

SENATE BILL 906

A2

11r2944

By: **Senator Mathias**

Introduced and read first time: February 21, 2011

Assigned to: Rules

Re-referred to: Education, Health, and Environmental Affairs, February 28, 2011

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 18, 2011

CHAPTER _____

1 AN ACT concerning

2 **Worcester County – Department of Liquor Control – Wine and Liquor**
3 **Purchasing Option**

4 FOR the purpose of abolishing the Liquor Control Board for Worcester County and
5 replacing it with the Worcester County Department of Liquor Control;
6 specifying that the Department is a department of the county government;
7 specifying that the Department has certain powers; requiring the Board of
8 County Commissioners to appoint the director of the Department; specifying
9 that the director shall be the chief administrative officer of the Department;
10 authorizing the director of the Department, subject to the approval of the Board
11 of County Commissioners, to purchase or otherwise acquire certain alcoholic
12 beverages and certain other property; specifying a certain maximum amount
13 that a licensee may be charged by the Department for certain alcoholic
14 beverages; repealing the minimum price for certain merchandise that the
15 Department must charge to licensees; authorizing an alcoholic beverages
16 licensee in the county, beginning on a certain date, to elect to purchase wine or
17 liquor from a licensed wholesaler in addition to or instead of from the
18 Department; requiring a licensee to provide written notice within a certain time
19 to the Department; requiring that the notice contain certain information;
20 requiring that the Department issue, to the licensee, a letter of confirmation;
21 requiring that a licensee display the letter conspicuously on the licensed
22 premises; providing that the title to certain property, including appropriations,
23 credits, assets, liabilities, contracts, and obligations of the Liquor Control Board
24 are continued as the title to property of the Department; providing that a person

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 granted certain authorization by the Liquor Control Board is considered by the
 2 Department to maintain that authorization; providing for the correction of
 3 certain cross-references under certain circumstances; defining certain terms;
 4 and generally relating to the Worcester County Department of Liquor Control.

5 BY repealing and reenacting, without amendments,
 6 Article 2B – Alcoholic Beverages
 7 Section 6–201(y)(1), 6–301(y)(1), 6–401(y)(1), and 8–224(a)
 8 Annotated Code of Maryland
 9 (2005 Replacement Volume and 2010 Supplement)

10 BY repealing and reenacting, with amendments,
 11 Article 2B – Alcoholic Beverages
 12 Section 6–201(y)(7), 6–301(y)(8), 6–401(y)(2)(vi), 8–224(g), 8–603(d), 15–201(a),
 13 (b)(1), (e)(2), and (j), 15–202, and 15–205(l)
 14 Annotated Code of Maryland
 15 (2005 Replacement Volume and 2010 Supplement)

16 BY repealing
 17 Article 2B – Alcoholic Beverages
 18 Section 15–201(d)(5), (h)(7), (i)(2), and (l)
 19 Annotated Code of Maryland
 20 (2005 Replacement Volume and 2010 Supplement)

21 BY adding to
 22 Article 2B – Alcoholic Beverages
 23 Section 15–201(c)(5) and 15–204(e)
 24 Annotated Code of Maryland
 25 (2005 Replacement Volume and 2010 Supplement)

26 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
 27 MARYLAND, That the Laws of Maryland read as follows:

28 **Article 2B – Alcoholic Beverages**

29 6–201.

30 (y) (1) This subsection applies only in Worcester County.

31 (7) (I) **[All] EXCEPT AS PROVIDED IN SUBPARAGRAPH (II) OF**
 32 **THIS PARAGRAPH, ALL** licensees shall purchase all wines and liquors, except light
 33 wine and beer, from the [Liquor Control Board for] Worcester County **DEPARTMENT**
 34 **OF LIQUOR CONTROL**. They shall be charged NOT MORE THAN 85 percent of the
 35 retail price or any special sale price or discount price, whichever is lower, set by the
 36 [Board] **DEPARTMENT** for wines and liquors. ~~However, the price the [Board]~~
 37 ~~DEPARTMENT charges to the licensees may not be lower than 10 percent above the~~

1 ~~cost the [Liquor Control Board] DEPARTMENT must pay for the merchandise to~~
2 ~~wholesalers.~~ All licensees may purchase beer and light wine from licensed wholesalers.

3 (II) BEGINNING ON MAY 1, 2016, A LICENSEE MAY ELECT TO
4 PURCHASE WINE AND LIQUOR FROM A LICENSED WHOLESALER UNDER §
5 15-204(E) OF THIS ARTICLE.

6 6-301.

7 (y) (1) This subsection applies only in Worcester County.

