

Administrative Release



Comptroller of the Treasury 1 Alcohol & Tobacco Tax Unit 1 Goldstein Treasury Building 1 Annapolis, Maryland 21404-2999
410-260-7314

No. AB-5

August 16, 1996

**TO: Wholesalers who sell and deliver beer in Worcester County
All retail licensees in Worcester County**

SUBJECT: Wholesaler to retailer credit sales of beer products

The Maryland General Assembly enacted House Bill 972 during the 1996 session of the Maryland General Assembly. This new law permits credit sales of beer at the wholesale to retail level under certain conditions, requires certain sanctions for non-payment within a specified period, and requires the state comptroller to enforce the provisions of the law.

The below listed requirements have been adopted by the Alcohol and Tobacco Tax Unit (ATTU) and are effective October 1, 1996. All affected wholesalers and retailers are urged to carefully review these requirements to assure they are in full compliance. Violations on the part of wholesalers will result in fines and other applicable penalties as provided. Retailers should note that failure to pay beer invoices by the due date will result in their inability to purchase *any* beer products from *any* wholesaler and could also result in the denial of future credit privileges.

A. A wholesaler may sell beer on credit to retailers in Worcester county provided:

1. The retailer has held an alcoholic beverage retail license in Worcester county for a minimum of two consecutive years prior to the sale and delivery; and
2. The wholesaler complies with the provisions of this administrative release.

B. A wholesaler who sells and delivers beer on credit to a retailer in Worcester county must be paid in full, including any interest charges, for the outstanding invoice not later than the tenth calendar day after the date of delivery.

C. A wholesaler who has not received payment in accordance with section B above shall:

1. Immediately discontinue beer sales, credit or otherwise, to that retailer; and
2. Notify ATTU via fax (410-974-3201) of the delinquency as soon as possible but not later than 12:00 noon on the next business day.

D. Notification of a delinquency under c(2) above may be in any form but must contain at least the following information:

1. Name of wholesaler filing report,
2. Name and trade name of retail licensee,
3. Full address of retail licensee,
4. Date and number of original invoice, and
5. Amount of delinquency.

E. ATTU will provide all other wholesalers of beer notice via fax of the delinquency report received. The notice will provide an effective date when all wholesalers are prohibited from making *any* sale or delivery of beer to that account.

F. A wholesaler who has previously reported a delinquency shall notify ATTU upon receipt of full payment. The notification time frames shall be the same as with the original notification. Upon notification from ATTU that an account has been cleared all wholesalers, *including the wholesaler who filed the original delinquent*

Information: 410-260-7314 For the hearing impaired: Maryland Relay Service 1-800-735-2258 TDD: 410-260-7157 (Baltimore metro area) If you need a reasonable accommodation for a disability, please contact us before you visit. If you need the information in this issue in an alternate format, contact: Public Affairs Office 410-260-7885 (voice) 410-260-7157 (TDD)

report, may resume credit sales and deliveries to that account. Credit sales may be made at the discretion of the wholesalers.

- G.** If a wholesaler becomes aware that a retailer check has been returned by the bank unpaid, whether or not the check was issued as a payment at the time of delivery or on the retailer's 10 day credit account, and the 10 day period specified in section B above has expired, the wholesaler shall consider this as a non-payment and immediately report this information to ATTU. A wholesaler may elect to re-deposit a returned check if it is returned within 10 days of the original invoice date. However, if it is returned unpaid a second time, a report shall be immediately filed with ATTU. Notification should include a statement that the report was based on a returned check.

H. In accordance with §12-112(c)(7) of Article 2B of the Annotated Code of Maryland a retailer who has been reported on three separate occasions within a single calendar year will be prohibited from obtaining beer on credit for a period of two years from the date of the third report. ATTU will notify all wholesalers of any retailers who meet this criterion.

I. Wholesalers who act contrary to this administrative release or any provisions of §12-112(c) may be fined up to \$1,000 for each violation and will subject their license to suspension or revocation proceedings or other penalties as may be provided.

Charles W. Ehart, DPA
Administrator