

# Administrative Release

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**AB-39**

**January 15, 2008**

**To:** All Licensed, Nonresident Dealers, Nonresident Wineries, Manufacturers, Wholesalers, Retailers and Solicitor's

**Subject:** Shelf Management and Stocking of Alcoholic Beverages

Recent inspections have indicated that there is not a clear understanding of the requirements in Maryland law and regulations regarding shelf management and stocking. The purpose of this bulletin is to clarify the law and regulations and to notify the industry that the Comptroller's office considers this matter an important part of our inspection process.

Pursuant to Article 2B, § 16-302 of the Annotated Code of Maryland, the Comptroller of Maryland has issued regulations restricting suppliers and licensed wholesalers from shelf management and stocking of alcoholic beverages. Both COMAR 03.02.05.11B and 03.02.05.11C specifically refer to suppliers and licensed wholesalers. A supplier is defined under the regulations as a person or entity that sells alcoholic beverages to a licensed wholesaler in Maryland, including a brand owner, nonresident dealer, licensed manufacturer, or their representatives.

1. The regulation "permits" a supplier or licensed wholesaler (or a representative) to do the following with respect to a licensed retailer:

- A. Rotate products when it is performed to ensure freshness and limited shelf life. Beer, malt beverage products, wine coolers, and spirit coolers—products which have a limited shelf life—may be rotated to the position of "last out" by a licensed wholesaler's representative delivering its own products;
- B. Stock shelves of a retailer with nonalcoholic beverages such as sodas, teas, bottled water, juices, and other items, but not nonalcoholic beer or wine products;
- C. Dust alcoholic beverage products without rotation or shelf stocking; and
- D. Deliver alcoholic beverage products to a central point. (COMAR 03.02.05.11H(3))

2. The regulation "prohibits" a supplier or licensed wholesaler (or a representative) from doing the following with respect to a licensed retailer:

- A. Participating in stocking or rearranging shelves in connection with a shelf-management plan;
- B. Stocking shelves, pricing items, or arranging its own products;
- C. Opening cases;
- D. Placing individual bottles on shelves or in coolers;
- E. Moving products from one shelf location to another location;
- F. Rearranging alcoholic beverages in a storage or sales area in less than case lots;
- G. Entering into an agreement of any type regarding shelf space allocation, positioning, slotting allowance, or other stocking; and
- H. Delivering alcoholic beverage products to multiple locations.  
(COMAR 03.02.05.11H(3))

(Over)

**Penalties:** A violation of any regulation is a basis to revoke or suspend your license, and any other sanction provided for under Article 2B of the Annotated Code of Maryland.

If you have questions about this Administrative Release, please contact Taxpayer Services at (410) 260-7314.

Thad Russell  
Director