



# A BEVERAGE BIZ LOOK AHEAD AT THE 2017 LEGISLATIVE SESSION

By Teddy Durgin

**The 2017 General Assembly Session is upon us and, as always, the Maryland State Licensed Beverage Association (MSLBA) is gearing up to play a big role in looking out for our industry's interests. As in years' past, one of the key players will be attorney and MSLBA lobbyist Steve Wise. "I think the industry continues to have a significant presence in Annapolis," he stated, during a recent interview with the Beverage Journal, "and that helped us out on a lot of legislative fights last year as it usually does. That's true not just of the retail segment of the industry, but the Maryland-based wholesalers as well."**

"Dram shop" liability is one of the major issues he expects will generate discussion in the coming year. If it is ever adopted, this legal doctrine would allow vendors of alcohol to be sued by individuals who have suffered injury at the hands of a customer of that vendor. Consequently, the owner of a bar where a patron unwiseely chooses to drink and then drive and hits another automobile could be sued by the occupants of the other vehicle.

"We are going to continue to see discussion about whether Maryland should adopt dram-shop liability," Steve Wise confirmed. "That's been an issue for at least five or six years recently, but it really goes back quite some time. We've been successful in defeating that, but we expect that to be a battle again this coming year. That's a battle that will be important to both on- and off-premise retailers."

But that's nothing compared to what many in the Maryland beverage biz fear on a business and legislative level. Whether it's this year or next, there will again almost certainly be a push by big-box retailers like Wal-Mart, grocery store chains such as Wegman's, and other large operators to allow them to sell beer and wine in the state.

MSLBA Legislative Chairman Jack Miani sighed at the inevitability. "Chain store



legislation is the one we're definitely monitoring the closest," he acknowledged. "It's kind of like 'Groundhog Day.' It'll come up again and again. I'm not exactly sure what form it will take, but it'll be a big issue again at some point. As always, I think it will still come down to our retailers making sure that they stay in touch with their legislators, making sure everyone understands how our system operates, why it's a good system, and what the chain stores would do to disrupt and dismantle the system."

Wise agreed, adding, "We're always on-guard for legislation that would allow chain stores and supermarkets to hold licenses. Always. I'm not aware of anything at the moment, but we're always prepared should that get introduced."

There is another potentially big issue that has been developing in recent years that could come to a head in 2017. There has certainly been growth in the state's brewing industry. "That's been true nationwide," Wise said, "and Maryland has been no exception. I think the number of local breweries



~ not microbreweries  
~ has really exploded in the last four or five years, and that is great! That has meant a lot more great brands our retailers can carry that weren't there before. Beer consumption has been somewhat flat in

those years, and craft brews have been partly responsible for propping up that number."

Adopting a more serious tone, Wise continued, "But what we see happening is brewers are increasingly asking for more retail privileges and a greater retail presence. They have had legislation the last couple of years to raise the amount of barrels that a Class 5 brewer can serve at their premise. Our industry reluctantly agreed to give them up to 500 barrels to be served, largely so they can build the brand and have people come into the brewery and take more than just a sample. But some of these locations have become straight-out bars open until all hours of the night on Friday and Saturday, and that was never the intent. If you're going to allow a brewer, which is a manufacturer, to have a substantial presence in the retail tier, it kind of starts to bring into question whether you're not just blowing up the whole three-tier system. I don't think anybody really wants to do that, because it's worked so well for so long. We'll be engaged in those discussions this session pretty heavily."

Also heavily involved on the beer side is Nick Manis, who lobbies for the Maryland Beer Wholesalers Association as its Deputy Director. "We know that the Maryland Brewers Association



is working on a beer modernization act," he commented. "We're not 100 percent sure of exactly what's entailed in that, but that is a topic we're surely interested in. There are currently four classes of brewers in the state - Class 5 Brewery, Class 6 Pub Brewery, Class 7 Microbrewery, and Class 8 Farm Brewery. From what we understand, I think they are looking to clear up some of the idiosyncrasies in the laws that they feel might be able to be accomplished with one license instead of having four."

In terms of smaller, yet no less important issues, Milani spoke of a lottery issue where MSLBA is trying to make sure that the state Lottery doesn't begin offering traditional lottery games online without legislative approval. "We're trying to protect the bricks-and-mortar stores in that regard," he remarked.

All three men had positive things to say about Governor Larry Hogan and his pro-business administration. "He is definitely business-oriented," Manis marveled. "We represent 23 wholesalers. One is Montgomery County itself, but the other 22 are all family-owned and operated businesses. The majority have been in business for over 50 years, some for 70 years in the state of Maryland. All of them started small, and some are now larger than others. The governor

has shown to be very supportive of small business, and that's what we are. He ran on a platform of no new taxes, and that's great news especially to the malt beverage industry that saw an increase a few years back that some of our border counties still haven't recovered from."

Milani, who has co-owned Monaghan's Pub in Woodlawn since 1990, added, "Gov. Hogan has been very good to small business people. But it's not a party thing. Most of our members seek out those legislators who take the time to understand and are sympathetic to the small business owner. And those folks are on both sides of the aisle in Maryland."

All three also agreed that it's key for wholesalers and bar, restaurant, and store owners and their staffers to get more involved in the political process. Manis advised, "Make sure you know your local representatives, know who your state senator is, and know your delegates not only where you live, but where your business is. Don't be intimidated by them. All of the legislators have open-door policies. There are 2,500 to 3,000 pieces of legislation that are introduced every year. It is very difficult for a single individual to read every one of those bills. They're not subject matter experts on

everything, and there are few who are in the licensed beverage industry that are in the Legislature. So, most of the issues are new to them, they look to their constituency for input, and most are willing to listen."

Wise, an attorney with the law firm of Schwartz, Metz, and Wise in Annapolis, concurred. "Contact the Maryland State License Beverage Association," he urged. "There are ample opportunities through the association to get involved. Of all the years I've been involved, there is no more critical time as a retailer to have an understanding of what's going on in the industry. So much is changing, and much of those changes are legislative in nature. And if you don't understand it all, you might be making investments that are not smart investments. You might be making decisions that are not smart business decisions."

Milani concluded, "MSLBA membership is a must, because it's all constantly changing. Every four years, there are people who come and go. The onus is really on the retailers to educate the newer legislators. You have to know them and have dialogue with them, because all we really want is the opportunity to tell our story. If you've properly educated them, then you can let the chips fall where they fall." ■