



February 22, 2018

Dear Member of the Maryland General Assembly,

On behalf of National Taxpayers Union (NTU) and our members in Maryland and across the country, I urge you to modernize the state's alcohol system to the benefit of taxpayers, consumers, and small businesses. To that end, I strongly recommend passage of HB 518, the Reform on Tap Act.

This legislation would bring Maryland more in line with other states in terms of our alcohol laws and regulations. While the state is home to many great brewers and entrepreneurs, they are unfortunately competing on a unfair and unlevel playing field. The economic costs created by these inequities are significant.

According to data from the Brewers' Association, Maryland has just 1.5 craft breweries per 100,000 adult residents. That puts our state at 36th in the nation -- far below neighboring Virginia, Delaware, DC, and Pennsylvania. This relative lack of craft brewers results in a corresponding lack of economic output and jobs. The per capita economic impact we get from the industry ranks at a dismal 47th in the nation. It's a bad regulatory environment for small brewers in particular: we get less than half of the economic benefits of DC or Delaware and less than a third of what Pennsylvania's economy receives from craft breweries on a per capita basis.

The solution to these problems is to update our laws to allow greater direct interaction between breweries and consumers. HB 518 would accomplish that by lifting unnecessary limits on tasting room operations and eliminating harmful provisions like the ridiculous "buy-back" requirements that force brewers to purchase their own products from distributors at a premium. Further, the bill would allow for self-distribution of product for small brewers. This would be especially beneficial to newer producers, which often have difficulty gaining access to retailers.

Additionally, NTU strongly opposes HB 1052, a punitive, cynical bill that would take the state in the wrong direction. This bill would place arbitrary restrictions on taproom sales, which would slow economic activity, reduce employment, and ultimately yield less tax revenue from the craft beverage industry. We urge you to reject this legislation.

Again, we urge you to support HB 518, the Reform on Tap Act. Passage of this legislation would provide a boost to Maryland's economy by modernizing our alcohol system and allowing that state's craft beverage industry to grow and flourish.

Sincerely,
Brandon Arnold
Executive Vice President