



ATCC

Alcohol, Tobacco, and Cannabis Commission

Wes Moore
Governor

Aruna K. Miller
Lt. Governor

Jeffrey A. Kelly
Executive Director

January 29, 2025

BILL: HB112 – Alcohol, Tobacco, and Cannabis Commission - Enforcement Activities - Memorandum of Understanding
COMMITTEE: Economic Matters
POSITION: Favorable

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 a **Favorable Report on HB112 – Alcohol, Tobacco, and Cannabis Commission - Enforcement Activities - Memorandum of Understanding.**

HB112 eliminates the requirement that the Alcohol, Tobacco, and Cannabis Commission (ATCC) and Comptroller's Office of Maryland (COM) enter a Memorandum of Understanding (MOU) for cooperative activities in inspections and other enforcement activities relating to the alcohol and tobacco laws of the State. This MOU is no longer necessary due to legislative and administrative changes in recent years.

The original rationale requiring a MOU was to ensure the ATCC had access to the financial, procurement, human resources, and other administrative services offered by the COM at its inception in January of 2021.¹ At its inception, the ATCC relied on the COM to house its own offices and staff, oversee its finances and procurement, support its Information Technology (IT) systems, provide space for seized contraband, and support its operation with other similarly situated administrative services. This was necessary because in January of 2021 there were no appropriated funds for the ATCC to spend to support any of the aforementioned services. With the requirement of a MOU in place, the ATCC could rely upon the COM to provide such services thereby causing no delay or interruption of services provided by the agency.

With the passage of HB1165 ("Alcohol and Tobacco Commission – Technical Corrections and Clarifications"), HB556/SB512 ("Cannabis Reform Act"), and HB200 ("Budget Bill – Fiscal Year 2024") in 2023, the ATCC was provided its independence, appropriated monies, and assigned authority to the agency to expand its personnel, obtain and lease physical facilities to house its staff and equipment, and acquire the necessary IT services to function as an independent agency. By providing these monies the agency was also able to create an administrative services function and staff it with personnel to provide procurement, budgetary, IT, and

¹ See "HB1052 – Alcohol and Tobacco Commission" passed in 2019.

human resources services. Lastly, the agency was able to relocate its offices and staff. Beginning in FY24, the ATCC entered a seven-year lease in FY24 for a property in Baltimore City to house its agency.

Given that the ATCC is now a fully independent and functioning State agency, the ATCC is no longer required to rely upon the COM to provide the services, space, and personnel to operate. While the ATCC no longer needs the MOU to function, the passage of HB112 will not preclude the agency from cooperating and sharing information with the COM to enforce Maryland's alcohol and tobacco laws.

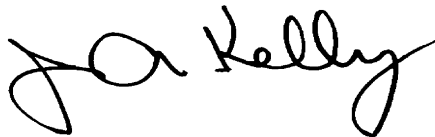
Alc. Bev. Can. 1-321(a)(1)-(2), requires the ATCC and COM to cooperate and share information and personnel to conduct investigations regarding the enforcement of the State's tobacco and alcoholic beverage laws, to include matters related to the manufacture, processing, importation, taxation, sale, and service of alcohol and tobacco in the State. As such, the ATCC will continue to work with the COM – without interruption – to enforce the alcohol and tobacco laws of the State.

In the alternative that the ATCC and COM decide that there is still a need for a MOU, the law will still allow both parties to enter one without the burden and bureaucracy of a mandate when no need for a MOU exists. Specifically, Alc. Bev. Can. 1-321(b)(1)-(2) authorizes the ATCC or its Executive Director to enter a MOU with any Federal, State, or local governmental unit to enforce the alcohol and tobacco laws of the State. As the ATCC and COM are State governmental units, both parties could easily enter a MOU if it is determined that one is needed to guide enforcement activities.

Accordingly, the ATCC requests the Economic Matters Committee to issue Favorable Report on HB112 - Alcohol, Tobacco, and Cannabis Commission - Enforcement Activities - Memorandum of Understanding.

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

Sincerely,

A handwritten signature in black ink, appearing to read "JA Kelly". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Jeffrey A. Kelly
Executive Director