



Department of Administrative and Financial Services

Kirsten LC Figueroa, Commissioner

Bureau of Alcoholic Beverages and Lottery Operations

Louie Luchini, Director

Maine State Liquor and Lottery Commission

Elizabeth Fitzgerald, Chair

Government Evaluation Report

March 6, 2024



JANET T. MILLS
GOVERNOR

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BUREAU OF ALCOHOLIC BEVERAGES AND LOTTERY OPERATIONS
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TO: Senator Hickman
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Members of the Joint Standing Committee on Veterans and Legal Affairs

FROM: Louie Luchini, Director
Bureau of Alcoholic Beverages and Lottery Operations

DATE: March 6, 2024

RE: Bureau of Alcoholic Beverages and Lottery Operations
State Liquor and Lottery Commission Government Evaluation Act Report

Please find enclosed the combined Government Evaluation Act Report for the Bureau of Alcoholic Beverage and Lottery Operations and State Liquor and Lottery Commission Government Evaluation Act as required by the State Government Evaluation Act, 3 M.R.S. §955(1), sub-§1.

The mission of the Bureau of Alcoholic Beverages and Lottery Operations (Bureau) is to provide exceptional service while managing the state's enterprise spirits and lottery businesses through dynamic product development, distribution, and sales in order to deliver a consistent stream of State revenues and to achieve an orderly and responsible path to market. In addition, the Bureau fairly and equitably regulates the licensing and enforcement of thousands of licensed individuals and businesses selling and serving liquor. Each budget cycle the Bureau is proud to transfer more than \$163 million dollars to the State's General Fund. Over the last ten years, the Bureau has transferred over \$1.4 billion from the sale of spirits and lottery proceeds and collected from liquor licensing fees and excise taxes. In addition to the General Fund contribution, over \$6.4 million has been transferred to the Maine Outdoor Heritage Fund to support wildlife and conservation efforts across the state.

The State's regulation of liquor originated in 1862 with the establishment of a Commission to Regulate Sale of Intoxicating Liquors and to have control of liquors kept and sold for medicinal and manufacturing purposes. A state lottery was approved by public referendum in November 1973 for the purpose of generating additional revenues for the State's General Fund. The first State Lottery Commission was appointed in January 1974. In 1992, the Bureau of Alcoholic Beverages and the Maine State Lottery were combined to become the Bureau of Alcoholic Beverages and Lottery Operations. The following year, 1993, the Maine State Liquor Commission and State Lottery Commission merged into a single combined entity called the State Liquor and Lottery Commission (Commission), which consists of five members appointed by the Governor and confirmed by the Legislature. The Commission meets monthly to review the profit performance of the spirits and lottery businesses, approve new spirits products for listing for sale in the state, delist spirits products that are no longer selling, and approve new lottery games. In July 2013, the program unit for liquor licensing and enforcement was transferred from the Department of Public Safety to the Bureau.

Bureau of Alcoholic Beverages and Lottery Operations

Government Evaluation Act Program Evaluation Report

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A. Enabling Legislation

The Department of Administrative and Financial Services (DAFS) is a large and wide-reaching department consisting of 10 divisions and approximately 1,200 positions. DAFS' work intersects with six committees of jurisdiction, plus significant interaction with the Joint Standing Committee on Appropriations and Financial Affairs.

The Bureau of Alcoholic Beverages and Lottery Operations (the Bureau or BABLO) operates under enabling legislation located in State statute under Title 28-A (Liquors) and Title 8, Chapters 14-A (Lottery) and 16 (Tri-State Lotto Compact). Additionally, the 21st Amendment to the United States Constitution, which repealed Prohibition on December 5, 1933 enables states to regulate the importation and use of intoxicating liquors. The Bureau reports to the Joint Standing Committee on Veterans and Legal Affairs.

B. Program Description – State Liquor and Lottery Commission

The State Liquor and Lottery Commission (Commission) is a five member commission appointed by the Governor and confirmed by the Legislature. The Commission meets monthly to hear from the Director, who, in accordance with Maine law, serves as the Executive Secretary of the Commission, on matters relating to spirits and lottery operations.

The Commission's oversight authority of spirits and lottery operations includes the following areas:

For Spirits Operations:

- Monitoring the operation of the Bureau in its administration of the laws relating to the sale of spirits;
- Advising the Director of the Bureau regarding the administration of the functions of the Bureau;
- Advising the Governor and the Legislature regarding issues relating to the operation of the Bureau and the administration of the laws relating to the sale of spirits;
- Determining which spirits products may be listed for sale in the state and establishing the retail price thereof; and
- Determining which spirits products may be delisted and not available for sale in the state.

For Lottery Operations:

- Promulgating and amending rules on the conduct of lottery draw games;
- Making recommendations and sets policy for state lotteries;
- Approving new instant scratch ticket games; and
- Hearing appeals from applicants on the denial by the Bureau of a lottery retail license.

The Bureau and the Commission take seriously their respective roles of proposing and listing spirits products and lottery games to legal age Maine residents and Maine visitors. Both the Bureau and Commission understand the importance of promoting responsibility around these age restricted products.

B. Program Description – Spirits Operations

The mission of the Bureau, with respect to spirits, is to effectively regulate the distilled spirits industry to ensure responsible business practices and create a favorable economic climate while prohibiting sales to minors and promoting responsible consumption of alcoholic beverages for those of legal age.

Maine is one of 18 control jurisdictions which means that distilled spirits are only available for purchase at licensed Agency Liquor Stores or licensed on-premises establishments that have been inspected and licensed

by the Bureau. Additionally, the Bureau controls the distribution of spirits in the state, and in conjunction with the Commission, regulates the pricing of spirits.

For more than a decade, the State of New Hampshire has routinely attempted to undercut the price of spirits sold in Maine – usually quite successfully. New Hampshire, also a control jurisdiction, maintains a number of state-owned liquor stores strategically located along state borders and, more importantly, with easy on and off traffic flow of I-95. While competition such as this is not unique among bordering states, since July 2014, with the change in the business model from a lease to a fee for service contract, the Bureau has been better positioned to optimize its pricing strategy to compete in the marketplace and provide the consumer with a better value when purchasing spirits. If spirits are consumed in Maine, the Bureau wants to ensure that those spirits were purchased in Maine to the benefit of Maine’s spirits retailers and the State’s General and Highway Funds. In the years since 2014, the Bureau’s work to keep prices competitive for Maine consumers and those traveling to Maine from the South has been very successful. In the years prior to COVID-19, the compound annual growth rate (CAGR) of sales and profit from FY14 through FY20 were 7.07% and 5.65% respectively. For the entire ten-year period covered by this report, FY14 through FY23, those CAGRs were 6.65% and 4.83% respectively.

The State’s role in the distribution and retail sales of spirits has transformed since the 1980s. After the repeal of prohibition in 1933, the only way citizens could purchase spirits in Maine was from a state-operated liquor store. Through the 1980s, the State ran its own retail locations or licensed agency liquor stores for the purpose of selling spirits. The State sold spirits to these agents at a discounted rate and established a uniform retail price at which the spirits would be sold throughout Maine, providing equal access and pricing from Kittery to Fort Kent and all places in between.

Beginning in the early 1990s, the State began to close some of its own stores and began to license more private business as agency liquor stores. The budget presented to the First Regular Session of the 121st Legislature by then Governor John Baldacci proposed closing the remaining State liquor stores and selling, transferring, or leasing the wholesale operation of spirits to a private entity.

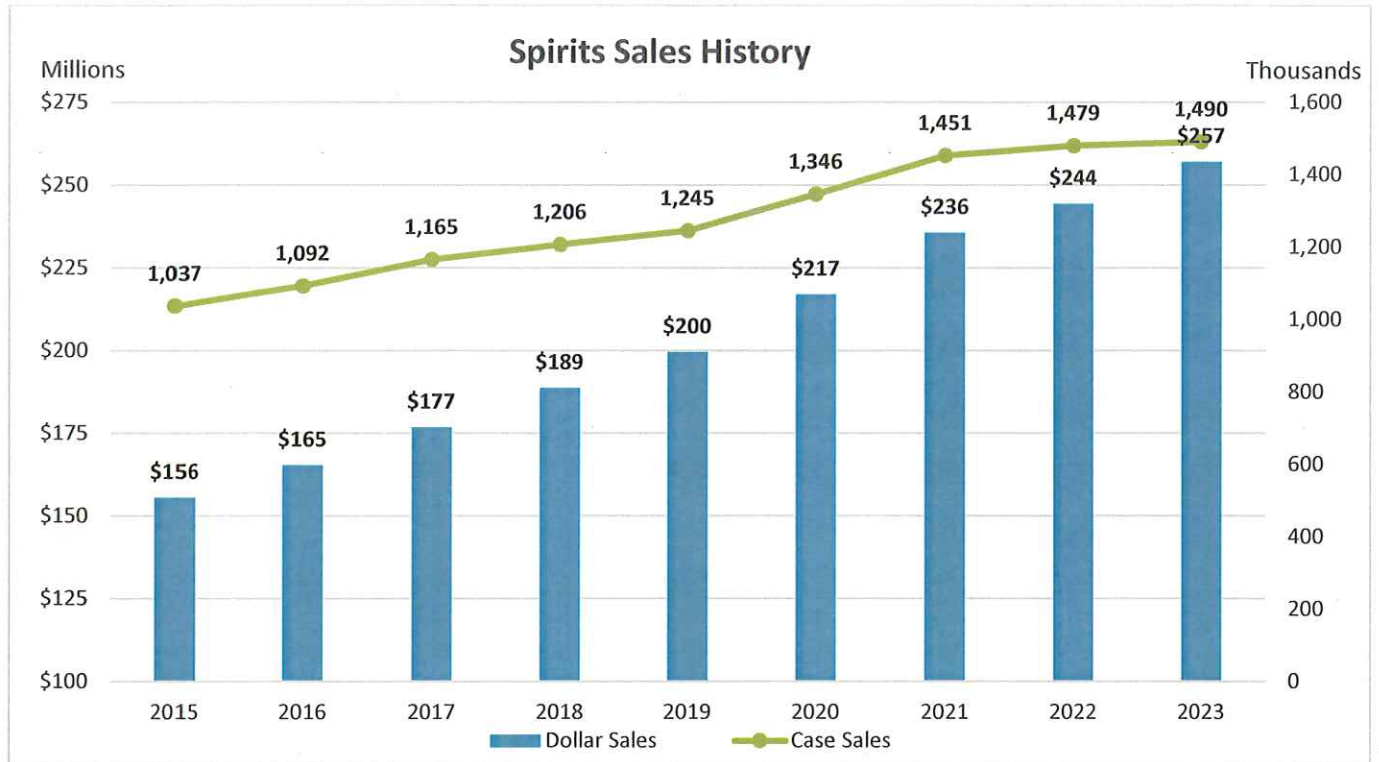
Previous Business Model - Leasing of the State’s Spirits Business (2004 – 2014)

In May 2004, the State signed a ten year lease with Maine Beverage Company for the warehousing and distribution of spirits subject to price regulation by the State. Maine Beverage paid the State \$75 million in FY04 and \$50 million in FY05 for this privilege. Maine Beverage partnered with Pine State Trading Company for warehousing and distribution services. The Bureau provided oversight of the lease agreement with Maine Beverage Company by requiring monthly and annual financial reports and instituting an auditing process. Pursuant to the lease, the State guaranteed an annual gross profit baseline in aggregate sales of 36.8% to Maine Beverage Company. When annual aggregate sales exceeded 36.8%, profit sharing was triggered with the State realizing a 50% share of the baseline overage. Over the 10-year lease period from July 1, 2004 to June 30, 2014 the State realized a total profit of \$189 million, inclusive of the \$125 million up-front payments made in FY04 and FY05.

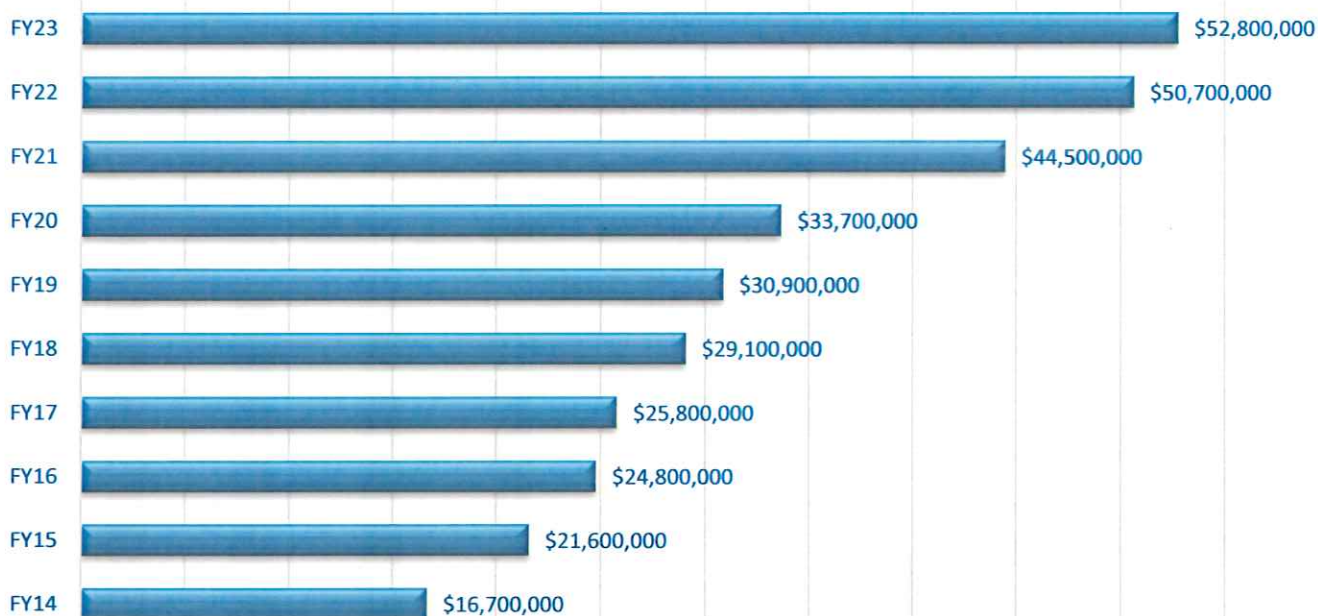
The Current Business Model (2014-2024)

In early 2013, former Governor Paul LePage put forward a plan to change the business model from a lease—in which the vast majority of the profit went to the lease holder of the business—to a fee-for-services model in which the State would be the primary beneficiary of the profits from Maine spirits sales. Legislation was crafted by the Bureau, and after considerable work with the Legislature, especially the Veterans and Legal Affairs Committee, the new business model was finalized. A Request for Proposal was developed for two functional areas of the business—Spirits Administration (warehousing, distribution, and financial and inventory management) and Spirits Trade Marketing. The result was a competitive bid process that ultimately awarded both contracts to Pine State Trading Co. in 2014—forging the Maine Spirits brand between the State and our vendor.

