



HOUSE BILL 921

Maryland Winery Modernization Act

February 23, 2010

POSITION: Oppose unless amended

Mr. Chairman and Members of the Economic Matters Committee:

On behalf of the members of the *Restaurant Association of Maryland*, we oppose House Bill 921 unless the legislation is amended to restrict wineries to selling and serving only prepackaged foods that are sold or served directly to customers in such packaging.

Our Association has long enjoyed a good relationship with Maryland wineries. In fact, we supported statewide legislation in 2006, much to the chagrin of our fellow industry partners, to allow wineries to self-distribute in a limited manner. In the case of House Bill 921, however, we must oppose the section of the bill that allows wineries to expand their activities with regard to foodservice.

Regarding specific language, we have no problem with the “serving” of food free of charge, in accordance with applicable state and local foodservice facility regulations. However, the “selling” of food appears to be a departure from a winery’s core business. When the wineries first expressed interest in creating a limited winery license in 2009, they sought to “sell and serve food incidental to the sampling of wine.” At the time, we questioned how such sales of food could be “incidental to the sampling of wine” if the food was being sold as opposed to served free of charge (as is generally the case with hors d’oeuvres, snacks and refreshments typically served during such wine tastings). While this year’s legislation does not contain the same language per se, we maintain that the expansion into food sales still goes beyond the winery’s core business and has led some of our members to question if granting such privileges to wineries would put nearby restaurants and cafés at a competitive disadvantage.

Some of our members wonder if any state or federal support, grants or promotion for wineries could amount to de facto taxpayer-subsidized support of businesses with whom we may ultimately compete for food sales. Other members have questioned whether any reduced property tax rates for wineries located in agricultural-zoned areas would provide a competitive advantage to wineries that sell food under the provisions of this legislation. For example, the fact that a couple visiting a winery may choose to purchase a pizza at the winery instead of at a nearby pizza shop is troubling enough for some of our members. The fact that the winery selling the pizza may have benefited from some type of taxpayer-subsidized assistance is of even greater concern.

Restaurant Association of Maryland
February 23, 2010
Page 2

We appreciate that the *Maryland Wineries Association* solicited feedback from us on how we could work together on winery legislation that the *Restaurant Association of Maryland* would not oppose. From the very beginning, we told them that we would have no problem with legislation that limited the sale of food to prepackaged products only. After several months of conversations, we were surprised in January when we saw hot foods listed in a revised draft version of the bill.

While the wineries maintain that the food items that appear on this list reflect items that are currently served at wineries, the fact of the matter is that these items are currently being served because of the very inconsistencies in local interpretations that have led to the current legislative effort to create statewide uniformity. While the wineries wish to use the greatest common denominator with respect to food in this case, we prefer to stick with the lowest common denominator.

Unless this bill is amended in the manner we describe, we are forced to oppose HB 921 and request an unfavorable report.

Respectfully submitted,

A handwritten signature in cursive script, reading "Melvin R. Thompson", followed by a long horizontal flourish line extending to the right.

Melvin R. Thompson
Senior Vice President
Government Affairs and Public Policy