8 (8) (I) [Every] EXCEPT AS PROVIDED IN SUBPARAGRAPH (II)
9 OF THIS PARAGRAPH, EVERY licensee shall purchase all wines and liquors, except
10 light wine and beer, sold by them from the [Worcester County Liquor Control Board]
11 dispensaries OF THE WORCESTER COUNTY DEPARTMENT OF LIQUOR CONTROL.
12 The licensee shall receive AT LEAST a 15 percent discount from the retail sales price
13 or any special sale price or discount price, whichever is lower. ~~However, the price the~~
14 ~~[Board] DEPARTMENT charges to the licensees may not be lower than 10 percent~~
15 ~~above the cost the [Liquor Control Board] DEPARTMENT must pay for the~~
16 ~~merchandise to wholesalers.~~ All licensees may purchase beer and light wine from
17 licensed wholesalers.

18 (II) BEGINNING ON MAY 1, 2016, A LICENSEE MAY ELECT TO
19 PURCHASE WINE AND LIQUOR FROM A LICENSED WHOLESALER UNDER §
20 15-204(E) OF THIS ARTICLE.

21 6-401.

22 (y) (1) This subsection applies only in Worcester County.

23 (2) (vi) 1. [All] EXCEPT AS PROVIDED IN
24 SUBSUBPARAGRAPH 2 OF THIS SUBPARAGRAPH, ALL licensees shall purchase all
25 wines and liquors, except light wine and beer, from the [Liquor Control Board for]
26 Worcester County DEPARTMENT OF LIQUOR CONTROL. They shall be charged NOT
27 MORE THAN 85 percent of the retail price or any special sale price or discount price,
28 whichever is lower, set by the [Board] DEPARTMENT for wines and liquors. ~~However,~~
29 ~~the price the [Board] DEPARTMENT charges to the licensees may not be lower than~~
30 ~~10 percent above the cost the [Liquor Board] DEPARTMENT must pay for the~~
31 ~~merchandise to wholesalers.~~ All licensees may purchase beer and light wine from
32 licensed wholesalers.

33 2. BEGINNING ON MAY 1, 2016, A LICENSEE MAY
34 ELECT TO PURCHASE WINE AND LIQUOR FROM A LICENSED WHOLESALER
35 UNDER § 15-204(E) OF THIS ARTICLE.

1 8-224.

2 (a) This section applies only in Worcester County.

3 (g) (1) (I) [A] **EXCEPT AS PROVIDED IN SUBPARAGRAPH (II) OF**
4 **THIS PARAGRAPH, A licensee shall purchase all alcoholic beverages, except light wine**
5 **and beer, from the [Liquor Control Board] WORCESTER COUNTY DEPARTMENT OF**
6 **LIQUOR CONTROL.**

7 (II) **BEGINNING ON MAY 1, 2016, A LICENSEE MAY ELECT TO**
8 **PURCHASE WINE AND LIQUOR FROM A LICENSED WHOLESALER OR MAY**
9 **CONTINUE TO PURCHASE ALL ALCOHOLIC BEVERAGES, EXCEPT LIGHT WINE**
10 **AND BEER, FROM THE WORCESTER COUNTY DEPARTMENT OF LIQUOR**
11 **CONTROL.**

12 (2) A licensee may purchase beer and light wine from a licensed
13 wholesaler.

14 (3) [Except as provided in paragraph (4) of this subsection, a] A
15 licensee shall be charged **NOT MORE THAN** 85 percent of the retail price or any special
16 sale price or discount price, whichever is lower, set by the [Liquor Control Board]
17 **DEPARTMENT** for wine and liquor.

18 [(4) The price the Liquor Control Board charges to the licensees may
19 not be lower than 10 percent above the cost the Liquor Control Board must pay to
20 wholesalers for the merchandise.]

21 8-603.

22 (d) (1) [All of these] **EXCEPT AS PROVIDED IN PARAGRAPH (2) OF**
23 **THIS SUBSECTION, ALL licensees shall purchase all liquors and wines, except light**
24 **wine, from the [Liquor Control Board for] Worcester County DEPARTMENT OF**
25 **LIQUOR CONTROL. The licensee shall receive AT LEAST a 15 percent discount from**
26 **the retail sales price or any special sale price or discount price, whichever is lower.**
27 ~~However, the price the [Board] DEPARTMENT charges to the licensees may not be~~
28 ~~lower than 10 percent above the cost the [Liquor Control Board] DEPARTMENT must~~
29 ~~pay for the merchandise to wholesalers.~~ All licensees may purchase beer and light
30 wine from licensed wholesalers.

31 (2) **BEGINNING ON MAY 1, 2016, A LICENSEE MAY ELECT TO**
32 **PURCHASE WINE AND LIQUOR FROM A LICENSED WHOLESALER UNDER §**
33 **15-204(E) OF THIS ARTICLE.**

34 15-201.

