

KATIE FRY HESTER
Legislative District 9
Carroll and Howard Counties

Education, Health, and
Environmental Affairs Committee

Chair, Joint Committee on
Cybersecurity, Information Technology
and Biotechnology



Annapolis Office
James Senate Office Building
11 Bladen Street, Room 304
Annapolis, Maryland 21401
410-841-3671 • 301-858-3671
800-492-7122 Ext. 3671
KatieFry.Hester@senate.state.md.us

THE SENATE OF MARYLAND
ANNAPOLIS, MARYLAND 21401

Testimony in Support of SB821 - Alcoholic Beverages - Manufacturer's Licenses and Off-Site Permits

March 5, 2021

Chairman Pinsky, Vice-Chair Kagan, and members of the Senate Education, Health, and Environmental Affairs Committee:

Thank you for your consideration of Senate Bill 821. Mr. Chairman and members of the Committee, one of the fundamental tasks facing us this session is assisting Marylanders and Maryland businesses as they struggle through the current pandemic-caused recession. Senate Bill 821 is one piece of this effort, specifically addressing the 275 breweries, wineries, and distilleries we have in the state. These local businesses support over 8,500 direct and indirect jobs in tourism, hospitality, and manufacturing. They are almost exclusively small and Maryland-owned, and they predominantly sell their products to Marylanders.

While they are experiencing some growth, these businesses are still a very small part of a larger global market. They compete against international companies, who source products from all over the world. Without large advertising budgets or national marketing partners, **they have succeeded by having customers come to their Maryland facilities to buy products directly from them. In so doing, these manufacturers have utilized the retail privileges the general assembly has granted them over the years.**

As this committee knows, these businesses are heavily regulated. Often, that results in the need for legislative approval when changes are made to their business models due to evolving consumer demands – or in this case, the result of a pandemic. This makes them different from many other private sector organizations that were able to adopt new business practices over the last year without fear that those practices may no longer be afforded to them in the future.

Certainly, COVID-19 changed everything for the businesses before you today, as well as many other Maryland employers. Fortunately, at the onset of the pandemic, the Governor used his emergency powers to relax certain delivery retail restrictions, thereby recognizing the seismic

shift and catastrophic harm the industry was about to endure. These Executive Orders, which are the foundation for Senate Bill 821, have allowed Maryland's breweries, distilleries, and wineries to reach Maryland consumers – even without having anyone visit their facilities. In response, these businesses pivoted and invested in innovative approaches to attract 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.

Now, they 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 the indoor taprooms and tasting rooms of wineries, distilleries, and breweries at the pre-covid rates which formed the bedrock of their businesses? These 275 Maryland businesses cannot predict that future. Senate Bill 821 is an attempt to give them some certainty and provide a roadmap for how Maryland will regulate its businesses moving forward.

This Committee has been at the forefront of creating a regulatory framework that has allowed Maryland's alcohol manufacturers to grow by adapting to consumer demands and the needs of the industry. I believe that growth is at risk. Marylander consumers are demanding these locally manufactured products be shipped directly to their front door; and in turn, these small businesses are offering that service to consumers in order to stay in business. If we miss this moment to provide statutory certainty we will look back and wonder – why did this growing industry stall, or worse, collapse?

Mr. Chairman, in addition to codifying the privileges granted to the industry during the pandemic, this bill also includes language from Senate Bill 839 of 2020 which Senator Simonaire sponsored. That bill passed the Senate but the clock ran out over in the House due to the truncated session. With that, **I respectfully request a favorable report for Senate Bill 821.**

Sincerely,

A handwritten signature in black ink that reads "Katie Fry Hester". The signature is written in a cursive, flowing style.

Senator Katie Fry Hester
Carroll and Howard Counties