In the full nine years of this business model that started on July 1, 2014, the following charts depict the exceptional growth of the business in terms of dollars, cases, and profit growth for the State and for our agency retail store partners.



Spirits Retailer Discounts (Profits)



Pricing by the Bureau

The Bureau is responsible for the listing of all distilled spirits and the Commission sets a uniform price for the more than 5,600 spirits product stock keeping units (SKUs) on the advice and counsel of the Bureau. Each SKU is placed into a specific category and using the Bureau's pricing formula the retail price for each product is determined. The Bureau first implemented its pricing formula in February 2016 after months of work modeling different mark-ups of the supplier's bottle cost charged to the state. The pricing formula was modified a year later, in 2017, after the Bureau observed year-over-year growth in sales without a corresponding growth in profit. The Bureau added a state minimum profit threshold by bottle size to ensure that regardless of retail price, every spirits product of equal volume was generating a minimum profit to the state. Pricing is reviewed quarterly for adjustments submitted by suppliers and the Bureau to change prices. The Bureau works closely with its suppliers to optimize pricing on scale brands that drive the business in Maine. The Bureau and suppliers bring forward pricing discount requests to create sale programs throughout the year. Appendix B provides the 25 top selling spirits SKUs in Maine during FY23.

The Bureau was charged in P.L. 2021, ch. 622 with reporting back to the Committee on Veterans and Legal Affairs (VLA) on the process by which the State Liquor and Lottery Commission establishes the retail price of spirits sold in the State. That [report](#) was submitted to the VLA Committee in January 2023.

Retail Distribution Network

The Bureau currently has over 600 licensed agency liquor store partners. Since the business model took effect in July 2014 (FY15) agency liquor stores have earned \$313.9 million in commissions from the sale of spirits compared to the \$139.2 million the earned during the lease years from FY04 to FY14—this is a 125% increase. Appendix A lists the top 25 agency liquor stores in FY23.

The allocation cap of agency liquors stores per municipality is set in 28-A M.R.S. §453 based upon the resident population as of the last decennial U.S. Census. Available agency liquor store licenses up to the applicable municipal cap are awarded by the Bureau through a competitive process. On a semi-annual basis, the Bureau evaluates municipalities for available licensing opportunities; the Bureau is not obligated to open all possible slots, and the determination of which municipalities are to be opened to in a given award cycle is based

upon a combination of factors, including interest expressed by existing beer and wine retailers and market growth potential. The total number of slots opened in a given fiscal year is constrained by a provision of the existing Maine Spirits contract that limits retailer growth to 5% over current levels. Strategically, the round of openings in the Spring are typical geared towards summer tourist destinations, and aims to bring those new agency liquor stores online ahead of the summer tourist season. The round of openings in the Fall takes a more universal, gap filing approach and aims to bring new agency liquor stores online ahead of the holiday season. The municipalities with openings in a given round are publically advertised, and applicants seeking an available license are required to submit written application materials. Applicants are also given a day to present their case and defend their application to the Bureau in a public hearing. Awards are then made based upon a variety of factors including store location and existing beer and wine sales. The Bureau's award decisions may be appealed to the Court.

Every legislature, bills are submitted to increase the allocations of agency liquor stores for one population band or another. These bills are usually driven by a beer or wine retailer that would like to become an agency liquor store, but is located in a municipality operating at its cap. As the Bureau indicated in testimony on one such bill this year, the time may have come to conduct a more comprehensive review of the license allocations by population.

Agency liquor stores make their share of profits from the State's spirits business by purchasing their inventory as a percentage discount on the retail price. The current statutorily established discount is 18% off of the retail prices. The Bureau will put forth updated agency rules regarding additional performance based retailer incentives for the next 10-year contract period following finalization of the next Maine Spirits contract.

Social Responsibility

The Bureau collaborates with the Maine CDC on social responsibility initiatives. The Bureau and the Maine CDC meet regularly to discuss and strategize on issues related to underage consumption and access by minors to liquor. In addition, liquor inspectors conduct trainings to educate licensees about alcohol server regulations and ensure alcoholic beverages are served in a responsible manner to age-eligible consumers. The Bureau has been able to obtain grant money from the National Alcohol Beverage Control Association (NABCA) to develop programs and conduct studies to help promote responsibility. Social responsibility focused initiatives that BABLO has participated in are detailed below.

- **2015 Licensee Toolkit** - The Bureau used NABCA grant money to produce a licensee toolkit to provide to on- and off-premises licensees with information and materials needed to responsibly sell and serve liquor.
- **2016 Underage Drinking Media Contest** - The contest was offered to high school students across Maine. Students were asked to create an impactful video that would communicate the consequences of underage drinking on students, families and communities or otherwise raise awareness about the dangers of underage drinking. Nineteen submissions were received, reviewed, and judged by a Maine Spirits team of 6 people. The judging criteria consisted of Impact, Understanding of the Contest Theme, Video Production Quality, Creativity, and Overall Presentation. The first-place winning video, "The Call", was produced by students from Winthrop High School. "Happy Birthday" and "Preventing Underage Drinking", the second and third place videos respectively, were both produced by students from Old Town High School. The winning video can be seen on YouTube: <https://www.youtube.com/watch?v=WQg5uWx5hQs>. Monetary prizes of \$5,000, \$2,500, and \$1,000 were awarded to the schools.
- **2017 Compliance Event** – BABLO's Division of Liquor Licensing and Enforcement conducted a random compliance check program of off-premises and on-premises licensed agents, as well as of licensed events that served alcoholic beverages. The program was designed to reward licensees who

were compliant and to educate and provide tools for improvement to those who were not. 283 licensees were checked of which 28 were noncompliant, for a failure rate of 9.89%. Those licensees who were checked and found compliant were immediately notified of their success and were entered into a drawing for one of 25 Amazon Echo Dots. The rewards-based system was very well received.

Initially, no violations were written to those licensees who failed. The failure was used as an opportunity to educate licensees and their employees on the effective manner for checking IDs and to create and promote stronger internal controls for selling alcoholic beverages.

- **2017 Safe Bars** - BABLO and Pine State Spirits, collectively referred to as Maine Spirits, partnered with a coalition in Portland to bring the Safe Bars DC program to the area. Safe Bars DC is a program that was created for restaurant/bar owners, wait staff and bartenders to prevent sexual harassment and assault in their locations by learning how to safely intervene on behalf of a patron. Safe Bars Portland is a coalition of organizations, such as Prevention. Action. Change., the Portland Police Department, Family Crisis Services, and the Hunt and Alpine Club, to name a few. This program encourages coalition building as the team of trainers come from the bar/restaurant industry, law enforcement, social service providers and State Government through BABLO. Since the first trainings occurred, “Safe Bars Portland” evolved into “Heart of Hospitality” and has started training bar and restaurant staff in the Portland area.
- **2018 Age ID**- BABLO partnered with Intellicheck to support 200, one-year subscriptions for the AGE ID app, which provides real-time identity authentication. With data embedded in the barcode of state issued IDs, the retailer receives an instant notification if the ID is authentic or fake. AgeID can verify IDs from all US and Mexican states, Canadian provinces, and military-issued IDs. The technology also alerts the user if the same ID has been used within a set amount of time, which prevents “passbacks,” where multiple people use the same ID and helps determine if the ID has been designated to a “do not serve list,” helping users manage the number of items sold to one person. Initially, the Bureau issued 33 yearly subscriptions, which were used by the Bureau’s liquor field inspectors, on- and off-premises licensees, police, and a college campus, which used it for an on-campus event. Further, Intellicheck AgeID also mitigated liability for alcohol retailers by making it easier for clerks to identify fake IDs and prevent illegal sales to individuals under the legal drinking age of 21. BABLO continued to support licenses for the app, until the 200 licenses were issued.
- **2021 Responsible Beverage Service Video** – BABLO, in conjunction with the Maine CDC, developed an animated training video to educate servers, bartenders, and liquor store employees across the state on how to prevent selling alcohol to visibly intoxicated individuals. The video highlights effective strategies to prevent sales to intoxicated patrons, including techniques on how to refuse a sale. This video will be used as part of responsible beverage service (RBS) training conducted by the Maine CDC’s Tobacco and Substance Use Prevention and Control program, a longstanding partner of BABLO. While RBS training is not mandatory in Maine, several municipalities require the certification. This program ensures sellers and servers of alcoholic beverages are trained to check for ID and to recognize signs of impairment, which ultimately helps to prevent irresponsible sales and use of alcohol. This video supplements the in-person training by providing both on- and off-premises establishments examples on how to detect impairment. Although the video was originally planned to use live actors, the project pivoted to animation due to complications raised by COVID-19. Even in this new format, the video successfully met BABLO's goal: The more education that can be provided to people who serve and sell alcohol, the better they can help keep their communities safe. The video is available on the Maine CDC’s YouTube channel (<https://www.youtube.com/watch?v=rxzJVA1tl58>).

- **2022 Enforcement Capacity Project** – NABCA in coordination with BABLO contracted with Bosma Consulting LLC on a nationwide survey for Alcohol Enforcement Capacity. As the Bureau saw changes in permissions allowed to licensees during COVID with an increased workload, staffing remained the same. This project used Maine as the central subject to compare against other states across the nation with enforcement capacity of liquor laws. Maine scored 42nd out of 46 jurisdictions in response to the number of licensees assigned to each inspector. The report was instrumental in helping the Bureau evaluate our own needs. The report clearly demonstrated that Maine was inadequately staffed to perform the required compliance checks that are integral to ensure public safety. Key topline data points from the report were used to support the Bureau’s request and receipt of additional positions in the FY24/25 Biennial Budget. These five additional positions will improve the Bureau’s compliance and enforcement capacity. Maine only has administrative enforcement over statute with no criminal authority, while many of the states surveyed have both criminal and administrative authority. The data has become a valuable tool for other states interested in their own capacity around liquor enforcement as well. That report has been included as Appendix M at the back of this report.

B. Program Description - Liquor Licensing and Enforcement

The Bureau is responsible for the enforcement of liquor laws and rules governing the manufacture, importation, storage, transportation and sale of all liquor and to administer those laws relating to licensing and the collection of excise taxes on malt liquor and wine products required to be remitted under Title 28-A.

The Bureau issues and renews all licenses authorized and holds licensing hearings as required by Title 28-A. The Bureau director or the director's designee appoints a hearing officer who may conduct hearings in any licensing matter pending before the Bureau. The hearing officer, after holding the hearing, renders a final decision based upon the record of the hearing. The decision of the hearing officer is considered final agency action and can be appealed to District Court.

The Bureau reviews all appeals from the decisions of municipal or county officers regarding the licensing of on-premise licensees. In addition to this authority under Title 28-A, the Bureau may recommend to the District Court that the Court suspend or revoke any license issued by the Bureau relating to the sale and service of liquor.

As of the latest available data, there are approximately 6,001 liquor licenses in the state. Of these, 2,477 are restaurants or other on-premises licenses, 1,294 are beer and wine retailers, 628 are agency liquor stores, 618 are out-of-state suppliers who sell to our 19 in-state distributors, 673 are direct shippers of wine, and 292 are in-state manufacturers. In 2022, the Bureau issued 1,844 catering permits, 157 incorporated civic organization event permits, 475 sales representative licenses, 73 sacramental permits, and 44 festival-style supplier taste-testing event licenses. Additionally, in 2022, the Bureau reviewed 10,376 of the 34,406 active alcoholic beverage label registrations. The state of Maine ranks #2 in breweries and #8 in wineries per capita. This is further detailed in Appendix F.

The Bureau receives enforcement requests from other state agencies that have limited or no enforcement authority over liquor licensees. These agencies enlist the Bureau to take the appropriate enforcement action under Title 28-A or the Bureau’s administrative rules to garner compliance for their agency as the Bureau’s rules require all licensees to be in compliance with all other state laws and rules. The most common enforcement requests come from the Department of Health and Human Services’ Health Inspection Program (HIP) relating to a health and/or tobacco license matters, the Department of Agriculture, Conservation and Forestry relating to a health license matters, Maine Revenue Services relating to tax matters, and the Maine Department of Labor for labor related matters.

The Bureau takes its responsibility to prevent the sale of liquor to minors and visibly intoxicated persons seriously. The Bureau works with the Maine CDC and local law enforcement agencies to conduct compliance checks statewide. As previously mentioned, the Bureau has used NABCA grants and funding from the Maine CDC to create and maintain a licensee toolkit to provide information and material on proper practices for preventing sales to minors, how to identify visibly intoxicated persons, and how to properly ID persons purchasing liquor.

The Bureau participates at the national level with the National Alcohol Beverage Control Association (NABCA) relative to licensing and enforcement activities carried out in other control states as well as non-control states through the Bureau’s membership in the National Liquor Law Enforcement Association (NLLEA).

The Bureau works with local law enforcement agencies under a Memorandum of Understanding (MOU) for the enforcement of Maine liquor laws (See Appendix H). Currently, the Bureau has 108 MOUs in force with local law enforcement agencies (16 County sheriffs and 92 local police departments). This MOU process was initiated in 2003 after the dissolution of the Bureau of Liquor Enforcement.

The Bureau is responsible for processing all administrative liquor law violations issued to licensees by the Bureau or other law enforcement agencies. The Bureau, in conjunction with the District Court, has a variety of options to resolve administration violations. These options include a fine, suspension, revocation or alternative sentencing through a consent decree process approved by the District Court. Alternative methods of resolution include education and policy development for adhering to state liquor laws . There were 303 violations process in 2022 and 227 in 2023. There were 303 violations processed in 2022 and 227 in 2023. Listed below are the resolutions.