1 (a) **(1)** [There] **SUBJECT TO PARAGRAPHS (2) AND (3) OF THIS**
2 **SUBSECTION, THERE** is hereby constituted and established in each county a liquor
3 control board, to be appointed and to have the tenure, compensation, powers and
4 duties as provided in this subtitle[;].

5 **(2)** **(I)** [provided that in] **IN** Montgomery County there is hereby
6 constituted and established, effective July 1, 1951, a Department of Liquor Control,
7 which shall be a department of the county government under the general supervision
8 of the chief administrative officer, and which shall have the powers of a liquor control
9 board as defined in § 15–205 of this subtitle.

10 **(II)** Whenever used in this subtitle the words “liquor control
11 board” or “board” shall be construed to apply to the Department of Liquor Control in
12 Montgomery County whenever such construction would be reasonable.

13 **(3)** **(I)** **IN WORCESTER COUNTY THERE IS A DEPARTMENT OF**
14 **LIQUOR CONTROL THAT:**

15 1. **IS A DEPARTMENT OF THE COUNTY GOVERNMENT;**
16 **AND**

17 2. **HAS THE POWERS OF A LIQUOR CONTROL BOARD**
18 **AS DEFINED IN § 15–205 OF THIS SUBTITLE.**

19 **(II)** **THE WORDS “LIQUOR CONTROL BOARD” OR “BOARD” IN**
20 **THIS SUBTITLE APPLY TO THE WORCESTER COUNTY DEPARTMENT OF LIQUOR**
21 **CONTROL WHEN THAT CONSTRUCTION WOULD BE REASONABLE.**

22 (b) **(1)** **(I)** Except in Harford County, **MONTGOMERY COUNTY, AND**
23 **WORCESTER COUNTY,** the liquor control board shall consist of three members in
24 each county.

25 **(II)** Those persons who are members of the respective boards on
26 June 1, 1947, shall continue as such for the balance of the period for which they may
27 have been appointed or elected, according to the terms and conditions of their original
28 appointment or election.

29 **(III)** [Provided that in] **IN** Montgomery County, effective July 1,
30 1951, there is hereby created the position of director of the Department of Liquor
31 Control, who shall be the chief administrative officer of said Department of Liquor
32 Control.

33 **(IV)** **IN WORCESTER COUNTY, THERE IS A DIRECTOR OF THE**
34 **DEPARTMENT OF LIQUOR CONTROL, WHO IS THE CHIEF ADMINISTRATIVE**
35 **OFFICER OF THE DEPARTMENT.**

1 (c) (5) IN WORCESTER COUNTY, THE BOARD OF COUNTY
2 COMMISSIONERS SHALL APPOINT THE DIRECTOR OF THE DEPARTMENT OF
3 LIQUOR CONTROL, WHO SHALL SERVE AT THE PLEASURE OF THE BOARD.

4 (d) In computing the time at which appointments to the several boards
5 normally expire, and when new terms of office begin, the following dates shall be used:

6 [(5) Worcester County — June 1, 1975. Initial appointments shall be
7 for two, three and four years. Their successors shall be appointed to regular four-year
8 terms.]

9 (e) (2) Members of the boards in the following counties shall serve for
10 terms as specified:

- 11 (i) Garrett County6 years
- 12 (ii) Harford County3 years
- 13 (iii) Somerset County4 years
- 14 [(iv) Worcester County 4 years]

15 (h) Members of the several boards shall receive compensation as follows:

16 [(7) Worcester County — Each member of the Worcester County
17 Liquor Control Board shall receive an annual salary set by the Worcester County
18 Commissioners, but which may not be less than \$3,000, and a mileage fee when
19 attending meetings of the Board and when performing official duties as a member of
20 the Board.]

21 (i) [(2) In Worcester County they shall meet at least once each week; in
22 Somerset County they shall meet at least twice each month.]

23 (j) (1) Except as provided in [paragraphs (2) and (3)] **PARAGRAPH (2)** of
24 this subsection, in case of a vacancy on an appointive board for any reason whatsoever,
25 it shall be filled for the unexpired term in the same manner as the original
26 appointment.

27 (2) [In Worcester County, the vacancy shall be filled by the Governor
28 with the advice and consent of the Senate.

29 (3)] In Harford County, to fill a vacancy other than one resulting from
30 an expired term:

1 (i) The County Executive, as soon as practicable, shall submit
2 the name of one nominee to the Harford County Delegation to the Maryland General
3 Assembly, consisting of Harford County Senators and Delegates, for the advice and
4 consent of the Delegation; and

5 (ii) Thereafter, the procedures under subsection (c)(3)(ii)3
6 through 6 of this section shall be followed.

7 [(1) (1) This subsection applies only in Worcester County.

8 (2) The Board shall present its budget annually to the County
9 Commissioners on the same day that the County Commissioners present the budget
10 for the county. The Board shall be present at that meeting so as to be able to answer
11 any questions that the County Commissioners or the public might have.

