
Alcoholic Beverages Regulation in Maryland

**Presentation to the Task Force to Study State
Alcohol Regulation, Enforcement, Safety, and
Public Health**

**Department of Legislative Services
Office of Policy Analysis
Annapolis, Maryland**

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Presentation Outline

1. The Origin and Purposes of Alcohol Regulation
2. Control and Licensing Models
3. The Three Tier System
4. The Enforcement Powers of Local Licensing Boards and the Comptroller
5. Preliminary Findings from a 50-state Survey

Origin and Purposes

- December 5, 1933
- “Foster and Promote Temperance”
 - Allow consumption under controlled conditions
 - “Displace or limit economic competition”
- *Toward Liquor Control*

Classification of Alcoholic Beverages

Beer, Wine, and Liquor

- Based on alcohol content
- Different license fees, taxes

Two Models

- Control Model
 - State-owned monopoly controls wholesale or retail sales. Retail sales conducted through state-owned stores (dispensaries)
 - 4 Maryland jurisdictions
- Licensing Model
 - Private parties obtain licenses for alcoholic beverages sales
 - 25 Maryland jurisdictions

Three Tier System

- Tier 1 – Manufacturers: State licenses issued by Comptroller
- Tier 2 – Distributors (wholesalers): State licenses issued by Comptroller
- Tier 3 – Retailers: local licenses issued by boards of license commissioners

Retail Operations in Maryland

- Local Restrictions
 - Examples: hours of sale, quotas, location restrictions, food percentages, dry areas
 - Local boards are the enforcers
- Hybrid Operations
 - Example: Class 5 breweries with tasting rooms
 - Local local jurisdictions enforce retail sales laws in tasting rooms. The Comptroller enforces brewery operations

Office of the Comptroller

- Field Enforcement Division
 - Enforces State's revenue laws relating to cigarettes and other tobacco products, alcohol, motor fuels, business licenses, and the sales and use tax
 - Investigates reports concerning unpaid taxes (*e.g.*, admission and amusement, alcohol, motor carrier tax) and income tax fraud
 - Guards against smuggling of alcohol and cigarettes and sales to unlicensed wholesalers
 - Ensures that alcohol products distributed in marketplace are safe
- Revenue Administration Division
 - Collects alcoholic beverage tax

Estimated Tax Revenues for Fiscal 2019

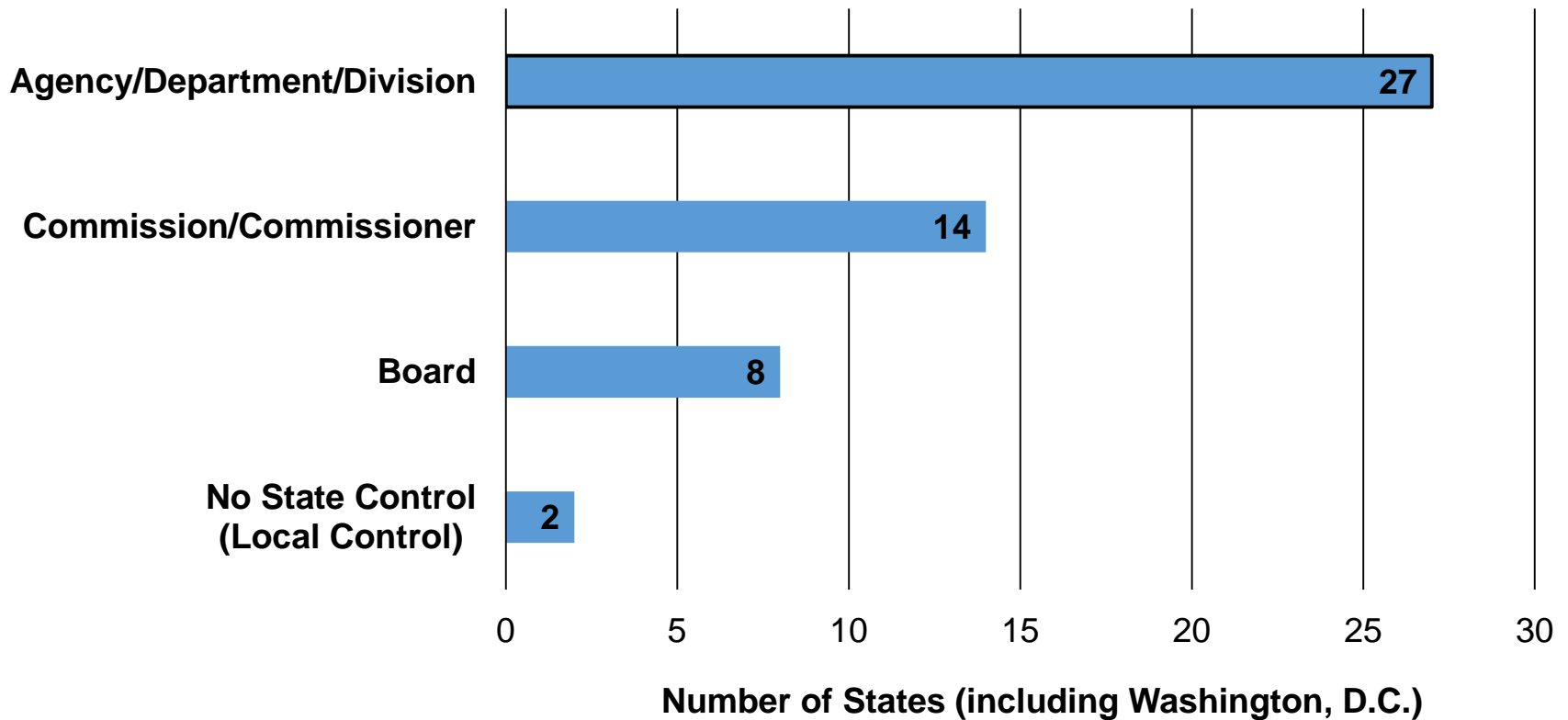
- Alcoholic beverage tax
 - Beer tax – \$8.2 million
 - Wine tax – \$6.7 million
 - Distilled spirits tax – \$16.7 million
- Sales tax – \$314.2 million

