Kathie Durbin, Director
Montgomery County Department of Alcohol Beverage Services
201 Edison Park Drive
Gaithersburg, MD 20878

March 18, 2026

Dear Mrs. Durbin:

The Alcohol, Tobacco, and Cannabis Commission (ATCC) received a complaint that the Department of Alcohol Beverage Services (ABS) was discriminating against licensed retailers and in favor of the ABS dispensary stores that act as retailers. Specifically, the complainant alleged that the ABS was wholesaling product to licensed retailers at a marked-up price, but that the ABS dispensary stores received the same product, for retail sales to consumers, without any markup.

Following up on the complaint, the ATCC sent trade practice investigators to the complainant's location and then to the ABS to determine if the potentially discriminatory practice was occurring as alleged. The results of the inspection indicated that the ABS does not memorialize an effective cost with a wholesale mark up at the time that it distributes inventory to its retail dispensaries. The ABS does apply a price and wholesale markup when selling products to independent licensed retailers.

The ATCC fully recognizes that the ABS operates as a wholesaler and retailer of alcoholic beverages within Montgomery County as a function of Maryland law. However, the practice of supplying alcoholic beverages to dispensary retail stores without any mark-up effectively gives the appearance of price discrimination between ABS dispensary retail locations and Montgomery County's licensed retailers.

To resolve this apparent discrepancy and align with uniform pricing principles, we suggest that ABS invoice its own dispensaries at wholesale cost plus the same markup applied to private retailers. We welcome the opportunity to discuss these or other potential remedies with you.

If you have questions or concerns about the ATCC review of this issue, please let me know and we can discuss them. Otherwise, please let me know what solution you plan on implementing and when that solution(s) may be completed.

As always, thank you for your partnership and your desire to maintain a safe and well-regulated alcoholic beverage market.

Very truly yours,

Jeffrey A. Kelly, Executive Director
Alcohol, Tobacco, and Cannabis Commission