	<u>2022</u>	<u>2023</u>
Paid Fines	234	205
Warning Issued	60	11
Training	1	0
Dismissed	7	11
Suspension	1	0
Total	303	227

See Appendix G for a full breakdown of violations processed in 2022 and 2023.

During FY22, seven seller/server training programs reported to the Bureau that over 1,317 participants were trained.

The Bureau continues to work with the Maine CDC and law enforcement agencies to conduct underage drinking compliance checks and programs to deter illegal purchase and consumption by minors. See Appendix I for the protocols and procedures for conducting underage compliance check programs developed by the Bureau in conjunction with the Office of the Attorney General.

B. Program Description – Lottery Operation

The Maine State Lottery was established by the Legislature in March 1973, and it was approved in a state-wide referendum in November of the same year by a vote of 154,911 to 90,433. Net proceeds are dedicated to the General Fund, with the exception of one game that is dedicated to the Outdoor Heritage Fund as required by M.R.S Title 28-A, Chapter 14-A, Section 374, subsection 5. The Bureau is proud of its commitment to providing the citizens of Maine with entertainment through the distribution and sale of lottery games through

its statewide network of licensed retailers. The lottery was established to operate as a dynamic, entrepreneurial business enterprise and to report to the Commissioner of the Department of Administrative and Financial Services (DAFS) through a system of audits and reports and through compliance with financial disclosure, open meetings, and public records laws. The Bureau Director is appointed by the DAFS Commissioner. A five-member commission is appointed by the Governor and approved by the Legislature.

The Bureau contracts its lottery gaming system, instant scratch game ticket production, distribution and advertising functions to the private sector through a competitive bidding process. The Bureau's headquarters are located in Augusta. The Director is charged with overall management of the Bureau.

Draw game lottery ticket sales began in June 1974 and since that time the Bureau has developed various categories of instant scratch game tickets, fast play games, draw games and promotions, which have generated over \$7.1 billion in sales revenues, and over \$4.74 billion in prizes paid to players. Since 1974, lottery profit transfer to the General Fund is over \$1.76 billion. Since 1996, lottery profit transfer to the Outdoor Heritage Fund is over \$24.0 million. Since FY2014, the lottery's general fund transfer is over \$624.6 million and \$6.45 million to the Outdoor Heritage Fund. Since 1974, the lottery's retail network, comprised of national chain stores, regional chain stores, Maine-based chain stores and independent stores, has received over \$518.7 million in selling commissions and bonuses. Since FY2014, this amount is over \$206 million.

The sales by game, prizes, commissions, and profit from FY14 through FY23 is available in Appendix E. The breakdown of the FY23 sales and how those sales were distributed to prizes, commissions, expenses, and profit, is available in Appendix D.

Current Games

The current portfolio of games offered by the lottery includes a variety of Instant scratch, Fast Play and Draw games. Players can claim winnings under \$600 from any lottery retailer. Prize winnings of \$600 or more must be claimed in person or via mail through lottery headquarters in Augusta. The top prize in each game varies by game type and price point. Some games offer winners of the top prize the option to choose a one-time cash payment or annual payments over a period of time.

Instant Scratch Ticket Games

In June 1975, the first one dollar (\$1.00) instant scratch ticket game, "The Incredible Instant Game", went on sale. Currently, the lottery introduces approximately 35 new instant scratch ticket games each year. Most instant scratch games are designed to sell out in approximately 36-40 weeks. The portfolio of instant games offered at any given time provides a wide range of play styles, game themes, and price points from which players can choose. Prices of instant scratch ticket games range from \$1 to \$30. Prizes in these games include cash, merchandise, trips, or other experiential prizes. All winning tickets must be redeemed within 365 days of the official end date of that game.

The Maine Outdoor Heritage Fund Instant Ticket

Concerned about a lack of funding for projects that conserve the outdoors for Maine people and wildlife, the Sportsman's Alliance of Maine and the Maine Audubon Society joined forces in 1994 to address the problem. Their referendum campaign to establish an instant scratch ticket game dedicated to conservation was so successful that the Legislature implemented the program on its own, bypassing the need for a referendum. Since tickets first went on sale in January 1996, over \$24 million has been generated from the profit of Maine Outdoor Heritage Fund instant scratch tickets. The MOHF tickets were sold at the \$1 price point until 2022 when the lottery recognized a shift in player purchasing patterns leading to decreased revenue for the MOHF. To help address this, the lottery made changes to the game offerings and play style including an increase in price point to \$3 and offering an extended play game style. The success of these changes has been remarkable, increasing the MOHF profits from \$472,000 in 2021 to \$741,928 and \$1,107,570 in FY23. The profit from

this game funds grants to worthy projects across Maine. The MOHF games are updated throughout the year and are available where Maine State Lottery tickets are sold.

Draw Games

The Bureau currently offers nine (9) draw games. The Pick 3, Pick 4, Lucky for Life, Gimme5 and World Poker Tour games offer set prize amounts. Megabucks, Powerball, Mega Millions and Lotto America offer rolling jackpots that increase in value until there is a top prize winner.

Ticket prices range from 50¢ to \$2.00. Powerball, Mega Millions and Lotto America have add-on features that, if selected for an additional \$1.00 per play, will increase their prize winnings. Currently, drawings for Megabucks, Lotto America and Powerball are held three times each week. Lucky for Life is drawn daily seven days a week. Drawings for Pick 3 and Pick 4 are held twice daily, and drawings for Gimme5 are held 5 days a week.

Maine, Vermont, and New Hampshire formed the first multi-state lottery association, the Tri-State Lotto Compact, in April 1985. Sales for the \$1.00 Tri-State Megabucks draw game started on September 3, 1985, with a Saturday night draw. In May 1990, the number of draws increased to twice a week, Wednesday and Saturday. In 2009, the price point was increased to \$2.00 with a guaranteed starting jackpot of \$1 million and the best odds of winning a prize in any draw game offered by the Lottery. In September of 2023 Megabucks added a third weekly drawing on Mondays.

In July 2004, Maine joined 28 other jurisdictions and began selling Powerball with current starting jackpots of \$20 million that can grow into the billions. The largest Powerball jackpot to date was won in California on November 7, 2022, at \$2.04 billion. The drawings are held Monday, Wednesday, and Saturday nights.

In May 2010, Maine joined 42 other jurisdictions and began selling Mega Millions with starting jackpots at \$15 million that can grow into the billions. In January 2023 Maine sold a winning Mega Millions jackpot ticket in Lebanon worth \$1.35 billion. The largest Mega Millions jackpot to date was worth \$1.6 billion won on August 8, 2023, in Florida. The drawings are held on Tuesday and Friday nights.

In March 2012, Maine joined the other New England states to offer the first New England regional game called Lucky for Life. The top prize for this game is \$1,000 a day for life. The game also offers a second-tier prize of \$25,000 a year for life. In January 2015, Lucky for Life became a multi-state national game with the addition of 14 other lottery jurisdictions in the United States.

Retail Distribution Network

Tickets for instant scratch, fast play and draw games are sold to the public through a distribution network of licensed retailers who receive a commission of 5% for draw and fast play sales and 7% for instant scratch games with the exception of the Outdoor Heritage Fund games, which are statutorily mandated to pay 1% higher than the sales commission paid to retailers for all other instant lottery games. Lottery retailers also receive a 1% selling bonus for winning tickets sold of \$1,000 or more for Instant, Pick 3 and Pick 4. All other games offer a bonus up to \$50,000 depending on the game and size of the jackpot won.

Maine retailers have experienced increased revenues from lottery commissions over the last few years. In FY23, retailers received \$27.1 million in commissions and selling bonuses, the most in lottery history. Over the last 10 years retailers have received over \$206.2 million and averaged \$20.6 million annually.

Currently there are approximately 1,150 retailers statewide selling draw, fast play and instant scratch games. Retailers are subject to various reviews and performance standards. Retailers sign a licensing agreement with the Bureau and are provided with the equipment to sell all types of lottery games. Retailers receive instant tickets for them to sell and are not billed until the tickets have been sold or reached a settlement time based

on the game status. Retailers' financial accounts are swept each week for monies due from the sale of tickets. See Appendix C for a list of the top 25 retail licensees in FY23.

Service Provider

The Bureau has a contract for the lottery gaming system and instant ticket services with Scientific Games. ("SG") SG and the Bureau entered into a shared-risk agreement which is effective through June 30, 2025. The basic elements of the agreement are: SG is responsible for providing all point of electronic sales equipment, gaming systems and software, marketing support, draw game supplies, ticket printing, warehousing, sales, and distribution of instant scratch ticket games. SG is paid on percentage of sales. SG is currently compensated at the rate of 3.521% of net ticket sales. The contract provides for liquidated damages, a performance bond, and other liability coverage to protect the Bureau's interests.

Advertising and Promotions

The Bureau contracts with Fuseideas in Portland, Maine which is in effect through June 30, 2025. The purpose of lottery advertising is to maximize awareness, build player loyalty, communicate with players, and maintain market share in the gaming, entertainment, and consumer product industries. The advertising and promotion program uses numerous media channels including television, radio, digital, outdoor signage, and print to support various branding, promotional and product campaigns in nine Maine media markets. Fuseideas is currently compensated at the rate of 14.5% of the Bureau's annual advertising budget of \$1.8 million.

Social Responsibility

The Maine State Lottery understands and takes very seriously the obligation it has to promote responsible playing and provide resources to anyone in need. In addition to its well-known "Keep it Fun. Play Responsibly" tagline that is heard on radio, television and appears on all digital and paper point of sale, the Bureau has an on-going, dedicated responsible gaming campaign that includes television, radio, social media, web-based and point of purchase components. The 2-1-1 Maine number, used to access health and human service information and resources, is included on all tickets and point of sale information to provide resources to those in need.

The Lottery works with the Department of Health and Human Services and Maine Centers for Disease Control (Maine CDC) to create responsible gaming initiatives and has created a responsible playing media campaign. This campaign is designed to encourage responsible gaming and provide information on resources available to help with problem gaming. See Appendix L for an example of the Bureau's point of purchase information that runs in a timed loop on the Lottery's digital displays as well as "Know Your Limit – Stay within it!" publication. The lottery website has more information for persons seeking information about problem gaming – see www.maineottery.com/playersinfo/play_responsibly.html.

The Bureau works with the Department of Public Safety as part of the state's Amber and Silver Alert programs. When an alert is issued, the Bureau uses their network of 1150 retailers across Maine to notify the public of a missing individual. Pictures with vehicle descriptions etc. are displayed at all retail locations across the state and seen by the public. This was proven to be successful when a missing individual was located because a store clerk recognized the missing person on the lottery display. During the activation of a silver alert a lottery clerk took note of the alert, noticed the missing individual in their store and contacted authorities who were able to safely get the individual home.

Information Systems

The Bureau performs the testing, coordination, and implementation for the gaming related systems. The Bureau, in cooperation with SG, implements software to ensure that proper data and user authentication security is built into each new business application to preserve the integrity of the games. Additionally, the data within each business application system is protected through controlled access authorization and logical file protection mechanisms to ensure accurate storing, processing, and reporting of information. A multitude of gaming support and administrative applications are designed ranging from payment of winning tickets,

sales reporting, and accounts receivable. The system includes digital displays that provide the capability to promote games, jackpot amounts and winners. SG data centers operate on a 24-hour-a-day, 7-day-a-week schedule, holidays included. SG uses two (2) data centers – one in Maine and one in Georgia – to provide primary and backup system redundancies. The Bureau, together with SG, is responsible for maintaining and coordinating the Business Continuity Plan.

Lottery Security

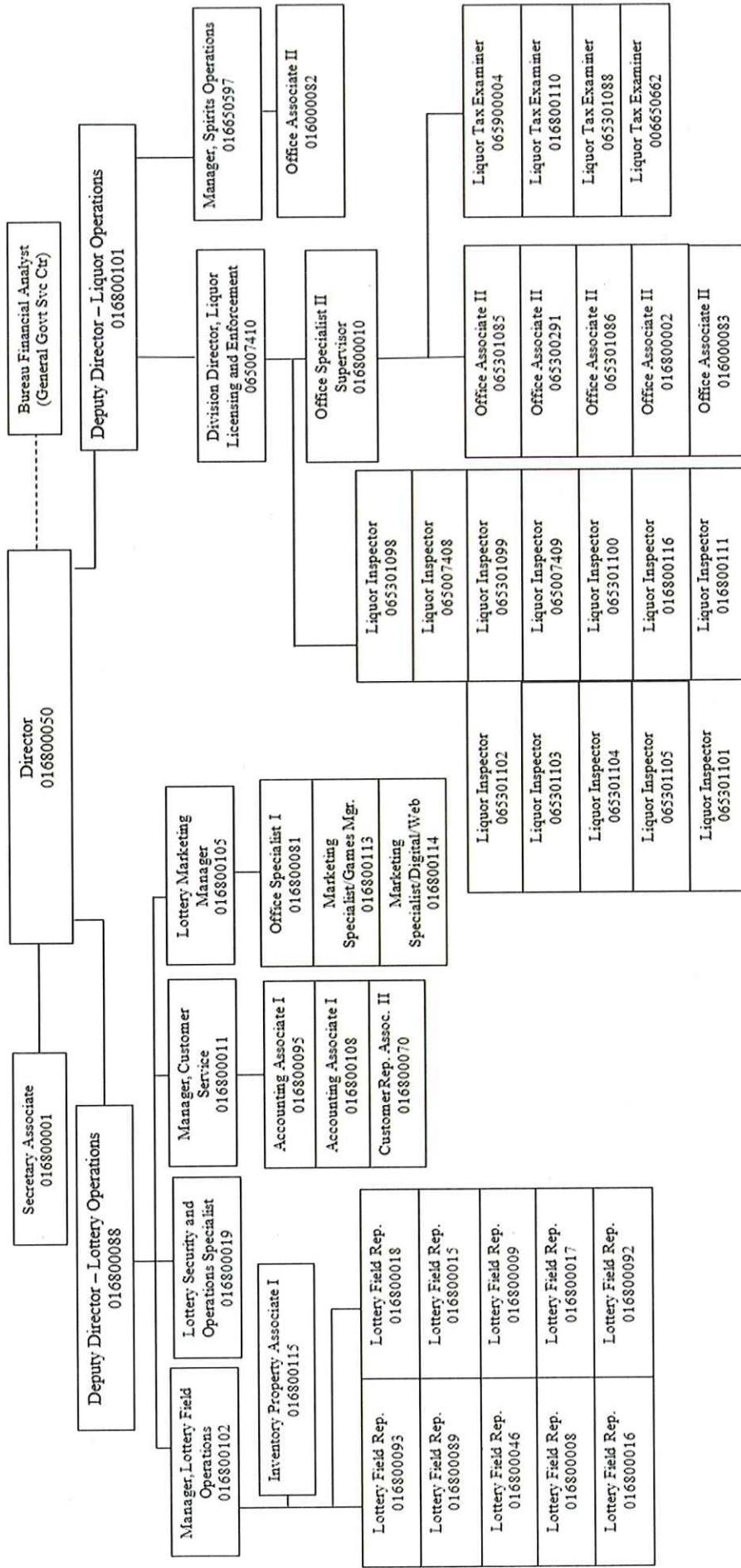
To promote and protect the integrity of and public confidence in lottery games, the Bureau is responsible for maintaining the security of the facilities, the drawings, and the integrity of employees, retailers, and major service providers. Technology delivery is highly secure and is required to be audited at least annually by a contracted outside vendor. In addition, the Bureau conducts quarterly audits of the gaming vendor to ensure compliance with rules and regulations.

