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Testimony from:

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Testimony in Support of SB 456 “Alcoholic Beverages-Retail Delivery-Local Delivery Service Permit.”

February 23, 2024

Maryland Senate Finance Committee

Chairwoman Beidle and members of the committee,

My name is Robert Melvin, and I am the senior manager of state government affairs for the Northeast region with the R Street Institute. The R Street Institute is a nonprofit, nonpartisan public policy research organization. Our mission is to engage in policy research and outreach to promote free markets and limited, effective government in many areas. Our work includes the analysis and promotion of rational alcohol policies that consider consumer choice, free enterprise and public safety. We are also one of the only nonpartisan think tanks in the country that analyzes alcohol laws and regulations. This is why we have a particular interest in Senate Bill 456.

SB 456 would create a local delivery service permit that grants third-party delivery services with the ability to bring alcoholic beverages from an off-premise retail license holder, such as a liquor store, directly to a consumer’s doorstep. This measure would only apply to jurisdictions that adopt policies sanctioning the delivery of alcoholic beverages from package stores by third-party delivery services.

Currently, the vast majority of states permit delivery from off-premise retail stores, with 43 authorizing the practice.<sup>1</sup> Of these, six states only allow store employees to consign alcohol, whereas all others sanction the use of third-party delivery services.<sup>2</sup> Maryland does have employee-only delivery in some localities, but doesn’t permit this practice for third-party delivery services.<sup>3</sup> Allowing off-premise retail stores to use third-party delivery services to dispatch alcohol to consumers in Maryland would have numerous positive outcomes. It could alleviate issues related to understaffing at these stores, and enable small liquor stores to grow their businesses and meet customer needs and preferences with the potential to reduce opportunities for drunken driving.

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<sup>1</sup> C. Jarrett Dieterle, R Street Institute, “Capturing the COVID Booze Wave, Part 2-It’s Tsunami Time,” September 16, 2023: <https://www.rstreet.org/commentary/capturing-the-covid-booze-wave-part-2-its-tsunami-time/>

<sup>2</sup> Ibid.

<sup>3</sup> Ibid.

Employers across Maryland are struggling to fill open positions.<sup>4</sup> Smaller employers, such as mom-and-pop liquor stores, that want to grow and expand, are often prevented from doing so because of the inability to afford the cost of in-house delivery staff.<sup>5</sup> Permitting these businesses to partner with third-party delivery platforms can have an amplifying effect on their bottom-line by creating new market-access channels. In fact, data suggests that off-premise retail stores that are permitted to partner with third-party delivery platforms see an increase of revenues by 30-50 percent.<sup>6</sup> Once again, it is small, independent package stores that are most likely to benefit from this revenue increase—as opposed to larger retailers that are more able to absorb the cost of on-site delivery personnel.

Sales and staffing issues aren't the only consideration, especially when the sale of a regulated product like alcohol is involved, and public safety must also be considered. Allowing third-party delivery platforms to distribute alcohol from Maryland package stores will not only give adult consumers more options for obtaining alcohol through convenient methods, but at the same time it can promote public safety.<sup>7</sup>

Specifically, we at the R Street Institute have researched alcohol delivery reforms, including analyzing any potential correlation with externalities such as drunk driving. According to our research, we have found that there was no correlation between states that reformed their to-go or delivery alcohol laws during COVID-19 and alcohol-impaired driving fatalities.<sup>8</sup> Of note, several states that prohibited alcohol delivery had some of the highest increases in drunk driving deaths.<sup>9</sup> Likewise, many states that restricted alcohol delivery experienced larger increases in overall drinking rates, compared to those that permitted delivery.<sup>10</sup> These trends do not demonstrate causation, but they do underscore that alcohol delivery does not correlate with more drinking and more drunk driving.

In fact, by granting third-party delivery platforms to carry out delivery from liquor stores, Maryland could reduce drunken driving.<sup>11</sup> Authorizing alcohol delivery from package stores can ensure that individuals

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<sup>4</sup> David Collins, WBAL TV 11, NBC Affiliate, "Maryland businesses struggling to fill jobs," December 1, 2023: <https://www.wbal.com/article/maryland-businesses-struggle-fill-jobs-lowest-unemployment-rate/45996058>; Lorraine Mirabella, *The Baltimore Sun*, "Maryland has the lowest jobless rate in the nation. For employers, that's a challenge," November 26, 2023: <https://www.baltimoresun.com/2023/11/26/maryland-has-the-lowest-jobless-rate-in-the-nation-for-employers-thats-a-challenge/>

<sup>5</sup> Ibid.

<sup>6</sup> Diana Donovan, DoorDash, "Alcohol Pickup & Delivery Consumer Trends for 2023," May 23, 2023: <https://get.doordash.com/en-us/blog/top-alcohol-trends-post-covid>

<sup>7</sup> DoorDash, "DoorDash Launches Industry-Leading Safety Features for Alcohol Delivery," February 20, 2022: <https://about.doordash.com/en-us/news/doordash-launches-industry-leading-safety-features-for-alcohol-delivery-specificly>

<sup>8</sup> C. Jarrett Dieterle, R Street Institute, "The Facts About To-Go Alcohol and Drunk Driving: The COVID-19 Experience," June 2022: [https://www.rstreet.org/wp-content/uploads/2022/06/ULTIMATE\\_policy-short-no-114-REVD.pdf](https://www.rstreet.org/wp-content/uploads/2022/06/ULTIMATE_policy-short-no-114-REVD.pdf)

<sup>9</sup> Ibid.

<sup>10</sup> C. Jarrett Dieterle, R Street, Institute, "The Data Is In: Alcohol Delivery and Consumption During COVID-19," April 2023: <https://www.rstreet.org/research/the-data-is-in-alcohol-delivery-and-consumption-during-covid-19/>

<sup>11</sup> Monitech Ignition Interlock Systems, "Drizly App May Reduce Drunk Driving," June 20, 2014: <https://monitechnc.com/drizly-app-reduce-drunk-driving/>

who may have already imbibed will have other options to obtain products rather than getting behind the wheel of a vehicle and jeopardizing lives—a view held by four out of five Americans.<sup>12</sup>

Finally, our organization recently released a report on alcohol delivery Best Practices. SB 456 meets many of the criteria outlined in our report by carefully balancing increased consumer choice with necessary public safety considerations, such as those related to preventing underage access.<sup>13</sup>

We urge you to consider these important facts as you consider SB 456. This measure meets many of the R Street Institute’s best practices related to regulation of alcohol delivery. In addition, it will allow adult consumers to have more choice related to obtaining alcohol from their local liquor stores, help fill employee shortages at these independent businesses and allow them to compete with larger off-premise retail stores that provide delivery by onsite employees. Most importantly, it will not result in increased negative consequences such as drinking and driving, and could actually reduce drunk driving in the state. For these reasons, I strongly urge a favorable report on SB 456.

Thank you,

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<sup>12</sup> Heather Reinblatt, *Circuit*, “American’s shared their experiences with alcohol delivery services,” April 28, 2022: <https://getcircuit.com/route-planner/blog/alcohol-deliveries-pros-and-cons>

<sup>13</sup> C. Jarrett Dieterle, R Street Institute, “How to Regulate Alcohol Delivery,” February 2024: <https://www.rstreet.org/wp-content/uploads/2024/02/FINAL2-r-street-policy-study-no-299.pdf>