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DEPUTY MAJORITY WHIP

Ways and Means Committee

Subcommittees

Chair, Local Revenues

Revenues

Racing and Gaming

Chair

Legislative Black Caucus of Maryland



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THE MARYLAND HOUSE OF DELEGATES
ANNAPOLIS, MARYLAND 21401

February 19, 2021

Testimony of Delegate Darryl Barnes

RE: In Support of HB 422

Minority Participation in the Alcoholic Beverages Industry

Dear Chairman Davis and Members of the Economic Matters Committee:

HB 422 would require the Governor's Office of Small, Minority, and Women Business Affairs (GOSBA), in consultation with specified entities, to conduct a study of the participation of minority-owned businesses in the alcoholic beverages industry in the State.

The legislation will serve as a basis in determining and reporting the disparity levels of the industry which, since the end of Prohibition in 1933, has been dominated by a small number of companies. Doing such, would expand opportunities for minority distributors in the state of Maryland to distribute to regulated venues that are engaged in the purchase of alcoholic beverages.

The study conducted will provide substantial reporting in the following areas:

1. **Research of historical and current levels of participation by minority-owned businesses** in the alcoholic beverages industry in Maryland.
2. **Evaluation of market activity in retail sales** of alcoholic beverages in Maryland, particularly in areas with high **concentrations of minority population**
3. **Demonstration of disparities in the levels of participation of minorities** in the alcoholic beverages industry through a commissioned and completed disparity study
4. Provide **recommendations for legally supportable mechanisms to increase the participation** of minorities in each tier of the alcoholic beverages industry.

Why Support the Bill

Although minorities, particularly African Americans, constitute a considerable portion of the consumers of alcoholic beverages, we are grossly underrepresented in the alcoholic beverages industry's three-tier distribution system, as manufacturers, wholesalers, and retailers.

The structure of the alcoholic beverages industry has systemically impeded progress for minorities seeking to operate a successful business in the marketplace. Over 30 percent of our state's populations is African American. As such, the minority population plays a major role in the purchase and consumption of distilled spirits contributing significantly to the \$600 million in revenue generated by this industry in 2018-2019.

It is no secret that economies strengthen and become more profitable when diversity is prioritized. As the Chairman of the Legislative Black Caucus, I understand that MBEs are not limited to solely African-American firms, rather black businesses represent a strong subset of the minority population which serves as the engine for a vibrant economic community in the state of Maryland.

Without legislation that confirms these ongoing disparities, minorities will continue to be cut out of the revenue stream in the alcoholic beverage industry.

Fiscal Impact

General and/or special fund expenditures increase, potentially significantly, in FY 2022 to conduct the required disparity study, as discussed below. However, GOSBA and/or MDOT can otherwise conduct the study with existing resources. Apart from any costs associated with the disparity study, OAG and MDOT can provide staff support for the study with existing resources. No effect on revenues.

For all these reasons, I strongly urge you to support HB 422: Minority Participation in the Alcoholic Beverages Industry - Study

Sincerely,

Darryl Barnes

Darryl Barnes
Chairman, Legislative Black Caucus of Maryland, Inc.