Preliminary 50-state Survey Results

- A quick look at who regulates the alcoholic beverages industry in each state
- Black outline around a bar indicates Maryland's practices
- With one exception, Maryland's system is similar to that of many other States

Preliminary 50-state Survey Results

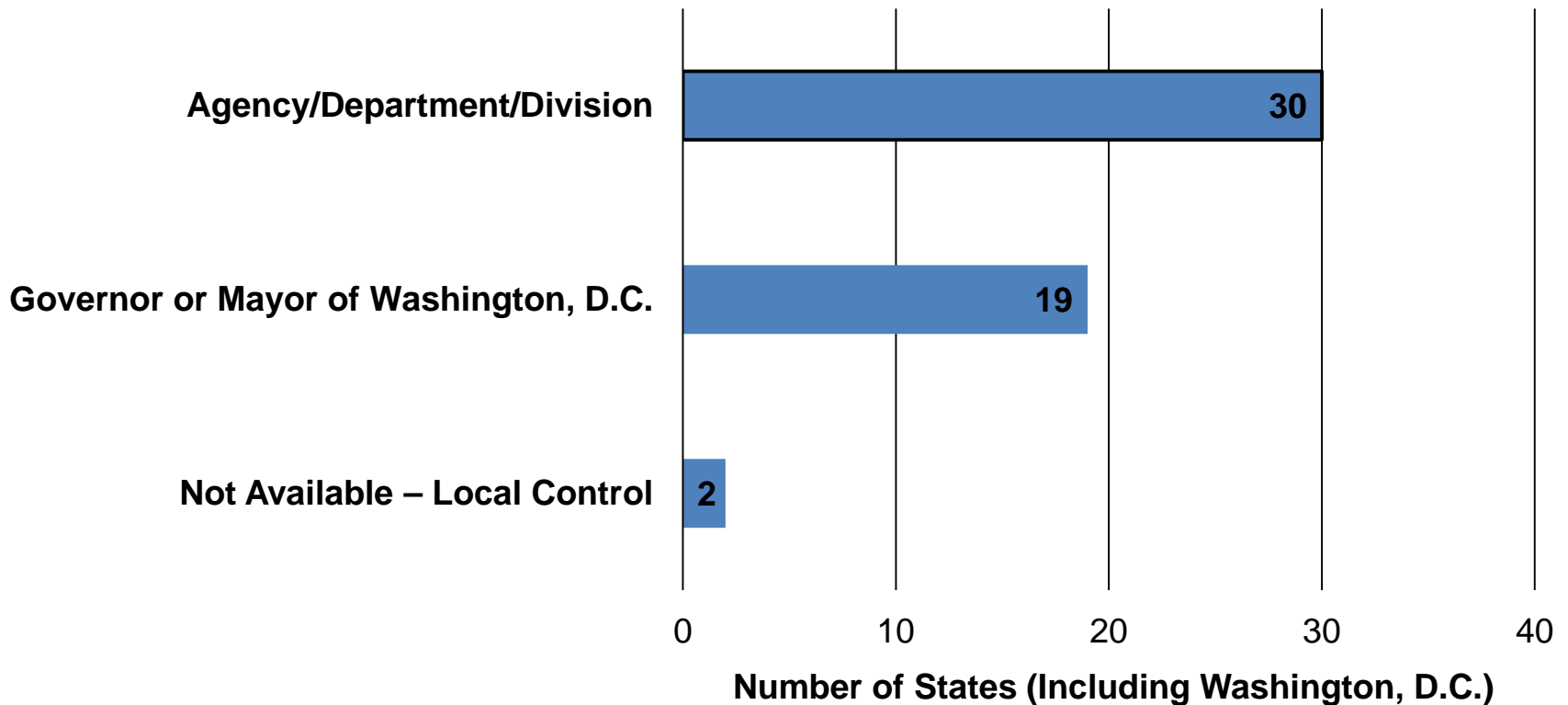
Who Is the State-level Governing Body for Alcohol Regulation?



