



TEMPORARY DE-REGULATIONS AND PERMANENT POLICIES

As I write this, Maryland's General assembly has just adjourned its annual legislative session. There is little doubt that Maryland's lawmakers will again have impacted how we live our lives and run our businesses here in "ahem" *The Free State*. Their actions imposing new controls or rescinding old ones will be embraced by some and decried by others.

The legislative fallout from the executive branch's response to covid-19 will take some time to parse. I fear the crisis caused by the restrictions on individual liberty will propel the same government that caused the need for temporary de-regulation to permanently change industry safeguards without understanding the basis and purpose of the original policies.

Maryland, along with several other states, had loosened regulatory enforcement on key alcohol laws as an emergency effort to ease the financial hardship being felt by the on-premise side of the industry. The financial effect of the capacity limits put upon restaurants and bars will be felt for years.

The concept of temporary de-regulation makes sense since some businesses would have closed permanently without the assistance. The National Restaurant Association estimates that up to one-third of restaurants and one-fourth of bars have permanently closed due to capacity-limiting executive orders. Without the loosening of these regulations (along with other assistance like federal, state and local subsidies), how many more on-premise businesses would have been lost?

As capacity limits are slowly being lifted, the question is, "should these temporary de-regulations be made permanent?" The next question needs to be, "And what would the long-term affects on the beverage alcohol industry be if they become permanent?"

The three-tier system is designed to

prohibit vertical integration of alcohol sold to consumers. It is an important concept developed post-Prohibition. The three-tier system is a proven regulatory system that monitors licensing, sales, and compliance with liquor laws; provides equal access for all manufacturers to the marketplace--promoting competition; delivers variety for consumers; and prevents the monopolization of the beverage alcohol industry.

According to Patrick Maroney, author of *Crisis De-Regulations: Should They Stay or Should They Go?*, "Changing alcohol regulation in one area inevitably creates consequences in others, and short-term fixes can cause long-lasting damage,"

Maroney states, "The crisis of covid-19 ought not be a catalyst to permanently change time-tested laws, regulations, and programs, which promote the health and safety of consumers as well as positive competition within the marketplace. An emergency related to a health pandemic is no time to shoehorn major changes into the proven system of state alcohol regulation."

We should all keep a sharp eye on what changes the session has brought to Maryland's beverage alcohol industry. These 'temporary' de-regulations have saved many businesses, and no one would fault a restaurant or bar owner for supporting a continuance of that which saved their livelihood. However, there are those that support a radical overhaul to beverage alcohol laws and the three-tier system; they are also in support of these de-regulations, but to what end?

Please check out the Maryland State Licensed Beverage Association's (MSLBA) Report on the 2021 General Assembly Session on page 4. Steven Wise, MSLBA Lobbyist and General Counsel offers a synopsis of major alcohol legislation from the 2021 session. ■

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