



ATCC

Alcohol, Tobacco, and Cannabis Commission

Wes Moore
Governor

Aruna K. Miller
Lt. Governor

Jeffrey A. Kelly
Executive Director

February 12, 2025

BILL: HB577 – Business Regulation - Miscellaneous State Business Licenses - Enforcement and Penalties
COMMITTEE: Economic Matters Committee
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 HB577 – Business Regulation - Miscellaneous State Business Licenses - Enforcement and Penalties.**

HB577 adds a new statutory requirement for information that must be included in an application for a license to operate a business in Maryland. Under the bill, applicant businesses shall identify and provide contact information for a Maryland resident to serve as representative of the business. This bill also requires that the named individual accept responsibility and liability for any violations by the business, including the penalty provisions of Business Regulations Article Subtitle 21. The bill also subjects named representatives, owners, and certain officers or partners of organizational entity businesses to those penalties.

This bill requires applicants for business licenses to identify a Maryland resident who understands and accepts the responsibilities that accompany the license to do business. This structure is like the State's alcoholic beverage licensing statutes, which require a named Maryland resident to operate an alcoholic beverages business.¹ This model supports the ATCC and Maryland Department of Health's enforcement efforts to ensure that tobacco businesses stock lawful products, collect and remit full sales and use taxes to the State, and implement practices that ensure their staff do not sell age restricted products to people under 21 years of age.

HB577 closes a practical obstacle to holding non-compliant businesses in Maryland accountable for violations of the State's licensing requirements and other laws. Under current law business licenses may be issued to a corporate organization without the need to provide any individual's name on the application. Contact information on a license is often limited to the mailing address of the licensed location and may not contain any up-to-date contact information for business headquarters or owners of the premises.

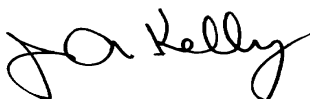
While a corporate entity may have a resident agent on file with the State Department of Assessments and Taxation, that individual is not identified on the license and may have no operational role or knowledge of the actions taking place at the premises itself. For both the ATCC and Comptroller, this lack of critical information hinders the ability to identify and

¹ See Code, Alc. Bev. Can. MD Code, Alcoholic Beverages, § 3-201, and § 4-202.

issue citations to hold leadership of the business accountable for violations. This also results in front line employees, such as cashiers, being disproportionately impacted by fines, jail penalties, and other collateral effects of contact with the criminal justice system. Officers and owners who control decisions about how businesses operate and benefit from the overall profits of those businesses are often insulated from similar accountability.

Accordingly, the ATCC requests the Economic Matters Committee to issue a Favorable Report on HB577 – Business Regulation - Miscellaneous State Business Licenses - Enforcement and Penalties.

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