



1411 K Street N.W.  
Suite 900  
Washington, D.C. 20005  
202-525-5717

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Testimony from:

Robert Melvin, Senior Manager, State Government Affairs for the Northeast Region, R Street Institute

Testimony in Support of SB 833: "Alcoholic Beverages-Sale or Delivery for Off-Premises Consumption."

February 23, 2024

Maryland Senate Finance Committee

Chairwoman Beidle and members of the committee,

My name is Robert Melvin, and I am the senior manager of state government affairs for the Northeast region with the R Street Institute. The R Street Institute is a nonprofit, nonpartisan public policy research organization. Our mission is to engage in policy research and outreach to promote free markets and limited, effective government in many areas. Our work includes analysis and promotion of sensible alcohol policies that consider consumer choice, free enterprise, and public safety. We are also one of the only nonpartisan think tanks in the country that analyzes alcohol laws and regulations. That is why House Bill 688 is of special interest to us.

While the COVID-19 pandemic posed many challenges, it also pushed states and localities to examine monumental adjustments to many long-held regulations, including those related to alcohol policy. Prior to March, 2020, there was not a single state that permitted restaurants to deliver or serve cocktails to-go; however, by the fall of 2022, 38 states had adopted temporary measures permitting restaurants to sell alcohol to-go or for delivery.<sup>1</sup>

As states lifted COVID-19 pandemic restrictions, lawmakers found that reforming archaic alcohol rules was tremendously popular with the public.<sup>2</sup> According to the National Restaurant Association, state level surveys found between 70-85% of polled residents expressed support for making permanent the ability

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<sup>1</sup> C. Jarrett Dieterle, R Street Institute, "The Data Is In: Alcohol Delivery and Consumption During COVID-19." April 18, 2023: <https://www.rstreet.org/research/the-data-is-in-alcohol-delivery-and-consumption-during-covid-19/>

<sup>2</sup> Carl Campanile, "New Yorkers want to keep booze flowing in post-coronavirus food delivery," New York Post, July 7, 2020. <https://nypost.com/2020/07/07/newyorkers-want-to-keep-booze-in-post-coronavirus-food-delivery>

Tim Keenan, "Survey: Michigan Consumers Say Yes to Take-out Cocktails," DBusiness, May 29, 2020. <https://www.dbusiness.com/daily-news/survey-michigan-consumers-say-yes-to-take-out-cocktails>.

to purchase alcohol with their takeout and delivery food orders.<sup>3</sup> As a result of this favorable response, 24 states and the District of Columbia adopted alcohol to-go as a permanent standard.<sup>4</sup>

The policy of permitting cocktails to-go was temporarily permissible in Maryland up until June 2023, when specific provisions of Chapters 140 and 141 that were adopted in 2021 expired.<sup>5</sup> If adopted, SB 833 would reestablish and make permanent, the ability of restaurants, bars, and taverns to offer carry-out or to-go alcohol sales. This measure would only apply to jurisdictions that adopt policies authorizing the alcohol to-go sales, and there are strong reasons to consider adopting such a proposal.

SB 833 helps bolster restaurant's bottom lines, with some restaurants reporting annual alcohol to-go revenues of "just under a million dollars," according to Spectrum News.<sup>6</sup> In fact, dining establishments that offer alcohol normally receive over 20% of their income from such sales, which makes cocktails to-go a potentially lucrative revenue generator.<sup>7</sup> So, it's no surprise that approximately 90% of restaurant operators plan to continue to sell alcohol with carryout orders if state law continues to allow such sales.<sup>8</sup>

While some have expressed concerns that permitting alcohol to-go might undermine public safety and cause an increase in underage drinking or increase in drunk driving, reports have not found a connection. In fact, the R Street Institute has conducted research on these topics, and found that almost every state that permitted alcohol to-go during COVID-19 didn't witness increased rates of youth drinking or driving while intoxicated.<sup>9</sup>