Instant scratch ticket security is ensured with the highest level of security during packing and delivery of the tickets. A secure system of integrated processes protects the security of the games from printing to consumer purchase. Instant scratch tickets are only valid after they are received by the retailer they were assigned to. Tickets that are not received by the correct retailer cannot be activated and are void until such time the correct retailer electronically acknowledges receipt of the tickets. The tickets must then be activated for sale.

An extensive system of internal controls and procedures exist to ensure the integrity of lottery drawings for draw games, including secure storage of draw machines and ball sets, monitored storage room with strict access procedures, drawings recorded by staff and independent verification of results of each drawing by an accountant from an independent certified public accounting firm.

C. Organizational Structure

The Bureau currently has 50 FTE positions. The Director and the Secretary Associate split time between liquor and lottery operations. The Spirits Business has 11.5 FTE positions, Liquor Licensing and Enforcement has 15 FTE positions, and Lottery has 23.5 FTE positions.



D. Financial Summary

Lottery Operations

Since its inception in 1973, the Lottery has contributed more than \$1.76 billion to the State's General Fund. The Department of Administrative and Financial Services controls the finances of the Bureau. The Bureau is required to certify monthly to the Treasurer of State, the Liquor and Lottery Commission and the DAFS Commissioner a full and complete statement of lottery revenues, prize disbursements and other expenses for the preceding month. It is also required to submit an annual report that includes a full and complete statement of lottery revenues, prize disbursements and expenses to the Governor and the Joint Standing Committee of the Legislature with jurisdiction over lottery operations. The State's Auditor may also, at any time, conduct an audit of any phase of the Bureau's operations. See Appendix D for the distribution of sales relative to prizes, expenses, commissions, and profit transfers.

The Maine Lottery is considered a mature lottery with a variety of instant, fast play and draw games available to its players. Over the last 10 years, the average profit transfer from lottery sales has been \$62.5 million annually. In FY23, the lottery transferred a record \$72 million. This marks the ninth straight year the lottery has provided a record transfer. During this same time period, average sales have been over \$311.5 million annually. In FY23, the lottery set a sales record with over \$410.2 million, which exceeded the previous record year in FY2021.

Over the last few years, the Bureau has introduced a variety of new games including the new Fast Play game category. The introduction of a \$30 price point instant ticket and the addition of Lotto America to the draw game lineup has helped stabilize overall sales. Additionally, Powerball, Lucky for Life, Gimme5 and Megabucks have added additional drawings to their games. The Bureau works with its lottery gaming system provider and advertising agency to create plans to generate revenue growth through an increase in sales of instant, fast play and draw game tickets, including more frequent introduction of new games, various ticket price points, more frequent drawings, special promotions and higher prize payouts.

There are several factors affecting lottery sales including population, demographics and discretionary income. In addition to these factors, one of the most important variables that affect draw game sales is the size of the jackpot, which is affected generally by the number of times a jackpot rolls before being won. Casual and infrequent players wait until higher jackpots before purchasing a ticket, resulting in relatively flat sales except when large jackpots occur. Due to their design the profitability of draw games is higher, so the size of the jackpot has a direct impact on the profit impact to the state.

The following are some of the directions to increase lottery revenues that are being actively pursued by the Bureau:

Increase game placement in the retailer network – The Bureau is using advanced vending machine technology to generate a better experience for lottery players by allowing them to purchase tickets away from the typical register location within a retail space. This helps retailers to focus on other customers and allows players the freedom to take their time in making lottery purchasing decisions. The vending machines also allow for expanded game offerings and overall convenience.

Increase the focus of research and product development to remain relevant – The lottery continues to evaluate consumer trends and demands. Over the past ten years, consumer spending patterns have changed, and internet purchases have become the first choice for many consumers. In addition, cash purchases continue to decline as consumers are choosing to use debit, credit and mobile apps to make their purchases. The lottery needs to continue to evolve in order to remain relevant. The lottery must begin to provide consumers the products they are looking for where they shop.

Nationally, the split between instant ticket game and draw game revenue streams varies from state to state. Some states derive 50% of their revenues from instant ticket games and 50% from draw games. In Maine, in FY23, 78% of revenues were generated from instant ticket sales and only 22% from draw and fast play games. Draw games are generally more profitable than instant ticket games. Draw games are very much dependent on large jackpots which are out of the lottery's control and the number of big jackpots is very fluid from year to year.

Retailer Commissions

Maine Lottery retailers earn a 7% commission for the sale of instant ticket games with the exception of the Maine Outdoor Heritage Fund ticket which is required to pay 1% more than general fund games. Draw and Fast Play games pay a 5% commission for the sale of these games. In addition, retailers earn bonuses on instant winning tickets they sell. For any winning instant ticket sold a retailer earns a 1% bonus on the value of the winning ticket. For the Pick 3 and Pick 4 draw games retailers earn a 1% bonus for any winning ticket they sell of \$1,000 or more. All other draw game bonuses vary depending on the game and jackpot and max out at \$50,000.

With increased instant ticket price points, more frequent drawings for jackpot games and the addition of the Fast Play game category Maine lottery retailers have experienced significant increases in revenues from the sale of lottery products. In FY23, retailers received \$27.1 million in commissions and selling bonuses. This payout to retailers was the highest since FY2021. Over the last 10 years, the average annual commission paid out to our retail partners has been \$20.6 million.

Point of Sale Equipment

In 2014, as part of the new contract with SG, the Maine State Lottery installed all new point of sale equipment with our lottery retail agents. This included state-of-the-art terminals for processing all lottery transactions, a new higher-speed communication network, digital monitors, self-check ticket checkers and brilliant jackpot displays. In addition, 225 high-definition ticket vending machines were installed at select retail locations.

At the time, this equipment was the latest technology offering in the industry. However, the equipment is reaching its end of life and will need to be replaced for the lottery to have the ability to be innovative and offer consumers what they are looking for. Over the past ten years, technology has improved dramatically, and consumers are making purchases using internet and mobile apps more and more. The lottery will be looking to obtain new technology that will set the stage for future game offerings.

**Department of Administrative and Financial Services
Bureau of Alcoholic Beverages and Lottery Operations
Lottery Operations
Ten Year Financial Summary**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenue from Sales										
Net Sales	\$229,959,094	\$253,072,043	\$272,339,484	\$265,947,755	\$294,133,693	\$299,451,696	\$314,111,308	\$390,736,655	\$385,820,473	\$410,275,6
Cost of Goods Sold	(174,712,672)	(195,053,416)	(212,951,629)	(206,253,247)	(230,986,898)	(235,689,000)	(249,921,520)	(320,171,346)	(313,130,520)	(336,646,18
Gross Revenue from Sales	\$55,246,422	\$58,018,627	\$59,387,855	\$59,694,508	\$63,146,795	\$63,762,696	\$64,189,788	\$70,565,309	\$72,689,953	\$73,629,4
Operating Expenses										
Personal Services	(\$1,636,212)	(\$1,399,940)	(\$1,549,275)	(\$1,531,521)	(\$1,593,619)	(\$1,806,318)	(\$1,791,138)	(\$1,832,976)	(\$2,166,755)	(\$1,770,69
All Other	(3,651,872)	(3,757,169)	(3,610,539)	(3,364,929)	(2,526,625)	(4,228,011)	(2,639,341)	(2,990,114)	(3,128,577)	(3,148,75
Total Operating Expenses	(\$5,288,084)	(\$5,157,109)	(\$5,159,814)	(\$4,896,450)	(\$4,120,244)	(\$6,034,329)	(\$4,430,479)	(\$4,823,091)	(\$5,295,331)	(\$4,919,45
Income										
From Operations	\$2,444,207	\$1,758,758	\$3,318,052	\$3,823,140	\$3,955,076	\$5,397,899	\$5,305,930	\$5,235,026	\$4,608,123	\$4,337,0
Other	17,074	29,626	30,591	39,849	48,358	75,562	169,838	143,928	89,479	145,1
Total Income	\$2,461,281	\$1,788,384	\$3,348,643	\$3,862,989	\$4,003,434	\$5,473,462	\$5,475,768	\$5,378,954	\$4,697,602	\$4,482,2
Profit	\$52,419,619	\$54,649,902	\$57,576,684	\$58,661,047	\$63,029,985	\$63,201,829	\$65,235,076	\$71,120,053	\$72,093,343	\$73,193,3
Transfers										
General Fund	(\$51,845,477)	(\$54,002,444)	(\$56,972,851)	(\$58,219,690)	(\$62,307,123)	(\$62,675,109)	(\$64,589,742)	(\$70,647,717)	(\$71,351,415)	(\$72,084,67
Heritage	(\$574,142)	(\$647,458)	(\$603,833)	(\$441,357)	(\$722,863)	(\$520,809)	(\$651,148)	(\$472,336)	(\$741,928)	(\$1,107,57
Untransferred Profit Due	\$0	(\$0)	(\$0)	\$0	(\$0)	\$5,911	(\$5,814)	(\$0)	\$0	\$1,1

Spirits Operations

As noted early in this report, in 2014 Maine changed to a fee for service business model. Through a competitive bid process, a contract was awarded to Pine State Spirits, a subsidiary of Pine State Trading Co.

For the eighth consecutive year in FY23, Maine’s spirits business achieved record sales, totaling more than \$257 million, a 4.1% year over year growth rate, which delivered an operating profit of \$66.7 million. Operating profit grew 7.4% over FY22, while spirits case sales remained level with FY22. Through FY23, the Bureau has transferred more than \$495 million to the Maine Municipal Bond Bank—this is a substantially better performing business model than the lease arrangement with Maine Beverage Company that yielded approximately \$189 million over a 10-year period. Proceeds were used for the originally intended purpose of satisfying the debt service on the revenue bond issued to pay down Maine’s hospital debt in 2013, as well as for transfers of surplus revenues to balance the General Fund budget during the early days of COVID-19. In the FY24/25 Biennial Budget proceeds were reappropriated on an ongoing basis to fill a structure gap in the Highway Fund Budget.

In addition, the Bureau generates revenue from the premium tax on spirits. The premium tax on spirits is \$1.25 per proof gallon which is included in the calculation of retail price paid by consumers. For example, a 750ml of 80 proof vodka has a premium tax of approximately nineteen cents (19¢). In FY23, the sale of spirits generated \$3.1 million in premium tax.

	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Premium Tax Collected	\$2,675,290	\$2,799,422	\$2,965,214	\$3,123,535	\$3,158,942	\$3,105,617

Liquor Licensing and Enforcement

In FY22, the Bureau generated over \$22.8 million in licensing fees and excise tax collected on malt liquor, wine, and associated categories. In FY23, the revenue generated exceeded \$23 million. The breakdown of these taxes in the last biennium is as follows:

Revenue Source Name	FY 2022	FY 2023
Malt Out-of-State	\$10,452,428	\$ 8,180,187
Table Wine In-State	59,274	111,197
Table Wine Out-of-State	2,894,485	2,567,458
Sparkling Wine Out-of-State	1,034,022	616,257
Sparkling Wine In-State	1,666	98,774
Malt In-State	485,200	2,222,065
Fortified Wine In-State	7,546	2,031
Fortified Wine Out-of-State	9,167	61,659
Low Alcohol Spirits Manufacturer	146,613	85,906
Low Alcohol Spirits Out-of-State	141,983	995,220
Cider In-State	2,771	25,103
Cider Out of State	48,720	226,315
Low Alcohol Spirits In-State	23,069	257,169
Totals	\$15,306,944	\$ 15,449,341

Department of Administrative and Financial Services
Bureau of Alcoholic Beverages and Lottery Operations

