



ATCC

Alcohol, Tobacco, and Cannabis Commission

Wes Moore
Governor

Aruna K. Miller
Lt. Governor

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Executive Director

February 20, 2026

BILL: SB718 - Frederick County - Alcoholic Beverages - Class L Permit
COMMITTEE: Finance
POSITION: Letter of Information

RE: Letter of Information – SB718 – Frederick County – Alcoholic Beverages – Class L Permit

Dear Chair Beidle and Members of the Committee:

I write on behalf of the Alcohol, Tobacco, and Cannabis Commission to provide this Letter of Information to the Senate Finance Committee regarding SB718 – Frederick County – Alcoholic Beverages – Class L Permit.

The ATCC - and formerly the Field Enforcement Division of the Comptroller's Office - has long supported the growth and development of Maryland's manufacturing industry. From the early days of Maryland's craft brewing and distilling renaissance to the robust and diverse industry that exists today, the State has fostered an environment that encourages innovation, investment, and local economic development. Maryland manufacturers have created jobs, revitalized communities, and enhanced the State's reputation as a destination for high-quality beer, wine, and distilled spirits. The ATCC remains committed to supporting a fair, equitable, and legally sound regulatory framework that allows Maryland manufacturers to thrive.

SB718 would authorize the Frederick County Board of License Commissioners (FCBLC) to issue a Class L permit to the holder of a Distillery License (DDS) or a Brewery License (DBR), permitting the holder to sell beer, wine, and liquor produced by other producers that hold a Maryland Manufacturer's License. While the ATCC takes no position on the policy merits of expanding retail privileges in Frederick County, we wish to bring to the Committee's attention significant legal developments that may have implications for this legislation.

In *Furlong v. Brown, et al.*, the United States District Court for the District of Maryland recently held that Maryland's Direct Delivery Law was unconstitutional because it violated the Commerce Clause of Article I, Section 8 of the United States Constitution. Specifically, the Court held that Maryland's "Direct Delivery Law discriminate[s] against out-of-state beer manufacturers in violation of the dormant Commerce Clause doctrine and ... such Laws are not justified by legitimate interests under the Twenty-

First Amendment.”¹ As a result, the Court enjoined the ATCC from prohibiting out-of-state beer manufacturers from directly shipping beer to consumers within the State.

Additionally, the Court awarded attorneys’ fees to the plaintiffs. It is anticipated that the State may be responsible for payment of approximately \$450,000 in attorneys’ fees, exclusive of the substantial costs incurred in defending the matter at trial. The State is pursuing post-trial motions and potential appeal to the 4th Circuit Court of the U.S. Court of Appeals, but it should be noted that at the time of this writing the District Court’s judgement is final and would be precedent for future litigation challenging Maryland alcohol laws on commerce clause grounds.

SB718 is similar in structure to Alcoholic Beverages and Cannabis Article § 9-905, which authorizes the Allegany County Board of License Commissioners to issue a Class L beer, wine, and liquor license to a Maryland manufacturer. Neither the ATCC nor the former Comptroller’s Office took a position on that legislation when it was introduced and enacted in 2019. However, the legal landscape has materially changed as a result of the Furlong decision.

To the extent that SB718 authorizes privileges limited to products manufactured by Maryland manufacturers, it may raise dormant Commerce Clause considerations similar to those addressed by the federal court in Furlong. While the ATCC would not be involved in the issuance of a Class L permit by the FCBLC should SB718 become law, the agency believes it is prudent to highlight the potential legal exposure and associated fiscal risk that could arise if such permits are issued in a manner that is found to discriminate against out-of-state manufacturers.

On behalf of the ATCC, we would like to thank the Committee for their time and consideration of the ATCC’s Letter of Information regarding SB718 – Frederick County – Alcoholic Beverages – Class L Permit.

The ATCC remains committed to supporting Maryland’s manufacturing industry while ensuring that the State’s regulatory framework complies with constitutional requirements. I am available to answer any questions or concerns that you may have related to this Letter of Information on this piece of legislation.

Respectfully submitted,



Jeffrey A. Kelly
Executive Director
Alcohol, Tobacco, and Cannabis Commission of Maryland

¹ [Furlong v. Brown, No. CV RDB-23-2045, 2025 WL 3727882, at *25 \(D. Md. Dec. 23, 2025\)](#)