

## Written Testimony in Opposition to Maryland SB0075

**To:** Members of the Maryland Senate Finance Committee

**From:** Srinivas Pemmaraju, Magothy Wine & Spirits

**Subject:** Opposition to Senate Bill 75 — *Alcoholic Beverages* — *Class A License* — *Food Retailers*

**Date:** Feb 20<sup>th</sup> 2026

### Introduction & Summary of Position

I respectfully submit this testimony **in opposition to Maryland Senate Bill 75** (“SB0075”), a bill that would significantly amend Maryland’s alcoholic beverage licensing framework by allowing certain “food retailers”, including large grocery stores and chain retailers meeting a defined set of criteria to *purchase or apply for Class A beer or beer-and-wine licenses* potentially at the expense of existing independent liquor stores and longstanding small businesses.

While framed as a modernization step for the regulation of alcohol sales, **SB0075 risks destabilizing Maryland’s unique retail ecosystem by tilting competitive advantage toward large corporate food retailers** that can leverage out-of-state supply networks, deep discounts, and one-stop shopping convenience. The potential for widespread displacement of small, locally owned liquor retailers — and the collateral economic harm this would cause — must be carefully weighed against any putative consumer benefit.

To illustrate the real-world effects of similar deregulation, this testimony draws on recent trends in **Colorado**, where expansion of grocery store beer and wine sales has been followed by significant closures and economic distress among small liquor retailers.

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### Overview of Maryland SB0075

SB0075 would amend Maryland’s Alcoholic Beverages Article to allow a qualifying food retailer — defined as a grocery or similar store meeting certain square footage, product mix, SNAP acceptance, and proximity requirements — to **offer to purchase an existing Class A alcoholic beverage license at fair market value** from a current holder or to apply directly to a local licensing board if the seller refuses the offer. If granted, the food retailer could sell **beer or beer-and-wine** under that Class A license.

Although proponents present this as a limited expansion of retail choice, the economic forces unleashed by such deregulation may mirror those seen in other states where grocery sales of alcohol have been rolled out.

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### Colorado Case Study: Market Shifts and Small Business Closures

#### Background: Regulatory Changes

In 2019, Colorado expanded the ability of grocery and convenience stores to sell **full-strength beer**. In 2023, voters approved Proposition 125, permitting grocery and convenience stores to sell **wine**. ([Colorado Springs Gazette](#))

These changes were touted by supporters as consumer-friendly and beneficial to competition. However, independent liquor store owners and economic observers quickly raised alarm about unintended consequences.

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## Observed Effects on Independent Stores

### 1. Store Closures and Revenue Loss

Since wine sales began in grocery stores in 2023, **dozens of independent liquor stores have already closed** — and analysts suggest *hundreds more could be forced out of business by 2026*. ([Colorado Springs Gazette](#))

Owners report dramatic drops in customer foot traffic — in some cases by 30 % to 50 % or more — directly tied to the ability of large grocery chains to sell the same products at competitive prices and with greater convenience. ([KOAA News 5](#))

This trend appears especially severe in areas where supermarkets and big-box retailers have been able to undercut small stores by combining alcohol with grocery purchases that consumers find more convenient. ([Colorado Springs Gazette](#))

### 2. Ripple Effects on the Local Alcohol Ecosystem

The closures of small liquor stores have broader implications beyond the individual owners and employees.

- Craft breweries and specialty wine producers in Colorado report lower visibility and reduced shelf space as grocery stores prioritize higher-velocity mainstream brands. ([KUNC](#))
- Reduced foot traffic in community retail districts affects adjacent small businesses and local economic vitality.
- Several independent store owners have pursued litigation against the state, alleging *uneven enforcement of licensing provisions* that advantaged larger retailers. ([Denver Gazette](#))

Together, these observations suggest that *allowing broad expansion of beer and wine sales into general food retail without robust safeguards can produce significant competitive imbalance*, often to the detriment of small business.

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## Academic Insight on Alcohol Liberalization

Independent research from the Colorado State University REDI Report found that the introduction of alcohol sales into grocery and convenience stores correlates with **material declines in liquor store visitation and revenues**, even if outright closures are not immediate. ([csuredi.org](#))

While the study did not conclude that closures are guaranteed, it underscored *substantial shifts in shopping patterns* and highlighted the **disproportionate impacts on rural and small-market liquor retailers** — the very businesses SB0075 could inadvertently expose to similar competitive pressures in Maryland. ([csuredi.org](#))

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## **Key Concerns with SB0075**

### **1. Competitive Imbalance Favoring Deep-Pocketed Retailers**

SB0075 permits food retailers — which may include national chains — to enter Maryland’s alcohol retail market by acquiring existing licenses or applying directly to local boards. Large corporate retailers typically benefit from:

- Economies of scale in purchasing and distribution
- Larger marketing budgets and loyalty programs
- Integration with grocery shopping, reducing consumer transactions

This dynamic sharply disadvantages *small, local liquor stores* that lack similar scale and integration.

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### **2. Risk of Liquor Store Closures and Economic Loss**

Drawing from the Colorado experience, expansion of alcohol sales privileges into general food retail is associated with:

- Declining revenues for stand-alone liquor stores
- Increases in closures across independent operators
- Secondary economic impacts on local employment and small producer demand

Maryland’s rural and urban communities both stand to lose if similar dynamics take hold here.

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### **3. Insufficient Safeguards for Local Businesses**

SB0075 relies primarily on market-based license transfers and legal presumptions of benefit but does *not* include:

- Buffer protections for existing small retailers
- Economic impact assessments for local business communities
- Limits on chain participation beyond minimum store definitions

Without robust guardrails, the bill may unintentionally accelerate closures before community harms can be evaluated.

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## **Conclusion & Recommendation**

While increasing consumer convenience and modernizing laws can be laudable goals, **SB0075 errs by prioritizing market expansion without protecting Maryland's small business ecosystem**. The Colorado case — with documented store closures, revenue declines, and increased competitive pressure on independent retailers *following the expansion of grocery alcohol sales* — should give Maryland policymakers pause before pursuing a similar approach. ([Colorado Springs Gazette](#))

For these reasons, I respectfully urge the Committee **to oppose SB0075** or, at minimum, seek amendments that:

- Protect existing small liquor store operators
- Provide economic impact analyses prior to expansion
- Establish licensing caps limiting chain retailer dominance

Maryland should strive for balanced policy that safeguards local businesses while addressing consumer needs.

Thank you for your consideration.

Srinivas Pemmaraju