Our research revealed that there was no correlation between states that reformed their to-go or delivery alcohol laws during COVID-19 and alcohol-impaired driving fatalities.<sup>10</sup> Of note, several states that prohibited alcohol delivery had some of the highest increases in drunk driving deaths.<sup>11</sup> Likewise, many states that restricted alcohol delivery experienced larger increases in overall drinking rates, compared to those that permitted delivery.<sup>12</sup> Moreover, a case study from our organization on direct-to-consumer wine shipments found that states that have sanctioned direct-to-consumer wine delivery over the past

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<sup>3</sup> National Restaurant Association, "Alcohol to-go might be magic potion for struggling restaurants," July 20, 2020: <https://restaurant.org/education-and-resources/resource-library/alcohol-to-go-might-be-magic-potion-for-struggling-restaurants/>

<sup>4</sup> Distilled Spirits Council of the United States, State Map of the Economic Impacts of the Distilled Spirits Industry, Last accessed January 12, 2024: <https://www.distilledspirits.org/state-data/>

<sup>5</sup> Maryland General Assembly, 2021 Legislative Session, House Bill 12, Last accessed February 22, 2024: <https://mgaleg.maryland.gov/mgaweb/Legislation/Details/hb0012?ys=2021RS>

Maryland General Assembly, 2021 Legislative Session, Senate Bill 205, Last accessed February 22, 2024: <https://mgaleg.maryland.gov/mgaweb/Legislation/Details/SB0205?ys=2021RS&search=True>

<sup>6</sup> Steve Maugeri, Spectrum News 1, "Restaurants Capitalize on Popularity of Alcohol, Food To-Go and Catering," May 19, 2023: <https://spectrumnews1.com/oh/columbus/news/2023/05/12/alcohol-and-food-to-go->

<sup>7</sup> Alicia Kelso, Nations Restaurant News, "National Restaurant Association: Alcohol To-Go is Here to Stay," June 9, 2023: <https://www.nrn.com/consumer-trends/national-restaurant-association-alcohol-go-here-stay>

<sup>8</sup> National Restaurant Association, "On The Menu: Trends in On- and Off-Premises Beverage Alcohol," June 7, 2023: <https://go.restaurant.org/rs/078-ZLA-461/images/National-Restaurant-Association-Alcohol-Trends.pdf>

<sup>9</sup> C. Jarrett Dieterle, R Street Institute, "Alcohol Delivery and Underage Drinking: A COVID-19 Case Study," July 2023: <https://www.rstreet.org/wp-content/uploads/2023/07/policy-short-no-128-R5-1.pdf>

<sup>10</sup> C. Jarrett Dieterle, R Street Institute, "The Facts About To-Go Alcohol and Drunk Driving: The COVID-19 Experience," June 2022.

[https://www.rstreet.org/wp-content/uploads/2022/06/ULTIMATE\\_policy-short-no-114-REVD.pdf](https://www.rstreet.org/wp-content/uploads/2022/06/ULTIMATE_policy-short-no-114-REVD.pdf)

<sup>11</sup> Ibid.

<sup>12</sup> Ibid.

few decades have seen larger decreases in underage drinking compared to states that prohibited this practice.<sup>13</sup> These reports do not signify causation, but they do help emphasize that to-go alcohol doesn't result in increases in drunk driving or underage consumption of alcohol.

The data is clear, carryout and delivery of alcohol from eateries doesn't result in greater rates of drunk driving or underage consumption of alcohol. Moreover, by allowing off-premise sales from restaurants, not only can these establishments generate additional revenue, but it will also give consumers more choice. For these reasons, I ask you for a favorable report of SB 833.

Thank you,

Robert Melvin  
Senior Manager, Government Affairs for the Northeast Region  
R Street Institute  
[rmelvin@rstreet.org](mailto:rmelvin@rstreet.org)

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<sup>13</sup> C. Jarrett Dieterle, R Street Institute, "Alcohol Delivery and Underage Drinking: Data Driven Lessons from Direct-to-Consumer Wine Shipping," April 2022:  
<https://www.rstreet.org/wp-content/uploads/2022/04/Updated-Final-Short-No.-113-1.pdf>