Spirits Operations

Ten Year Financial Summary

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenue from Sales										
Net Sales	\$143,966,700	\$155,513,235	\$165,283,999	\$176,749,933	\$188,610,733	\$199,525,405	\$216,959,384	\$235,531,035	\$244,253,992	\$256,910,158
Cost of Goods Sold	0	(108,106,384)	(117,257,225)	(127,004,776)	(134,249,076)	(141,273,386)	(154,079,498)	(171,336,227)	(178,525,413)	(186,818,561)
Gross Income from Sales	\$143,966,700	\$47,406,851	\$48,026,774	\$49,745,157	\$54,361,657	\$58,252,019	\$62,879,886	\$64,194,807	\$65,728,580	\$70,091,597
Operating Expenses										
Personal Services	\$0	(\$228,407)	(\$285,497)	(\$276,665)	(\$237,511)	(\$308,809)	(\$304,760)	(\$314,594)	(\$379,118)	(\$472,356)
All Other	0	(1,129,996)	(1,294,337)	(1,690,499)	(1,348,412)	(1,551,417)	(1,953,706)	(2,097,335)	(2,288,146)	(2,441,649)
Total Operating Expenses	\$0	(\$1,358,403)	(\$1,579,834)	(\$1,967,164)	(\$1,585,922)	(\$1,860,226)	(\$2,258,466)	(\$2,411,929)	(\$2,667,264)	(\$2,914,005)
Income from Operations	\$0	\$46,048,448	\$46,446,940	\$47,777,994	\$52,775,735	\$56,391,793	\$60,621,420	\$61,782,878	\$63,061,316	\$67,177,591
Total Income from Operations	\$0	\$46,048,448	\$46,446,940	\$47,777,994	\$52,775,735	\$56,391,793	\$60,621,420	\$61,782,878	\$63,061,316	\$67,177,591
Other Income										
Miscellaneous	\$0	(\$61,015)	(\$249,611)	\$652,413	(\$870,513)	(\$232,632)	(\$10,770)	(\$1,500)	\$57,048	(\$8)
Outstanding A/R	0	(1,901,016)	(1,797,291)	(1,124,062)	(230,535)	(92,172)	1,692,147	(1,061,949)	(1,030,457)	(496,780)
State Revenue Share	9,971,792	0	0	0	0	0	0	0	0	0
Total Other Income	\$0	(\$1,962,032)	(\$2,046,902)	(\$471,648)	(\$1,101,048)	(\$324,804)	\$1,681,377	(\$1,063,449)	(\$973,408)	(\$496,788)
Transfers										
Transferred to MMBB	\$0	\$44,086,416	\$44,400,038	\$47,306,345	\$51,674,687	\$56,066,988	\$62,302,798	\$60,719,430	\$62,087,907	\$66,680,803
Transferred to General Fund	\$9,971,792	\$9,714,884	\$9,639,000	\$9,817,000	\$0	\$0	\$0	\$0	\$0	\$0
Premium Tax Transferred	\$2,287,790	\$2,600,917	\$2,505,668	\$2,665,194	\$2,675,290	\$2,799,422	\$2,965,214	\$3,123,535	\$3,158,942	\$3,105,617

Department of Administrative & Financial Services
 Bureau of Alcoholic Beverages and Lottery Operations
 Liquor Licensing and Enforcement
 Ten Year Financial Summary

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenue										
Licensing and Excise/Premium Tax Collections	\$19,365,468	\$20,169,674	\$22,681,600	\$23,412,050	\$23,998,656	\$24,199,989	\$21,055,385	\$23,169,418	\$22,848,077	\$23,041,780
Less: Product Listing Fees for Spirits	<u>42,450</u>	<u>34,050</u>	<u>33,300</u>	<u>33,900</u>	<u>48,600</u>	<u>54,900</u>	<u>54,800</u>	<u>73,160</u>	<u>66,904</u>	<u>40,840</u>
Gross Income	\$19,323,018	\$20,135,624	\$22,648,300	\$23,378,150	\$23,950,056	\$24,145,089	\$21,000,585	\$23,096,258	\$22,781,173	\$23,000,940
Operating Expenses										
Personal Services	\$679,695	\$746,606	\$833,290	\$872,668	\$833,273	\$867,086	\$854,170	\$919,434	\$1,071,023	\$1,096,266
All Other	<u>113,054</u>	<u>163,496</u>	<u>325,245</u>	<u>376,134</u>	<u>396,101</u>	<u>460,319</u>	<u>338,356</u>	<u>460,282</u>	<u>454,373</u>	<u>411,257</u>
Total Operating Expenses	<u>\$792,749</u>	<u>\$910,102</u>	<u>\$1,158,536</u>	<u>\$1,248,802</u>	<u>\$1,229,374</u>	<u>\$1,327,405</u>	<u>\$1,192,526</u>	<u>\$1,379,716</u>	<u>\$1,525,396</u>	<u>\$1,507,523</u>
Net Income from Operations	<u>\$18,530,269</u>	<u>\$19,225,522</u>	<u>\$21,489,764</u>	<u>\$22,129,348</u>	<u>\$22,720,681</u>	<u>\$22,817,684</u>	<u>\$19,808,059</u>	<u>\$21,716,542</u>	<u>\$21,255,777</u>	<u>\$21,493,417</u>

E. Agency Coordination

Spirits Operations

The Bureau works with the Maine CDC on issues of underage drinking and substance abuse. Until July 1, 2014, the functions of liquor enforcement and licensing were performed within the Department of Public Safety and the Bureau had daily interaction with DPS on issues related to liquor advertising, salesmen, and agency liquor stores.

The Bureau also works with the Department of Environmental Protection on bottle redemption issues and works with suppliers to understand bottle redemption issues in Maine.

Liquor Licensing and Enforcement

The Bureau works with DHHS' Health Inspection Program (HIP), the Department of Agriculture, and DPS/Fire Marshall's office on licensing matters for on-premises applications. The Bureau works with the Maine CDC on issues of underage drinking and substance abuse.

The Bureau regularly collaborates with municipalities. Through a partnership with the Maine Municipal Association, the Bureau provides training and guidance to municipalities on the requirements for on-premises liquor licensing. The Bureau also works with counties on matters related to on- and off-premises liquor licensing.

The Bureau engages the AG's office on all legal matters related to licensing and enforcement issues.

The Bureau works with local law enforcement agencies under a Memorandum of Understanding (MOU) for the enforcement of Maine liquor laws. Currently, the Bureau has 108 MOUs in force with local law enforcement agencies – 16 county sheriffs and 92 local police departments. This MOU process was initiated in 2003 after the dissolution of the Bureau of Liquor Enforcement.

Finally, the Bureau has on-going conversations with the Alcohol and Tobacco Tax and Trade Bureau (TTB) with the U.S. Department of the Treasury on matters relating to labeling, advertising, and enforcement.

Lottery Operations

The Bureau works with the Maine CDC on responsible gaming initiatives.

The Bureau coordinates with the Department of Inland Fisheries and Wildlife and the Maine Outdoor Heritage Fund Board for the production and distribution of the Maine Outdoor Heritage instant ticket.

Since December 2005, the Maine State Lottery has participated in the Amber Alert System. The Amber Alert system is a voluntary program between the Department of Public Safety, law enforcement agencies, local broadcasters, and other groups to issue an emergency alert to the public when a child 15 years of age or younger has been abducted and is believed to be in danger of serious harm or death. Under the Amber Alert system, area radio and television stations interrupt programming to broadcast information about the missing child. As part of the Amber Alert program, special messages about abducted children are now immediately available on Lottery electronic message boards at all lottery retail locations throughout the state. The information will coincide with Amber Alert messages sent to media outlets through the Emergency Alert System (EAS). Since 2010, the lottery has participated in the Silver Alert System. Similar to the Amber Alert program, the Silver Alert is for missing adults with disabilities.

The Bureau currently works with DHHS, the Maine Department of Labor and Maine Revenue Services to ensure that cash winnings are setoff or deducted if a player who is claiming a prize has outstanding child support, overpayment of unemployment compensation benefits, or income taxes owed to the state. The

Bureau uses an automated system created specifically for this use to review all claims made at the Lottery's headquarters.

F. Constituencies Served

The Bureau of Alcoholic Beverages and Lottery Operations serves a broad and diverse constituency. Maine's spirits business serves Maine residents and visitors of legal drinking age through our partnership with more than 600 agency liquor stores located across Maine. In addition to the general public, the Bureau serves and works with a number of licensed on- and off-premise retailers, retail customers, product suppliers and wholesalers, and other state agencies. The Maine Lottery serves adult players – both residents and visitors – aged 18 years or older throughout the state.

The Bureau also works closely with several stakeholders throughout the course of a given year. Each organization and their roles are described below:

1. Department of Health and Human Services, Maine Center for Disease Control (Maine CDC). The Bureau works with the Maine CDC on efforts to expand knowledge and education related to both substance abuse and problem gaming.
2. Department of Health and Human Services, Health Inspection Program (HIP). The Bureau works with HIP on inspection and compliance matters of liquor licensees.
3. Maine Municipal Association (MMA). The Bureau partners with MMA to provide trainings and guidance to municipalities on the requirements for on-premises licensing.
4. National Alcohol Beverage Control Association (NABCA). This is the organization of the 18 control jurisdictions. NABCA provides industry resources to its membership and facilitates communication among the 18 states and the distilled spirits industry. Members of the Bureau's management staff are actively involved in the association's work.
5. National Liquor Law Enforcement Association (NLLEA). This is the national association of liquor law enforcement regulators in the United States. The Bureau is a member and regularly consults with NLLEA on many issues related to liquor enforcement. Members of the Bureau's management staff are actively involved in the association's work.
6. Distilled Spirits Council of the United States (DISCUS). DISCUS is the national trade association representing the leading producers and marketers of distilled spirits in the United States. The Bureau works with DISCUS on issues of pricing and advertising in Maine.
7. North American Associations of State & Provincial Lotteries (NASPL). This is the organization representing more than 50 lottery jurisdictions in the US, Canada, Mexico, Puerto Rico, and the Virgin Islands. It also provides industry resources to the member states.

8. Lucky for Life Regional Game Consortium. Since 2012, Maine has partnered with New Hampshire, Vermont, Massachusetts, Rhode Island, and Connecticut to offer the draw game Lucky for Life. The member Directors work on issues of the game.
9. Tri-State Lottery Compact. Established in 1984, this compact which includes Maine, New Hampshire and Vermont was created to implement the operation of Tri-State Lotto for the purpose of raising additional revenue for each of the party states. Tri-State Lotto is not intended to replace any existing lottery games in the party states but, rather, to be run in addition to those games. Tri-State Lotto tickets are sold in each of the party states and processed in a central area to be determined by the commission.
10. Multi-State Lottery Association (MUSL). MUSL is a non-profit, government-benefit association owned and operated by its 33 member lotteries. Each MUSL member offers one or more of the games administered by MUSL. All profits are retained by the individual lotteries and are used to fund projects approved by the Legislature authorizing each lottery.
11. Maine Grocers and Food Producers Association (MGFPA). MGFPA is an organization of private retailers in the grocery and food producing business. Because many of the BABLO's lottery retailers and agency liquor stores are closely allied to the MGFPA, the Bureau is often engaged in matters of legislation and advertising issues in general.
12. Hospitality Maine. The Bureau has worked with Hospitality Maine on issues related to liquor enforcement and spirits operations.
13. Retail Association of Maine (RAM). RAM is an association of retail businesses across Maine, some of whom are licensed through the Bureau. RAM engages with the Bureau in the development of legislation and regulations.
14. Maine Beer and Wine Distributors Association (MBWDA). The Bureau works with the association on issues related to the distribution of beer and wine in Maine.
15. Maine Brewers' Guild. The Guild is comprised of many of the small brewers in Maine. The Bureau works with Guild members on issues related to manufacturing, distribution and reporting requirements of manufacturing malt liquor in Maine.
16. Maine Wine Guild. The Guild is comprised of many of the small wineries in Maine. The Bureau works with Guild members on issues related to the manufacturing, distribution and reporting requirements of manufacturing wine in Maine.
17. Maine Distiller's Guild. The Guild is comprised of many small distilleries in Maine. The Bureau works with Guild members on issues related to the manufacturing, distribution and reporting requirements of manufacturing spirits in Maine.

G. Alternative Delivery Systems

The Bureau has aggressively pursued innovative alternative delivery systems.

Spirits Operations

By 2004, the state had closed all of the state-run liquor stores in Maine. Leading up to the final closure of these stores, they were replaced by private businesses licensed as agency liquor stores across the state. All sales functions to support spirits sales to on-premises establishments were transitioned to the private sector

during this time frame as well. This process was completed through a licensing process to add an additional license to agency liquor store that chose to sell to on-premises establishments at the same retail price paid by consumers with no additional up-charge to the on-premises establishment.

Liquor Licensing and Enforcement

At present, the Division of Liquor Licensing and Enforcement is an entirely paper-based operation. The Bureau, through the competitive bid process, has contracted with the vendor Computronix to implement a system that will allow for the modernization of the Bureau's liquor, licensing, excise tax collection, and enforcement processes. This new online system will allow retailers to apply for a license, renew a license and pay taxes as required. It will also allow Bureau inspectors to access vital information about licensees including inventory, license status and violations that will facilitate the inspection process.

Liquor Licensing Modernization Project

In April 2023, the Bureau signed an agreement with Computronix to develop an enterprise system for liquor licensing, enforcement, brand registration, and regulatory reports. The goal of this project is to transform all the Division's business functions from the current paper-driven environment to a modern system that both staff and the public will access via the web. With a planned launch in Fall 2024, this project utilizes the platform POSSE ABC, used by equivalent agencies in nine other states.

Functionality and service to the public will be enhanced as these paper submissions will be replaced entirely by submissions on the public web portal:

- New and renewal license applications for on-premises retailers, off-premises retailers, agency stores, wholesalers, in-state manufacturers, certificate of approval holders, and direct shippers of wine.
- Permit applications for incorporated civic organizations, caterers, BYOB events, and taste testing events.
- Excise tax reports for wholesalers and in-state manufacturers.
- Label registrations or notices, price postings, and shipment reports by suppliers.

Consequently, the current method of payment by check or money order will be replaced by credit/debit card and ACH. As a result of this effort, the businesses the Bureau regulates will be able to spend less time doing paperwork and more time running their business.

Along with the improved functionality for the public, the Bureau will improve its communications with local governments. From receiving dispositions on municipal approval of license applications to processing complaints for violations such as the sale of liquor to minors, all parties will benefit from less time waiting on the mail.

Administrative tasks such as check scanning and reconciliation will be eliminated by the system's integration with PayMaine and the State's accounting system, AdvantageME. No longer will staff maintain extensive licensing files as they will be available on the web application to staff and the phone app to inspectors. This includes offline access for inspectors in areas of the state where there is limited cell service. The efficiency gained by this project will enable the Bureau to dedicate more time to its goals of protecting public safety, educating licensees, and maintaining a fair regulatory environment.

H. Emerging Issues

Lottery Operations

Competition for gaming dollars exists in Maine as it does in many states. Various forms of competition existed prior to or have come into existence since the initial authorization for the Bureau to operate lottery games. Other gaming venues – both in-state and out-of-state – vie for players from the Maine market.

To date, the Bureau has faced competition from pari-mutuel gaming, cruise ship gaming, and casinos located here and elsewhere in New England. Additionally, the prevalence of sports wagering that is now taking place in Maine adds a new dynamic to the competition faced by the Maine Lottery. It is likely the addition of this wagering will impact the sales of traditional Maine Lottery offerings; the Bureau will monitor and report on this impact.

