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CHIEF DEPUTY MAJORITY WHIP

Economic Matters Committee

Subcommittees

Chair, Public Utilities

Alcoholic Beverages

Property and Casualty Insurance



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**TESTIMONY IN SUPPORT OF HB1232
ALCOHOLIC BEVERAGES- MANUFACTURER'S LICENSES AND
OFF-SITE PERMITS**

Economic Matters Committee
February 19, 2021

Chair Davis, Vice-Chair Dumais and Members of the Committee,

Thank you for the opportunity to testify before you on HB1232, Alcoholic Beverages-
Manufacturer's Licenses and Off-Site Permits.

One of the fundamental tasks facing us this Session is assisting Marylanders and
Maryland businesses as they struggle though the current pandemic caused recession.
HB1232 is one piece of this effort and it specifically addresses Maryland's alcohol
manufacturers.

Maryland wineries, breweries and distilleries have grown to a number of 275 businesses.
They support over 8,500 direct and indirect jobs in tourism, hospitality and
manufacturing. While all are almost exclusively small and Maryland owned, they
predominately sell their products to Marylanders. Though growing, these businesses are
a very small part of a larger global market. They compete against international
companies, who source products from all over the world. Without large ad budgets or
national marketing partners, they have succeeded by having customers come directly to
their Maryland facilities and buy products directly from them.

As this committee knows, they are also highly regulated, so changes in their business
model must often come to the Legislature for approval. This makes them different from
many other private sector organizations, thus limiting their ability to adopt new
business practices. This lack of nimbleness can have a deleterious impact on the
company's future.

Certainly, COVID-19 changed everything for the businesses before you today, as well as
many other Maryland employers. Luckily, in the midst of the pandemic, the Governor
used his emergency powers to relax critical restrictions. This allowed Maryland's

breweries, distilleries and wineries to still reach Maryland consumers – even without having anyone visit their facilities.

In response, these businesses pivoted and invested in innovative approaches to customers, some of which you will hear about today. They have quite literally done everything they can to save their businesses. But in the process, they have transformed themselves from being hosts at their facilities, to being direct to consumer providers of highly specialized products.

Knowing that the pandemic will eventually end, these businesses will face even more uncertainty. Will the investments they made in personal delivery and shipping be wiped out when the state of emergency ends? Will their customers, who have received the enhanced service of “to the door” delivery, ever return to wineries, distilleries and breweries at the pre-COVID rates which formed the bedrock of their businesses? These 275 Maryland businesses cannot predict that future. HB 1232 is an attempt to give them some certainty and provide a roadmap for how Maryland will regulate their businesses moving forward.

In order to account for the new realities facing the industry, HB1232 proposes to maintain the authority these Maryland manufacturers have been given to ship and deliver their products directly to Maryland consumers. It removes previous caps on the amount of each off-premise sale for the select licensees the cap applies to. It standardizes the process for them to attend off-site events like farmers markets and state fairs, when those return. And, it clarifies unintentionally conflicting statutory language.

This Committee has played a critical role in creating a regulatory framework that has allowed Maryland’s alcohol manufacturers to grow. I believe that growth is at risk. I also believe that if we miss this moment to provide certainty in order to allow the current innovations and investments to continue, we will look back and wonder - how did the growth stop?

I am told that there are a number of new manufacturing businesses in the active planning stage, including 17 new wineries. I want to see that kind of local manufacturing grow and succeed. I believe HB1232 can play a critical role in that vision. The current situation has created an incredible amount of uncertainty for these businesses. So, we must act or risk losing years of expansion and growth.

For these reasons, I am requesting a favorable report.

With kindest regards,

Benjamin Brooks