12 (3) The Board shall adhere to county personnel practices. By way of
13 illustration, the Board shall advertise for vacant positions and select the most
14 qualified person and shall afford an employee all county termination rights.

15 (4) The Liquor Control Board may not expend any funds in an attempt
16 to influence the referendum to be held in November, 1998, that is required by State
17 statute.]

18 15-202.

19 (a) For the purpose of providing the liquor control board with an adequate
20 working capital for acquiring, establishing and operating a county dispensary, or
21 branch dispensaries, together with warehouse facilities, as found necessary under this
22 subtitle, the board of county commissioners of each county is hereby authorized and
23 empowered from time to time to advance a sum of money to the liquor control board of
24 such county. Said board of county commissioners is hereby authorized and empowered
25 to borrow upon the credit of the county in order to advance such moneys to said liquor
26 control board, issuing therefor such notes, certificates of indebtedness and/or bonds as
27 in the discretion of the board of county commissioners are found necessary.

28 (b) (1) The liquor control board may borrow money from time to time from
29 any banking institution on its own credit.

30 (2) The aggregate sum advanced to or borrowed by the liquor control
31 board may not exceed the following amounts:

32 (i) Somerset County — \$150,000

33 (ii) Wicomico County — \$500,000

34 [(iii) Worcester County — \$6,000,000].

1 (c) (1) The interest rate limitation provided in paragraph (2) of this
2 subsection does not apply in Somerset County [and Worcester County].

3 (2) All funds advanced to the liquor control board by the county
4 commissioners, and all funds borrowed by the county commissioners or the liquor
5 control board for the purposes of this subtitle, shall bear interest at the lowest rate
6 possible, not exceeding 6 percent a year. All these sums advanced or borrowed,
7 together with the interest on them, shall be repaid from the receipts from sales made
8 at the county liquor dispensary, or branch dispensaries.

9 [(3) In Worcester County, any borrowed funds expended for the use of
10 supplies or equipment are to be amortized over a term of five years.]

11 (d) The provisions of this section shall not apply to the Department of Liquor
12 Control of Montgomery County, provided that nothing herein shall be construed to
13 affect the validity of any notes, certificates of indebtedness and/or bonds, or obligations
14 of any kind which may have been heretofore incurred by the Liquor Control Board of
15 Montgomery County.

16 (E) (1) **SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, THIS**
17 **SECTION DOES NOT APPLY TO THE WORCESTER COUNTY DEPARTMENT OF**
18 **LIQUOR CONTROL.**

19 (2) **THIS SECTION DOES NOT AFFECT THE VALIDITY OF A NOTE,**
20 **CERTIFICATE OF INDEBTEDNESS, BOND, OR OTHER OBLIGATION OF ANY KIND**
21 **THAT HAS BEEN INCURRED BY THE LIQUOR CONTROL BOARD FOR WORCESTER**
22 **COUNTY.**

23 15-204.

24 (E) (1) **IN THIS SUBSECTION, "DEPARTMENT" MEANS THE**
25 **WORCESTER COUNTY DEPARTMENT OF LIQUOR CONTROL.**

26 (2) **THIS SUBSECTION APPLIES ONLY IN WORCESTER COUNTY.**

27 (3) (I) **BEGINNING ON MAY 1, 2016, A LICENSEE IN THE**
28 **COUNTY MAY ELECT TO PURCHASE WINE OR LIQUOR FROM A LICENSED**
29 **WHOLESALE BY PROVIDING WRITTEN NOTICE OF THE LICENSEE'S INTENT TO**
30 **THE DEPARTMENT AT LEAST 60 DAYS BEFORE THE DATE THE PURCHASING**
31 **ACTIVITY IS TO START.**

32 (II) **THE NOTICE SHALL CONTAIN:**

33 1. **THE NAME OF THE LICENSEE;**

1 SECTION 3. AND BE IT FURTHER ENACTED, That any person registered,
2 certified, issued a permit, or granted other authorization by the Liquor Control Board
3 for Worcester County is considered for all purposes to be registered, certified, issued a
4 permit, or granted other authorization by the Worcester County Department of Liquor
5 Control for the duration of the term for which the registration, certification, or permit
6 was issued or other authorization was granted.

7 SECTION 4. AND BE IT FURTHER ENACTED, That, subject to the approval
8 of the Executive Director of the Department of Legislative Services, the publishers of
9 the Annotated Code of Maryland shall propose the correction of cross-references that
10 are rendered incorrect by this Act.

11 SECTION 5. AND BE IT FURTHER ENACTED, That this Act shall take effect
12 July 1, 2011.

Approved:

Governor.

President of the Senate.

Speaker of the House of Delegates.