While the Bureau has successfully maneuvered through various gaming options in the past, it can give no assurance that future competition and changes to the gaming market will not adversely affect lottery sales and financial performances. The Maine Legislature needs to be aware of the very real changes occurring to the gaming industry and the competition that exists for the discretionary, entertainment spending of players. Other jurisdictions, including neighboring New Hampshire, now offer online sales of core games such as Powerball, Megabucks and Mega Millions.

Spirits Operations

1. **Direct to Consumer Shipping.** Like most other states, Maine currently allows direct shipping of wine by manufacturers to consumers. The growing popularity of e-commerce has prompted several states to consider expanding DTC to include all types of alcohols. The Bureau has noted the difficulty in enforcing the current DTC wine program. During the 2024 legislative session, the Bureau introduced a department bill to require common carrier reporting to help prevent illegal importation of alcohol by unlicensed vendors. Accurate reporting, combined with increased enforcement staff, will help the Bureau adjust to the e-commerce landscape. During the 130th session, the Legislature passed Resolve 2021, ch. 175 which directed the Bureau to evaluate DTC laws in conjunction with impacted stakeholders. That [report](#) was submitted to the Veterans and Legal Affairs Committee in 2023.
2. **Ready to Drink Cocktails and Low Alcohol Spirits.** The Bureau constantly responds and adapts to changing consumer trends. Recently, there has been significant growth in the popularity of ready-to-drink-cocktails and low alcohol spirits. The Bureau was charged by P.L. 2021, c. 592, §B-4 with convening a stakeholder group to consider changes to current laws surrounding these products. A [report](#) was submitted to the Veterans and Legal Affairs Committee in 2023.
3. **Food Products Containing Liquor.** The industry is now flooded with food products containing liquor. Industry trade shows have vendors pitching products containing liquor like gelatin shots, ice cream bars, shooters, buzz balls and other like products. While Maine liquor laws, 28-A MRS §1901, have restrictions on food products containing liquor, these laws have not been updated since 1987. The Bureau is participating in discussions to stay current with products in the marketplace and to discuss options of updating current law.

Liquor Licensing and Enforcement

The scope of authority of the Bureau is limited to the administrative enforcement of Maine's liquor laws as it relates to individuals and businesses licensed under these liquor laws. The ever-growing population of those interested in the manufacturing, sale or distribution of liquor will increase the need for more oversight and education by the Bureau.

Liquor licensing and enforcement staff capacity remains an issue as the number of licenses and registrations administered by the Bureau increases in volume, and the Legislature each year considers new expansions of liquor related business and commerce in Maine. Staffing levels that are out-matched by the volume of business eventually create delayed processing and become an economic development issue if turn-around times become unreasonable. The Bureau asks for the Committee's partnership in being attentive to this issue. The Bureau asks for the Committee's partnership in being attentive to this issue.

Also, as the Bureau has identified for the Committee before in the context bills being considered, as currently staffed our enforcement efforts are largely complaint dictated. Better staffing ratios would allow Enforcement to shift to more of a compliance centered approach. Instead of dropping in on licenses primarily when the Bureau has been made aware of an issue of potential violation, our inspectors could make more routine rounds to licensees, build better relationships with them, and provide more upfront technical assistance.

I. Any Other Information Requested by the Committee

The Joint Standing Committee on Veterans and Legal Affairs did not ask for additional information from the Bureau.

J. Comparison of any related federal laws and regulations

For Liquor and Licensing Enforcement – The 21st Amendment prohibits the transportation or importation of liquor into any state in violation of that state's laws. U.S. Const. amend. XXI, §2.

Although states regulate the sale of liquor within its borders, the Alcohol and Tobacco Tax and Trade Bureau (TTB) with the U.S. Department of the Treasury administers and enforces the following provisions of federal law related to liquor.

1. Federal Alcohol Administration Act (FAA), 27 USC §201 et seq. The FAA regulates the in-state activity of liquor producers, importers and wholesalers through the issuance of federal "basic permits."
2. Internal Revenue Code of 1986, 27 USC Chapter 51. The Code requires collection of federal excise taxes on liquor.
3. Alcohol Beverage Labeling Act, 27 USC §2013 et seq. and see also §205. This Act regulates the content of labels [on alcohol] and requires that labels be registered.

For more information on the TTB, go to www.ttb.gov.

Maine law, Title 28-A and the Bureau's administrative rules mirror many of the federal regulations governing the sale, manufacture, importation, storage and transportation of liquor in Maine. In addition, Title 28-A provides for the collection of taxes on liquor and tracking of product within the state.

After the passage of the 21st Amendment to end Prohibition, the federal government enacted a series of laws and rules for the oversight and control of liquor in interstate commerce. At the same time, states were allowed to develop their own set of laws and rules for the intrastate commerce of liquor. In its infancy, post-prohibition era regulators, both at the state and federal levels, developed laws and rules that mirrored each other. States followed the direction and guidance of the federal regulators to develop these laws and rules. The genesis of the laws, post-prohibition, set in place regulation to combat the unwanted behaviors of the pre-prohibition era. Many regulatory authorities developed the three-tier system of liquor control – manufacturer, wholesaler, and retailer – and that is the current regulatory framework in Maine. Over the course of time, federal and state

regulators have made changes to laws and rules. These have created regulatory inconsistencies causing confusion for industry members who are required to comply with both federal and state regulations.

The Bureau regulates the sale of beer, wine and low alcohol spirits in the private sector through the “three tier system” that has been in place since the end of Prohibition. Under the three-tier system, producers (or their importers), wholesalers, and retailers may not be financially involved one with the other. Each “tier” is licensed separately by the Bureau. Producers or their importers doing business in Maine must hold a “basic permit” issued by the TTB and have registered with the TTB and the Bureau those labels intended for sale within the state. Holders of state licenses who do not comply with Maine’s liquor laws, including but not limited to the collection of state taxes and the prohibition of the sale of liquor to minors, are subject to fine, suspension or revocation of the privileges associated with that license. Where relevant, they also risk suspension or revocation of their basic permit issued by the TTB.

K. Agency’s policies for collecting, managing, and using personal information over the Internet and non-electronically; information on the agency’s implementation of information technology; evaluation of the agency’s adherence to fair information practice principles of notice, choice, access, integrity and enforcement

1. Personal Information collection and retention:

Lottery Operations

The Bureau collects personal information on lottery players and retailers. For players, the following information is collected:

- A. Lottery subscription. The Lottery discontinued subscriptions in 2022. Prior to the ending of the program players used an internet-based system to create a player account. To verify the player was of legal age and verify their identity, the lottery required players provide their date of birth, address and last 4 digits of their SSN.
- B. Winner Claims. Players must complete a claim for the prize won for \$600 or more. To claim a prize, a player must provide their legal name, complete address, social security number, telephone, date of birth and email address. Claims are presented in person or through the U.S. Postal Service or other courier service on a required form. The personal information is required for tax purposes for MRS and the IRS. Claim forms are retained for four years then shredded.
- C. Application for a Lottery License. An applicant for a lottery retail license must provide names, address, date of birth and social security number and/or tax ID number as applicable of all owners and managers. Applicants must provide evidence of liability insurance coverage for fire or theft. Applicants must provide information on any criminal violations for any person listed in the application and must provide information on any taxes, fees or other obligations owed to the State. Applicants must provide financial information through an ACH authorization form as well as information and authorization for the Bureau to conduct a credit and criminal background check. The Bureau conducts a weekly bank sweep of retailer accounts for funds due to the lottery for the sale of lottery tickets. The forms are retained for four years past the date the retailer ceased its relationship with the Bureau and then are shredded.

Spirits Operations

The Bureau, through its contractor in the spirits business, collects and maintains personal/business financial information for the payment owed to the State for the purchase of spirits by agency liquor stores and suppliers for bailment owed for the storage and handling of product in the warehouse. The Bureau’s contractor also collects and maintains business financial data for payment due to suppliers

for spirits products owed by the State. The contractor maintains these records for seven (7) years and then they are destroyed.

Liquor Licensing and Enforcement

The Bureau collects and maintains personal information on applicants for various liquor licenses. The information in most cases is the name, address, and date of birth of the applicant. Application material is retained for 7 years after the final expiration of the license and then they are shredded.

Agency's adherence to fair information practices:

The Bureau adheres to the standards developed by the State in these areas.

L. List of reports, applications and other similar paperwork required to be filed with the agency by the public.

The Bureau has an extensive number of applications that are required to be filed by the public. Most of these are in the liquor licensing and enforcement program area. For the lottery, there are two (2) forms filed by the public and for spirits operations, there is one (1).

Spirits Operations

- a. Price Quotation Reporting System (PQRS): All products to be listed for sale in the state must be submitted for review and approval using this electronic system.
- b. Statutory authority: 28-A MRS §81, sub-§3
- c. 1997, c. 373, §28 (NEW)
- d. Frequency of filing: As requested by a supplier wishing to list a new product or a size or flavor extension of a parent brand.
- e. FY22, 354 new products filed with the Bureau, FY23, 533 new products filed with the Bureau; the Bureau expects a similar number of filings in FY24 and FY25.
- f. All new product filings are done electronically through a process developed in partnership with BABLO and the spirits operations contractor.

Liquor Licensing and Enforcement, please see Appendix F for the list of applications filed in this program area.

Lottery Operations

1. Application for a Lottery License (see Appendix K)
 - a. Includes an authorization for ACH debits, IRS W-9 form for reporting taxable income, credit release authorization and criminal background check release.
 - i. Credit score must be at least 650 for all principal owners. If the score is below that amount, the Bureau may require an escrow amount to cover the initial cost of tickets.
 - ii. If the applicant is a registered business entity (corporation, limited liability company), the applicant must be in good standing with the Secretary of State and any DBA listed on the application as part of the entity's structure must be listed with the Secretary of State as well.
 - b. Statutory authority: 8 MRS §§ 372 and 375
 - c. 2011, c. 310, §§2 and 9 (AMD)
 - d. Frequency of filing: As requested by a potential lottery retailer.
 - e. FY22, 90 applications filed with the Bureau; FY23, 77 applications filed with the Bureau; the Bureau expects a similar number of filings in FY24 and FY25.

- f. This filing will likely remain a paper filing process as the volume does not dictate moving this to an electronic filing service.
2. Winner Claim Form (see Appendix J)
 - a. All claims for prizes of \$599 and over require a claim for to be submitted.
 - b. Statutory authority: 8 MRS §387
 - c. 1987, c. 505, §2 (NEW)
 - d. Frequency of filing: As requested by a potential lottery winner.
 - e. FY22, 5,895 claims were filed with the Bureau for a total dollar amount of \$33,601,693, FY23, 6,169 claims were filed with the Bureau for a total dollar amount of \$32,499,711; the Bureau expects a similar number of claims over the next 2 years.
 - f. This claim filing must remain in its current form – paper.

M. List of reports required by the Legislature

1. 28-A M.R.S §83-C(9) - Report annually on expenditures and investments made by the Bureau, including, but not limited to, reductions in the list price at which spirits are sold and incentives offered to agency liquor stores to the joint standing committee of the Legislature having jurisdiction over appropriations and financial affairs and the joint standing committee of the Legislature having jurisdiction over alcoholic beverage matters. The report must include the impact of those spending initiatives on the number of cases of spirits sold in the State and on sales of spirits generally.
2. 28-A M.R.S. §90(6) – Report of the audit conducted by the person awarded a contract under this section to the joint standing committee of the Legislature having jurisdiction over appropriations and financial affairs and the joint standing committee of the Legislature having jurisdiction over alcoholic beverage matters.

N. Identification of provisions contained in the agency’s enabling or authorizing statutes that may require legislative review to determine the necessity of amendment to align the statutes with federal law, other state law or decisions of the United States Supreme Court or the Supreme Judicial Court.

A review by the Bureau does not identify any changes to its enabling legislation at this time.

Appendix A
Top 25 Spirits Retailers, FY23

Rank	Name	City	(9L) Cases Sold	Sales Amount
1	BOW STREET BEVERAGE	PORTLAND	100,004	\$19,542,437
2	R.S.V.P. PORTLAND	PORTLAND	61,355	\$11,980,103
3	ROOPERS AUBURN MINOT AVE	AUBURN	38,650	\$6,367,962
4	DAMON'S BEV BANGOR	BANGOR	19,641	\$3,841,054
5	J.D.'S PACKAGE STORE, INC	EAST WATERBORO	15,846	\$2,809,406
6	DAMON'S BEV WATERVILLE	WATERVILLE	15,420	\$2,826,366
7	BOB & MIKE'S MINI MART	SACO	14,120	\$2,426,176
8	DAMON'S BEV AUGUSTA	AUGUSTA	14,068	\$2,708,911
9	STOMPERS	HOLDEN	13,525	\$2,725,164
10	GLOBAL BEVERAGE WAREHOUSE	ELLSWORTH	11,243	\$2,280,656
11	HANNAFORD #8230 ROCKLAND	ROCKLAND	9,077	\$1,455,158
12	DIPIETRO'S MARKET-S PORTL	S PORTLAND	9,058	\$1,677,537
13	BOOTLEGGERS TOPSHAM	TOPSHAM	8,905	\$1,770,038
14	MARKET BASKET BIDDEFORD	BIDDEFORD	8,668	\$1,328,052
15	HANNAFORD #8241 BELFAST	BELFAST	8,512	\$1,334,375
16	BAR HARBOR SPIRIT CO. LLC	BAR HARBOR	8,306	\$1,797,754
17	DAMON'S BEV SKOWHEGAN	SKOWHEGAN	8,240	\$1,296,868
18	PATMANS	WINDHAM	8,076	\$1,485,551
19	HANNAFORD #8141 DAMARISCO	DAMARISCOTTA	8,058	\$1,314,821
20	HANNAFORD #8351 PORT FOR	PORTLAND	8,004	\$1,314,808
21	HANNAFORD #8342 SCARBORO	SCARBOROUGH	7,921	\$1,307,659
22	HANNAFORD #8188 YARMOUTH	YARMOUTH	7,918	\$1,391,890
23	HANNAFORD #8239 AUG WHITT	AUGUSTA	7,785	\$1,197,300
24	HANNAFORD #8345 N WINDHAM	N WINDHAM	7,681	\$1,188,631
25	HANNAFORD #8138 SACO	SACO	7,351	\$1,193,946

