class 1 distilleries and Class 5 breweries.

Maryland's distilleries, wineries, and breweries not only produce beverages but also create destinations that attract tourists, promoting economic development, value-added agriculture, and manufacturing. According to the Value-Added Agriculture report by Grow & Fortify and BEACON, in 2018, the total value-added impact of these three industries was \$858 million, supporting 2,558 jobs. Unfortunately, the pandemic has greatly impacted this industry, with nearly 500 layoffs reported to date. However, the authorization for direct-to-consumer delivery and shipment services has created a new lifeline for sales and kept many businesses afloat during these unprecedented times and while we look to an economy still recovering.

The Rural Maryland Council supports the value-added agriculture industry as it enables farms to diversify their production. Senate Bill 1041 further enhances this type of agriculture by providing delivery and shipping options for the State's value-added craft beverages.

The Rural Maryland Council respectfully requests your favorable support of Senate Bill 1041.

The Rural Maryland Council (RMC) is an independent state agency governed by a nonpartisan, 40-member board that consists of inclusive representation from the federal, state, regional, county, and municipal governments, as well as the for-profit and nonprofit sectors. We bring together federal, state, county, and municipal government officials as well as representatives of the for-profit and nonprofit sectors to identify challenges unique to rural communities and to craft public policy, programmatic or regulatory solutions.

“A Collective Voice for Rural Maryland”