Source: Department of Legislative Services

Preliminary 50-state Survey Results

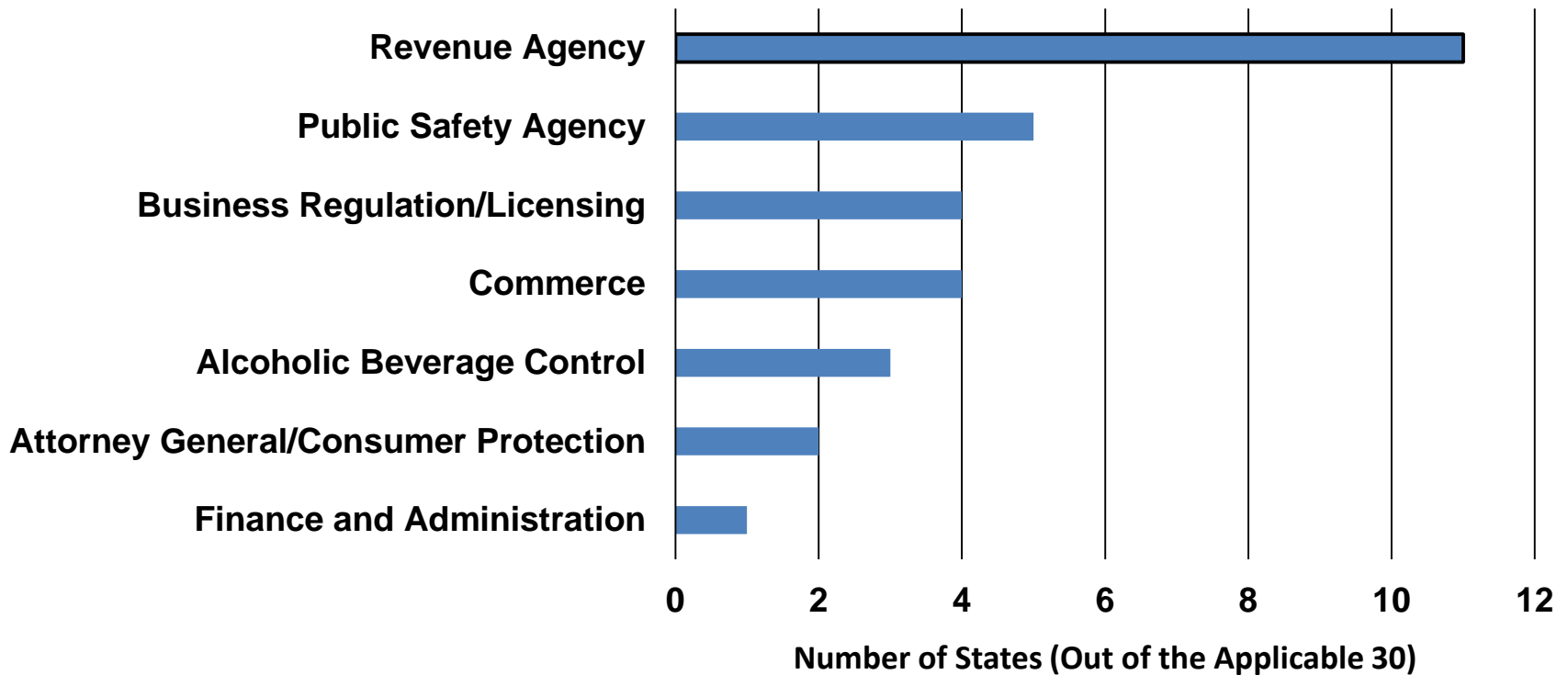
Who Does the Governing Body Report to?



