

(2004 Replacement Volume and 2005 Supplement)Preamble

WHEREAS, The United States Supreme Court, in Granholm v. Heald, 125 S.Ct. 1885 (2005) stated that differential treatment between in state in-State and out of state out-of-State wineries constitutes explicit discrimination against interstate commerce; and

WHEREAS, In the Granholm opinion the Supreme Court stated that many small wineries do not produce enough wine or have sufficient consumer demand for their wine to make it economical for wholesalers to carry their products; and

WHEREAS, Since 1951, Maryland wineries have been allowed to deliver their products to restaurants, retailers, and permit holders throughout the State of Maryland; and

~~WHEREAS, In Bushnell v. Ehrlich, a United States District Court case, a Pennsylvania winery alleges that by allowing Maryland wineries to deliver their product to restaurants, retailers, and permit holders, Maryland discriminates against out of state wineries and violates the Commerce Clause of the United States Constitution; and~~

~~WHEREAS, As a result of both the Granholm decision and the Bushnell suit, the Maryland is interested in preventing deceptive, destructive, and unethical business practices by controlling the sale and distribution of alcoholic beverages; and~~

WHEREAS, By regulating and controlling alcoholic beverages in accordance with the three-tier system for sales and distribution, Maryland has been able to protect the health, welfare, and safety of its citizens; and

WHEREAS, The Supreme Court in the Granholm opinion reaffirmed that the three-tier system is legitimate; and

WHEREAS, The Comptroller of Maryland on February 1, 2006, issued an Administrative Release that suspended the ability of Maryland's Class 4 limited wineries to sell and deliver their product directly to Maryland restaurants, retailers, and permit holders under Article 2B, § 2-205 of the Code; and

WHEREAS, Maryland currently has twenty-two licensed wineries that produce and distribute wine; and

WHEREAS, Only four Maryland wineries use services of a wholesaler to distribute their product; and

WHEREAS, Eighteen Maryland wineries sell a combined amount of more than 60,000 gallons of wine annually and distribute their wine themselves to restaurants, retailers, and permit holders; and

WHEREAS, Maryland has taken substantial steps in the past years to promote the growth of Maryland wineries, including the appropriation of \$100,000 in the fiscal year 2006 budget to create a fund for grants to expand Maryland wineries; and