



February 17, 2025

Hon. C.T. Wilson, Chair
Hon. Brian Crosby, Vice-Chair
Maryland House Economic Matters Committee
Room 231, House Office Building
Annapolis, Maryland 21401

Dear Delegates Wilson and Crosby:

This testimony is submitted on behalf of the Distilled Spirits Council of the United States, a national trade association representing producers and marketers of distilled spirits in the United States in opposition HB 1379, which would allow a food retailer to purchase or receive a license to sell beer and wine. We oppose this legislation on the basis that it would expand retail access for only beer and wine products thereby creating an unlevel playing field that leaves spirits products at a competitive disadvantage.

Allowing grocery stores to sell beer and wine will negatively impact the sales of spirits and thus the local businesses that produce and sell spirits, as well as Maryland spirits consumers. HB 1379 would allow grocery stores to purchase a nearby package store license, but then only sell beer and wine, which would reduce the number of outlets selling distilled spirits outright. In doing so, it would punish Maryland spirits consumers and businesses, including the wholesalers servicing those retail outlets and the roughly 50 Maryland distillers who rely on package stores to sell their products.

Additionally, under HB 1379, if a package store declines to sell its license to a grocery store, the grocery store is afforded a process that is skewed in the grocer's favor to receive a beer and wine license anyway. The process provided relieves grocers of the burden to show that granting the license is in the community interest; limits the ability of a retailer to receive full value for its license because a license acquired by a grocer would be limited to beer and wine sales only; and overrides the local community, depriving it from the opportunity to determine whether it is in the community interest to issue a license to a particular grocer or grocers. This process lacks fairness and any justifiable policy basis.

Expanding retail access for beer and wine to grocery stores would take consumers out of retail package stores. As foot traffic in Maryland package stores is reduced, fewer people will

Distilled Spirits Council of the U.S.
101 Constitution Ave NW, Suite 350W
Washington, DC 20001

purchase spirits when they can easily buy beer and wine in grocery stores. Between lost sales across all categories, the average package store would lose a substantial portion of their total annual revenue.

In Tennessee, which allowed wine in grocery stores in 2016, package stores sales went down over 9%, spirits volumes declined approximately 4.5% lower than they otherwise would have been and the state lost roughly \$3.6 million in tax revenue. We project Maryland would realize similar if not even more significant negative effects because the spirits excise tax rate is so much higher than the wine and beer tax rates (\$5.03/gallon for spirits versus only \$1.48/gallon for wine and \$0.55/gallon for beer) and because beer access would also be expanded under the bill. In short, any policy that favors beer and wine over spirits is simply not a good business proposition for the Maryland Treasury.

We believe Maryland consumers deserve convenient access to their beverage alcohol products of choice equally, whether it is beer, wine, or spirits. Discriminating between or among spirits and wine or beer does not make good public policy. It is a scientific fact that “alcohol is alcohol” regardless of the form in which it is consumed. According to the U.S. Dietary Guidelines for Americans, a “drink-equivalent” is defined as 1.5 fluid ounces of distilled spirits (40 percent alcohol), 12 fluid ounces of regular beer (5 percent alcohol), or five fluid ounces of wine (12 percent alcohol). In these serving sizes, one drink, whether spirits, beer or wine, contains 0.6 fluid ounces of alcohol.

We strongly urge the Committee not to advance HB 1379 which tilts Maryland’s marketplace strongly in favor of beer and wine products to the detriment of distilled spirits consumers, retailers, distributors, and distillers. As you are considering any reforms to the alcohol marketplace, we urge you to support policies that will provide a fair marketplace and give consumers convenience without picking economic winners and losers.

We appreciate your consideration of our views. Should you have any questions, please don’t hesitate to contact me or our Maryland counsel Hannah Garagiola.

Sincerely,



Emily Smith
Vice President State Public Policy
Emily.Smith@distilledspirits.org
(202) 682-8802

cc: Members of the Economic Matters Committee