

**Letter of Opposition****House Bill 112 – Alcohol, Tobacco, and Cannabis Commission – Enforcement Activities –  
Memorandum of Understanding**  
*Economic Matters Committee  
January 29, 2025*

The Office of the Comptroller is respectfully submitting this letter of opposition for House Bill 112 (HB112), Alcohol, Tobacco, and Cannabis Commission – Enforcement Activities – Memorandum of Understanding. HB112 seeks to remove the requirement that the Alcohol, Tobacco, and Cannabis Commission (ATCC) must enter into a memorandum of understanding (MOU) with the Office of the Comptroller for certain cooperative activities.

**Background:** In 2021, after previously existing as a body within the Office of the Comptroller, the Alcohol and Tobacco Commission became an independent agency. This separation was further solidified following the passage of the 2023 Cannabis Reform Act (2023 House Bill 556 / Senate Bill 516), which also renamed it the Alcohol, Tobacco, and Cannabis Commission (ATCC) and expanded its duties. The two agencies regularly collaborate – sharing data and resources and coordinating our enforcement efforts– to support our core missions and shared responsibilities to the state. To protect both parties and assure continued coordination and sharing of resources, Alcoholic Beverages and Cannabis Article § 1-321(a)(3), Maryland Annotated Code requires that the Comptroller and ATCC enter into a memorandum of understanding for cooperative activities in inspections and other enforcement activities related to the alcohol and tobacco laws of Maryland. For the past four years, the Office of the Comptroller and the ATCC have successfully entered into annual MOUs.

The ATCC leadership notified our office in September 2024 that they were considering legislation to repeal the MOU requirement. On November 4, we informed ATCC that our office would prefer to retain the current statutory language at this time, as the MOU was very helpful in establishing agreed-upon processes for bonds, information sharing, record sharing, and other arrangements. However, we offered to work with ATCC to modify any problematic provisions and renewal clauses within the MOU, and to revisit this legislative proposal in the future if such modifications were insufficient to resolve their issues. The ATCC leadership informed our agency on December 18 that they would be moving forward with legislation to repeal the MOU requirement over our objection.

**Why HB112 is problematic:** While the Office of the Comptroller maintains an excellent relationship with the ATCC, we believe retaining the requirement for an MOU is the best practice for both agencies. Our office still supports the ATCC by receiving and maintaining alcohol and tobacco bonds and assisting in handling ATCC-specific inquiries related to suspended alcohol



transactions. We also provide the ATCC with access to the impound and storage lot at our Motor Fuel Testing Lab, where ATCC stores agency vehicles, contraband, and conveyances associated with the seizure of contraband.

The MOU between our agencies outlines the manner in which this support is provided. It also specifies the manner in which certain sensitive information should be shared, including alcohol-, tobacco-, and cannabis-related audits, non-compliant licensees, and information that assists the ATCC in the processing of license and permit applications. The Comptroller works diligently to follow all guidance from our partners at the IRS regarding information sharing, and entering into MOUs is considered an important part of maintaining strict control over sensitive information. We believe that maintaining a memorandum to cover the above-cited issues, as well as other issues not named here, is in the best interest of both agencies and of the state. While it would still be possible to develop a voluntary MOU if HB112 passed, removing the requirement from law would leave both parties vulnerable, especially in the long-term if leadership changes.

The Office of the Comptroller is committed to maintaining the excellent working relationship we have with the ATCC, and if the current MOU is causing operational difficulties, we are happy to develop amendments to address those challenges. Furthermore, if the ATCC is concerned with the time and resources associated with negotiating and executing these memoranda, we would be willing to consider simply extending the effective date or working on auto-renewing language so that they would not need to be renegotiated on an annual basis. We think both of these steps should be used before taking the drastic step of changing statute.

**For these reasons, we urge an unfavorable report on HB112.**

Thank you for your consideration. Should you have any questions, please feel free to reach out to Matthew Dudzic, Director of State Affairs, at [MDudzic@marylandtaxes.gov](mailto:MDudzic@marylandtaxes.gov).