



## MONTGOMERY COUNTY COUNCIL

ROCKVILLE, MARYLAND

March 27, 2020

Marc Elrich, County Executive  
Montgomery County, Maryland  
101 Monroe Street, 2nd Floor  
Rockville MD 20850

Dear County Executive Elrich:

As you know well, Montgomery County restaurants are experiencing a catastrophic decline in revenue as a result of the COVID-19 shutdown. Many have closed entirely; while others have laid off as much as 90% of their workforce, and are only open at all based on the expectation that they can postpone rent and debt payments while they run take-out operations to support a skeletal core staff.

Recognizing that we must act to save businesses as best we can, the County is set to provide \$20 million in grants to small businesses and nonprofits that have experienced losses as a result of COVID-19. It increasingly appears, however, that most businesses will experience losses in this sharp recessionary contraction. I am a long time advocate for our restaurants. As one of the hardest hit sectors, they need targeted support from the County so that they can rebound and rehire when the pandemic subsides.

Being the monopoly wholesaler of beer, wine, and liquor in the County, Alcoholic Beverage Services (ABS) is in a unique position to provide additional relief. **I am writing to request that ABS allow restaurant licensees to defer payments or make partial payments on all products purchased from ABS for the next 12 months.**

I recognize that this proposal could have a significant, albeit temporary, impact on ABS' budget and resulting transfers to the County General Fund. But this crisis requires swift and bold action. Accordingly, I suggest that you work with the Department of Finance and Office of Management and Budget to explore options that could allow the County to smooth the revenue impact of this proposal over a longer period of time. Given that the revenues will come in eventually, there may be financing options to explore.

Unlike grants, the money will be repaid (it will be effectively a zero interest loan; businesses that fail can be required to return their inventory to the county). The program will help restaurants with very low cash flow in a very uncertain environment to regain their footing. Ultimately, the proposal should be revenue positive as restaurants will buy more beverages from ABS than if they fail or never reopen.

While we have not always agreed about alcohol policy, we have worked together to dramatically improve services to our restaurants since 2015 when we served together on the Council's Ad Hoc Committee on Liquor Reform, which I chaired.

While I was optimistic that Director Dorfman would bring a new level of business savvy to ABS, I was deeply disappointed that earlier this year, when we uncovered that ABS retail stores have actually been losing money, he chose to launch political attacks rather than deal with the impact ABS has on our business community head on. Now, we have a chance to use this power to help our licensees at this critical time in a way that a private system could not.

I applaud ABS' swift action to allow licensees to sell carry out beer, wine, and more recently, liquor. We need to continue to take bold action - and fast.

Sincerely,



Hans Riemer  
Chair, Planning, Housing & Economic Development Committee

cc: Councilmembers  
Michael Coveyou, Director of the Department of Finance  
Richard Madaleno, Director of the Office of Management and Budget  
Bob Dorfman, Director of the Alcohol Beverage Services