

Annapolis, Maryland, June 1, 1973.

Honorable Thomas Hunter Lowe
Speaker of the House of Delegates
State House
Annapolis, Maryland

Dear Mr. Speaker:

In accordance with Article II, Section 17, of the Maryland Constitution, I have today vetoed House Bill 678.

House Bill 678 would have the effect of establishing minimum prices for all alcoholic beverages sold at retail in this State by prohibiting their sale for less than the cost to the retailer plus a specific markup to cover the "cost of doing business". In the absence of proof that the cost of doing business is less, the bill would require that the markup be no less than 12% of the cost of the alcoholic beverage to the retailer. The stated legislative intent of House Bill 678 is to eliminate price wars which unduly stimulate tire sale and consumption of beer, wine and liquor, to bring about the orderly sale and distribution thereof, and to foster and promote temperance. The bill exempts from its coverage alcoholic beverages sold by or purchased from a Liquor Control Board which buys directly from a manufacturer.

House Bill 678 represents the third attempt in recent years to establish minimum markups for alcoholic beverages sold in this State. Governor Tawes vetoed the two prior measures on the basis that the establishment of minimum prices for alcoholic beverages had no relation to the stated legislative objectives. Governor Tawes also questioned the propriety of legislation which would promote the interest of the small liquor dealer at the expense of the vast majority of citizens.

I share the same concerns expressed by Governor Tawes. The legislative objectives of House Bill 678 are all laudable and I support them; however, there is no credible evidence to demonstrate that the substantive provisions of this bill will lead to the attainment of those objectives.

The liquor industry is a competitive one, particularly for the small retailer, but there is no evidence that the industry has been subjected to ruinous price wars or that this bill will lead to the orderly sale and distribution of alcoholic beverages. Moreover, there is no evidence that price wars, in any event, serve to stimulate the consumption of liquor or that higher prices foster and promote temperance. The New York State Moreland Commission on the Alcoholic Beverage Control Law, after an exhaustive study of the effects of a minimum price law in New York, found that artificially maintained prices enforced by the State "had no significant effect upon the consumption of alcoholic beverages, upon temperance or upon the incidence of social problems related to alcohol."

Additionally, I question the propriety of requiring consumers to pay higher prices in order to regulate the retail liquor industry. Such a procedure is particularly inappropriate in light of the present economic situation. Given the recent dramatic increases in consumer prices, there is little justification for governmental action which would result in even higher prices.

I am also concerned about the uneven application of House Bill 678. The bill exempts from its coverage "beer, liquor and wine sold by or purchased from a Liquor Control Board that buys directly from a manufacturer." As a practical matter, this exemption applies only to one county