Source: Department of Legislative Services

Preliminary 50-state Survey Results

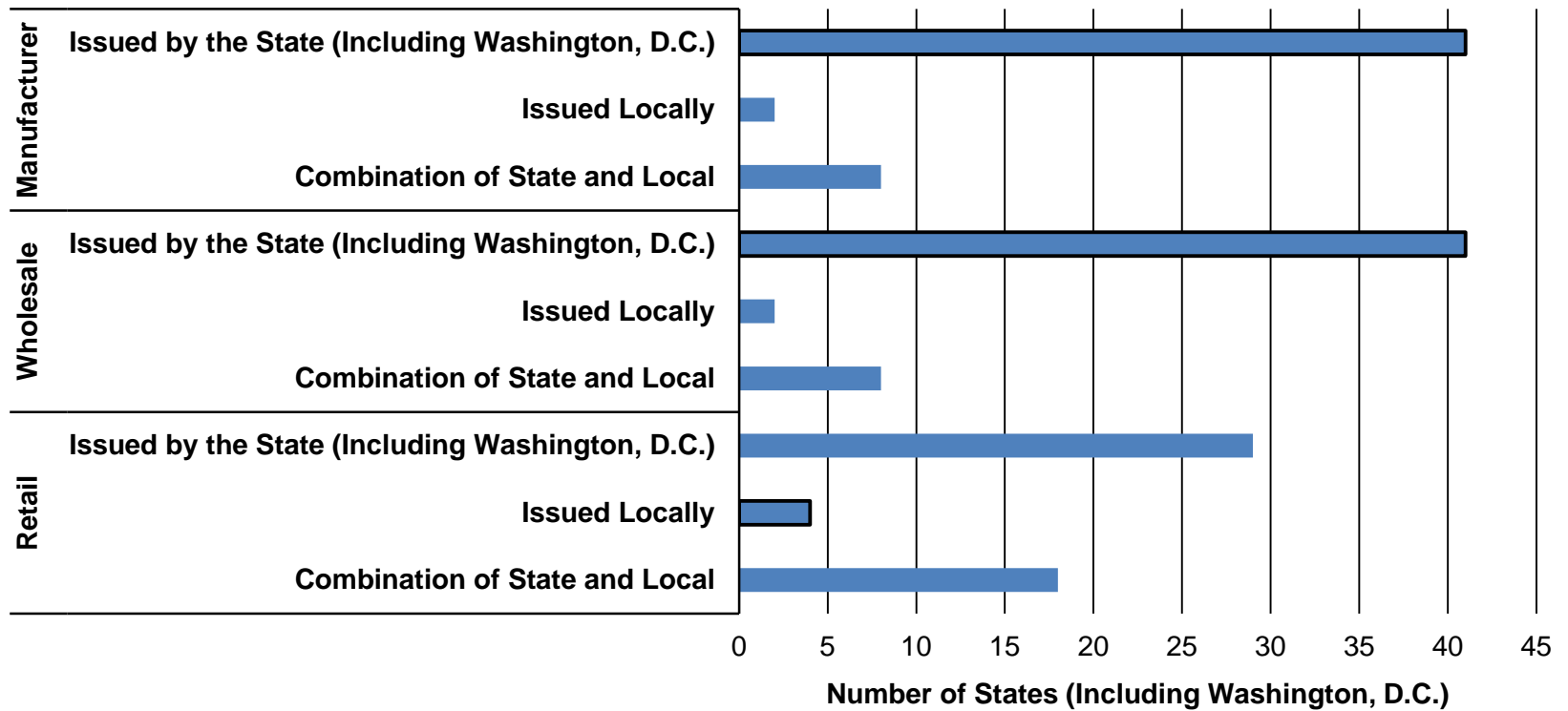
What Type of Agency, Department, or Division Oversees Alcoholic Beverage Regulation?



Source: Department of Legislative Services

Preliminary 50-state Survey Results

Who Issues Manufacturer, Wholesale, and Retail Licenses and Permits?



Source: Department of Legislative Services

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Questions?

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