Appendix B Top 25 Selling Spirits Products by Volume, FY23

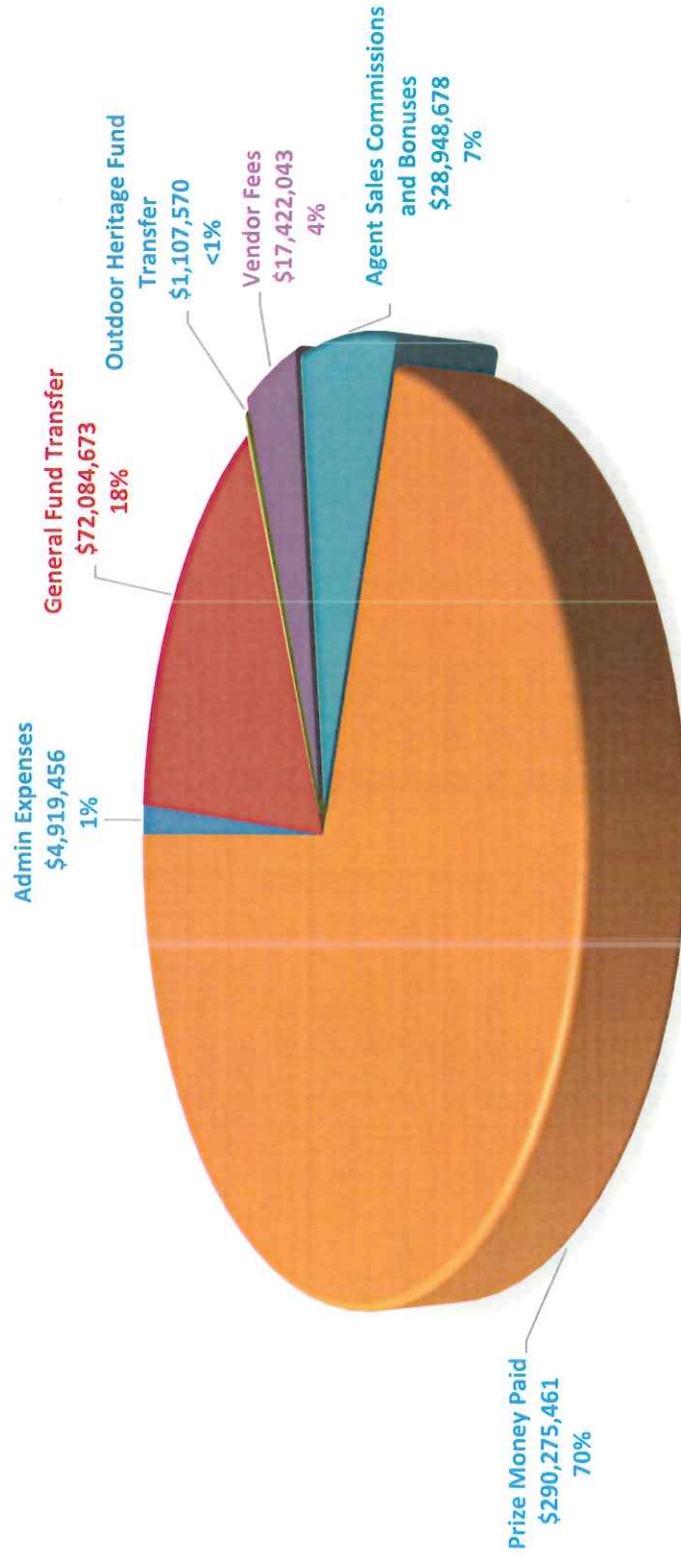
Rank	Description	Size	Pack	Quantity (9L)	Sales
1	TITOS HANDMADE VODKA	1.75L	6	73,284.52	\$9,860,516
2	ALLENS COFFEE BRANDY	1.75L	6	46,903.47	\$4,055,799
3	CAPT MORG SPICED RUM (PLASTIC)	1.75L	6	24,377.57	\$2,743,723
4	BACARDI SUPERIOR (PLASTIC)	1.75L	6	21,313.63	\$2,062,257
5	PINNACLE VODKA	1.75L	6	19,070.45	\$1,714,679
6	TITOS HANDMADE VODKA	750ML	12	17,089.92	\$3,353,663
7	TITOS HANDMADE VODKA	1L	12	16,601.23	\$3,331,366
8	CROWN RUSSE VODKA	1.75L	6	16,107.79	\$934,519
9	SMIRNOFF VODKA (PLASTIC)	1.75L	6	15,564.25	\$1,524,821
10	ABSOLUT VODKA	1.75L	6	13,780.63	\$1,780,329
11	ALLENS COFFEE BRANDY (PLASTIC)	750ML	12	12,511.08	\$1,477,309
12	FIREBALL CINNAMON WHISKEY (PLASTIC)	750ML	12	12,005.25	\$1,761,476
13	PLATINUM 7X VODKA	1.75L	6	11,294.83	\$806,402
14	BOSTON COFFEE	1.75L	6	10,695.89	\$516,801
15	ORLOFF VODKA	1.75L	6	10,480.30	\$729,416
16	SVEDKA VODKA	1.75L	6	10,402.73	\$945,792
17	JACK DANIELS BLACK	1.75L	6	10,107.63	\$1,858,623
18	CANADIAN CLUB WHISKEY	1.75L	6	9,992.94	\$907,160
19	FIREBALL CINNAMON WHISKEY	375ML	24	9,863.01	\$1,939,489
20	JAMESON IRISH WHISKEY	1.75L	6	9,561.56	\$2,147,697
21	FIREBALL CINNAMON WHISKEY	50ML	120	9,465.49	\$2,529,869
22	BLACK VELVET	1.75L	6	9,244.30	\$738,072
23	ALLENS COFFEE BRANDY	1L	12	8,671.80	\$896,060
24	MALIBU COCONUT RUM	1.75L	6	8,550.68	\$926,168
25	CANADIAN MIST	1.75L	6	8,291.16	\$555,178

Appendix C Top 25 Lottery Retailers, FY23

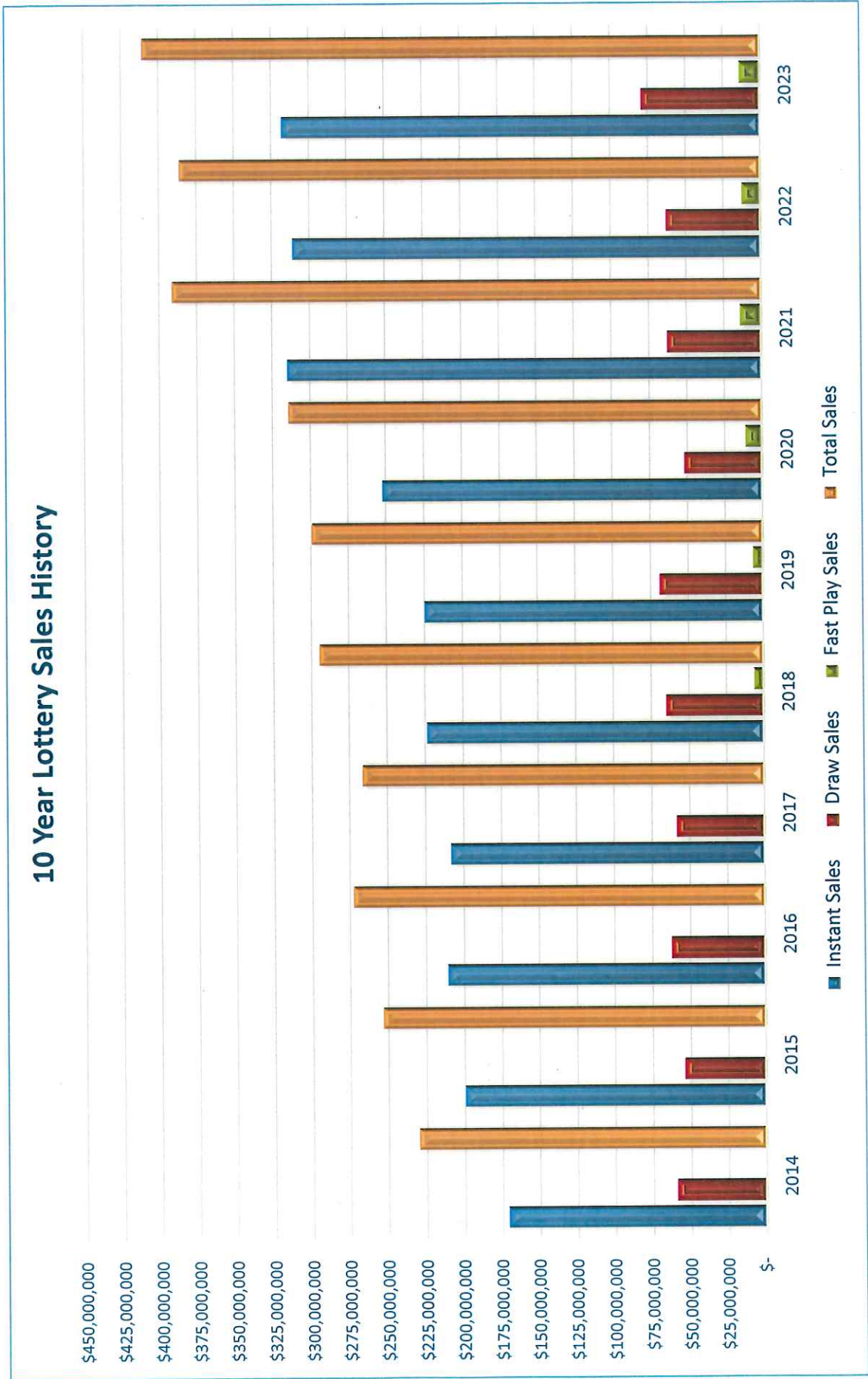
Rank	Name	City	Total Sales	Draw Sales	Instant Sales	Fast Play Sales
1	LISBON STREET NEWS	LEWISTON	\$2,286,237	\$362,954	\$1,782,238	\$141,045
2	BROADWAY VARIETY	SOUTH PORTLAND	\$1,514,981	\$390,813	\$1,082,079	\$42,089
3	PETRONINO CORP	LEWISTON	\$1,348,520	\$176,427	\$1,119,560	\$52,533
4	CIRCLE K #7018	SOUTH PORTLAND	\$1,290,907	\$204,590	\$1,042,400	\$43,917
5	T&D VARIETY	BOOTHBAY	\$1,210,197	\$161,254	\$827,611	\$221,332
6	FRIENDLY DISCOUNT	WESTBROOK	\$1,208,276	\$192,005	\$999,574	\$16,697
7	BOB & MIKE'S MINI MART	SACO	\$1,202,347	\$238,556	\$925,401	\$38,390
8	ROOPERS BEVERAGE & REDEMPTION	LEWISTON	\$1,189,182	\$198,962	\$918,028	\$72,192
9	GOGGIN'S IGA	RANDOLPH	\$1,181,677	\$228,255	\$915,630	\$37,792
10	HANNAFORD SUPERMARKET#8342	SCARBOROUGH	\$1,163,041	\$374,935	\$687,950	\$100,156
11	COASTAL DISCOUNT BEVERAGE	BIDDEFORD	\$1,152,190	\$250,999	\$883,712	\$17,479
12	CARIBOU FRESHIES	CARIBOU	\$1,145,203	\$129,236	\$1,003,150	\$12,817
13	ANDES VARIETY	WARREN	\$1,133,943	\$167,621	\$954,750	\$11,572
14	SHAW'S SACO #2626	SACO	\$1,131,379	\$398,075	\$672,128	\$61,176
15	CIRCLE K #7054	KENNEBUNK	\$1,107,654	\$242,903	\$861,197	\$3,554
16	FISHERMAN'S FRIEND	VINALHAVEN	\$1,099,463	\$169,796	\$609,625	\$320,042
17	TIDEWAY MARKET	HANCOCK	\$1,094,881	\$130,523	\$952,098	\$12,260
18	ROBINSON'S MOBIL MART	PITTSFIELD	\$1,089,035	\$136,488	\$929,850	\$22,697
19	LANEY'S PIT STOP	SKOWHEGAN	\$1,087,296	\$158,904	\$902,000	\$26,392
20	BATH CORNER VARIETY	BATH	\$1,079,673	\$144,526	\$887,835	\$47,312
21	BEACHWAY GENERAL STORE	SACO	\$1,076,247	\$173,102	\$718,120	\$185,025
22	CITY TOBACCO & BEVERAGE	SANFORD	\$1,065,950	\$197,906	\$849,444	\$18,600
23	MARKET BASKET	BIDDEFORD	\$1,014,324	\$369,409	\$607,921	\$36,994
24	CIRCLE K #7045	BIDDEFORD	\$1,009,890	\$141,173	\$856,670	\$12,047
25	BIG APPLE #1043	WINDHAM	\$998,193	\$155,614	\$833,495	\$9,084

Appendix D Distribution of Lottery Revenues, FY23

TOTALING NEARLY \$414.8 MILLION



Appendix E Lottery Sales History, 2014 – 2023



Appendix F

List of Filings and Forms, Liquor Licensing and Enforcement

Filing	Statutory Authority	Date Adopted / Amended	Frequency	# Last 2 Years	# Next 2 Years
Label registration	28-A M.R.S. §6-A (2)	Jan-12	Annually	13513	13513
Shipment report	28-A M.R.S. §1364 (2)	Jun-22	Monthly	6655	6655
Supplier invoices	28-A M.R.S. §1364 (1)	Jun-22	Monthly	6655	6655
Price posting	28-A M.R.S. §1408	Feb-22	Ad hoc	5162	5162
On-premises application	28-A M.R.S. §1051 (1)	Mar-20	Annually	2387	2387
Brewery excise tax report	28-A M.R.S. §1364 (2)	Jun-22	Monthly	2112	2112
Retail license application	28-A M.R.S. §1201 (1)	Mar-22	Annually	1269	1269
Qualified catering application	28-A M.R.S. §1076 (7)	Jul-23	Ad hoc	1019	1019
Application for a catering permit	28-A M.R.S. §1012 (3)	Jul-23	Ad hoc	968	968
Winery and cidery excise tax report	28-A M.R.S. §1364 (2)	Jun-22	Monthly	876	876
Direct shipper renewal	28-A M.R.S. §1403-A (8)	May-17	Annually	669	669
Direct shipper sparkling and fortified wine excise tax report	28-A M.R.S. §1403-A (11)	Dec-16	Annually	669	669
Direct shipper sparkling and fortified wine shipments	28-A M.R.S. §1403-A (11)	Nov-21	Annually	669	669
Direct shipper table wine excise tax report	28-A M.R.S. §1403-A (11)	Dec-16	Annually	669	669
Direct shipper table wine shipments	28-A M.R.S. §1403-A (11)	Nov-21	Annually	669	669
Agency liquor store renewal application	28-A M.R.S. §458 (1)	Oct-19	Annually	639	639
Application for sales representative	28-A M.R.S. §1355-A (1)	Feb-19	Annually	619	619
Certificate of approval application	28-A M.R.S. §1351 (1)	Dec-22	Annually	585	585
Retail off-premises and agency liquor store taste-testing event application	28-A M.R.S. §460 (2-A) (A), 28-A M.R.S. §1205 (2-A) (A), 28-A M.R.S. §1207 (2-A) (A)	Jul-23	Ad hoc	492	492
Application for B.Y.O.B. permit	28-A M.R.S. §163 (2)	Jul-23	Ad hoc	284	284
Application for incorporated civic organization event	28-A M.R.S. §1012 (1)	Jul-21	Ad hoc	264	264
Excise tax credit summary report	28-A M.R.S. §1652	Sep-19	Monthly	192	192
Wholesaler excise tax monthly summary report	28-A M.R.S. §1403 (4)	Dec-21	Monthly	192	192
Application for small brewery	28-A M.R.S. §1355-A (1)	Jul-23	Annually	168	168
Club application	28-A M.R.S. §1051 (1)	Apr-23	Annually	121	121
Application for small winery	28-A M.R.S. §1355-A (1)	Jul-23	Annually	72	72
Distillery excise tax report (low-alcohol spirits)	28-A M.R.S. §1364 (2)	Jun-22	Monthly	72	72

Agency liquor store change of ownership	28-A M.R.S. §457	Jun-19	Ad hoc	70	70
Direct shipper application	28-A M.R.S. §1403-A (3)	May-17	One-time	64	64
Application for Annually permit to purchase import and transport alcohol	28-A M.R.S. §2073-E (1) (F)	Jul-23	Annually	61	61
Application for a special taste testing event	28-A M.R.S. §1052-D (1)	Feb-20	Ad hoc	47	47
Agency liquor store new	28-A M.R.S. §453-A (2)	Feb-19	One-time	45	45
Public service application	28-A M.R.S. §1077 (1)	Jul-23	Annually	44	44
Notice of self-sponsored event by qualified caterer	28-A M.R.S. §1076 (10) (C)	Dec-16	Ad hoc	42	42
Application for small distillery	28-A M.R.S. §1355-A (1)	Jul-23	Annually	32	32
Application for wholesaler	28-A M.R.S. §1355-A (1)	Jul-23	Annually	17	17
Wholesalers' request for beer and wine tasting	28-A M.R.S. §1402 (2)	Sep-16	Ad hoc	16	16
Bottle club registration application	28-A M.R.S. §161 (1)	Jul-23	Annually	15	15
Hotel mini-bar application	28-A M.R.S. §1012 (6)	Aug-16	Annually	15	15
Qualified caterer self-sponsored application	28-A M.R.S. §1076 (10) (A)	Aug-19	Annually	14	14
Application for on-premises taste testing event permit	28-A M.R.S. §1051 (8)	Aug-17	Ad hoc	14	14
Application for an auxiliary license	28-A M.R.S. §1012 (2)	Jun-17	Annually	13	13
Cocktails-to-go application	28-A M.R.S. §1056 (2) (A)	Apr-23	One-time	10	10
Farmer's market application	28-A M.R.S. §1368 (3) (A)	Jul-23	Annually	10	10
Application for large brewery	28-A M.R.S. §1355-A (1)	Sep-19	Annually	8	8
Dual liquor license application	28-A M.R.S. §1208 (1) (A)	Jul-23	Annually	2	2
Postsecondary educational institution sampling license application	28-A M.R.S. §1553	Jul-23	Annually	1	1
Application for large winery	28-A M.R.S. §1355-A (1)	Mar-19	Annually	1	1
Application for large distillery	28-A M.R.S. §1355-A (1)	Jul-23	Annually	1	1
Initial application to transfer wine between retail locations	28-A M.R.S. §1201-B (3)	Aug-22	Ad hoc	1	1
Wine transfer product list	28-A M.R.S. §1201-B (3) (A)	Aug-22	Ad hoc	1	1

Appendix G

Breakdown of Violations 2022 and 2023

Violation	2022	2023
SELL LIQUOR TO MINOR OFF-PREMISES	212	152
SELL LIQUOR TO MINOR ON-PREMISES	27	15
AGENCY STORE SELLING SPIRITS FOR UNLAWFUL PRICE	9	8
LICENSEE ALLOW VISIBLY INTOXICATED PERSONS TO REMAIN ON PREMISES OR ALLOW EMPLOYEES/PERFORMERS TO CONSUME LIQUOR WHILE ON DUTY ON PREMISES	9	5
FAILURE TO REGISTER LABEL	10	5
POSSESSION OF LIQUOR BY MINOR ON PREMISES	0	5
ALLOW IMPROPER CONDUCT	6	4
LICENSEE INDEBTED DIRECTLY OR INDIRECTLY	3	4
SALE OF LIQUOR TO OTHER THAN MEMBER OR GUEST	2	4
FAILURE TO DISCLOSE FULL OWNERSHIP	0	4
FAILURE TO PAY EXCISE TAX	3	2
SALE OF LIQUOR TO VISIBLY INTOXICATED PERSON	2	2
FAILURE TO FILE MONTHLY REPORTS	3	2
ALLOW ACCESS BETWEEN TWO LICENSED AREAS BY THE PUBLIC	1	2
FAILING TO PRICE BY BRAND IN CONSPICUOUS PLACE	0	2
LICENSEE DISTURB ANOTHER PERSON'S MERCHANDISE	0	1
POSSESSION BEYOND LICENSE	1	1
ALLOW CONSUMPTION OTHER THAN ON LICENSED PREMISES	1	1
SAMPLE NOT ACCOMPANIED BY AN INVOICE	1	1
FAILURE ON THE PART OF CERTIFICATE OF APPROVAL HOLDER OPERATING SPECIAL WAREHOUSE STORAGE FACILITIES WITHIN THE STATE TO KEEP COMPLETE RECORDS	0	1
COA SELLING TO NON-WHOLESALE	0	1
FAILURE TO HAVE TOILET FACILITIES AS PRESCRIBED BY RULE	0	1
PURCHASE LIQUOR FROM PERSON NOT ISSUED THE PROPER WHOLESALE LICENSE	0	1
SELL LIQUOR ON CLUB PREMISES DURING FUNCTION OTHER THAN A CLUB FUNCTION	0	1
SELL UNLIMITED NUMBER OF DRINKS FOR FIXED PRICE	0	1
PERMIT CONSUMPTION OR POSSESSION AFTER HOURS	0	1
FAIL TO MAINTAIN EMPLOYEE AFFIDAVITS	2	0
FAILURE TO IDENTIFY AGE OF PERSON BY PHOTOGRAPHIC IDENTIFICATION	2	0
UNREGISTERED PRODUCT GIVEN AS SAMPLE	2	0
OFFER OR DELIVER FREE LIQUOR	1	0
HIRING EMPLOYEES UNDER AGE SEVENTEEN	1	0
FAIL TO OBTAIN OFF PREMISES CATERING LICENSE	1	0
WHOLESALE SELLING TO NON-RETAILER	1	0
FAILURE TO ALLOW THE BUREAU OR ITS REPRESENTATIVES TO AUDIT THE BOOKS AND RECORDS OF THE LICENSEE	1	0
NO DUAL DISTRIBUTORSHIP	1	0
PERMIT LIQUOR TO BE KEPT OR STORED UPON PREMISES NOT UNDER CONTROL	1	0
Total	303	227

Appendix H

MOU Protocol for Administrative Violations



STATE OF MAINE
DEPARTMENT OF ADMINISTRATIVE AND FINANCIAL SERVICES
BUREAU OF ALCOHOLIC BEVERAGES AND LOTTERY OPERATIONS
DIVISION OF LIQUOR LICENSING AND ENFORCEMENT
8 STATE HOUSE STATION
AUGUSTA, MAINE 04333-0008

MOU Protocol for Administrative Violations

When a law enforcement officer issues a citation for an administrative violation, as it relates to the Memorandum of Understanding on file with the Division, the following protocol must be followed:

1. The law enforcement officer (hereafter called "Officer") will issue the Notice of Administrative Violation and Short Form Complaint (hereafter called "Notice") to the licensee, agent of the licensee or the employee who caused the violation. The Officer has the discretion on whether to issue a Notice to the employee who caused the violation.
2. The issuing law enforcement agency (hereafter called "Agency") will send a copy of the Notice and a detail investigation report to the Division of Liquor Licensing and Enforcement (hereafter called "Division") **within 5 business days** of the issuance of the Notice.
3. The person, licensee or employee cited will have twenty-one (21) days to contact the Division to resolve the violation.
4. If a consent agreement is reached, the licensee or employee cited will be provided documentation and direction on how to complete the consent agreement and send such documentation together with a check for the agreed upon fine to the Augusta District Court. The Division will prepare a formal copy of the consent agreement stating terms of the agreement in conjunction with the Assistant Attorney General (AAG) assigned to the Division and it will be forwarded to Augusta District Court for consideration.
5. If the nature of the violation requires a suspension, the Division and the licensee will develop an agreement on the terms and conditions of a suspension. Once finalized, the Division will draft a long form complaint and consent decree for the licensee's signature and forward it to Augusta District Court for consideration.
6. If the District Court does not agree to the recommended disposition in Section 4 or 5 above, then the complaint will be returned to the Division for processing.
7. If, within 28 days from the date of the Notice, a consent agreement has not been reached, the Division will contact the District Court of jurisdiction to set a date and time for a suspension hearing by preparing a long form complaint and notice of hearing. Once the time and date of hearing is established, the Division will serve the long form complaint and notice of hearing on the licensee with the assistance of the law enforcement agency that issued the original Notice. Once the complaint is served, the Division must file the long form complaint and notice of hearing with the District Court of jurisdiction. Once filed, the Division will notify the law enforcement agency that issued the original Notice, along with the AAG assigned to the Division, of the hearing date for prosecution.
 - A. The Division, at the direction of its AAG, will request that the law enforcement agency that issued the original Notice assist in serving subpoenas on witnesses as necessary and be available to provide testimony at the hearing.
8. The District Court of jurisdiction will notify the counsel of record, the defendant, and the Division of the final disposition of the hearing and of all cases relative to consent decrees.

Appendix I

Procedures for Compliance Check Programs



STATE OF MAINE
DEPARTMENT OF ADMINISTRATIVE AND FINANCIAL SERVICES
BUREAU OF ALCOHOLIC BEVERAGES AND LOTTERY OPERATIONS
DIVISION OF LIQUOR LICENSING AND ENFORCEMENT
8 STATE HOUSE STATION
AUGUSTA, MAINE 04333-0008

Procedures for Conducting Liquor Sales Compliance Check Programs

The Division has crafted the following Procedure for Conducting Liquor Sales Compliance Check Programs to be used by all law enforcement agencies or other organizations as approved by the Division or the Maine Center for Disease Control and Prevention to conduct compliance check programs. Before any law enforcement agency or other approved organization may conduct compliance check programs, there must be in place a fully executed Memorandum of Understanding for the Enforcement of Maine Liquor Laws with the Division.

1. Definitions

“Compliance Check Program Inspection” or “CCP Inspection” means a liquor sales compliance program performed by law enforcement agencies or Division staff and persons from 18 to 20 years old.

- A. “Compliance Check Program Inspector” or “CCP Inspector” means a person who is 18 to 20 years of age who is either hired or volunteers to participate in a liquor sales compliance program.
- B. “Compliance Check Data Collection Report” or “Report” means the report submitted to the Division electronically that contains the date of the compliance check, the CCP Officer, the CCP Inspector, name of the licensee, type of licensee, outcome of the compliance check and if an administrative citation was issued, including the date of issuance.
- C. “Compliance Check Program Officer” or “CCP Officer” means a law enforcement officer, other agency as approved by the Division or Division staff who has been authorized to participate in Liquor Sales Compliance Check Programs.
- D. “Compliance Check Program Team” or “CCP Team” mean a CCP Officer and one (1) or two (2) CCP Inspectors who are supervised by the assigned CCP Officer.
- E. “Division” means the Bureau of Alcoholic Beverages and Lottery Operations, Division of Liquor Licensing and Enforcement.
- F. “Employee” means an individual who is hired or employed by a licensee to engage in the sale of liquor.
- G. “Licensee” means an individual or business entity licensed to sell liquor.
- H. “Liquor” means spirits, wine, malt liquor, hard cider or any substance containing liquor intended for human consumption which contains more than ½ of 1% of alcohol by volume.
- I. “Off-Premises Licensee” means a person licensed to sell liquor in sealed bottles, containers, or original packages to be consumed off the licensed premise (retail stores and agency liquor stores.).
- J. “On Premise Licensee” means a person licensed to sell liquor to be consumed on the licensed premise (restaurants, lounges, etc.).

2. Pre-Program Planning Requirements

- A. A list of licensees to be used for the Liquor Sales Compliance Check Program will be established by the CCP Officer. The pre-program plan will identify assigned on and off premise licensees, appropriate methodology and suitable CCP Inspectors to be used for the program; and
- B. The Compliance Check Program Officer will prepare and review the list of licensees with the CCP Inspectors and review and discuss this Program Procedure.

3. Compliance Check Program Officer Requirements

- A. The Compliance Check Program Officer will ensure that each CCP Inspector does not have:
 - i. any money other than funds provided for liquor purchase.
 - ii. any form of identification in their possession during the CCP Inspection; and
 - iii. any illegal substances.
- B. At the start of the program, the CCP Officer must:
 - i. photograph the CCP Inspector.
 - ii. provide cash as outlined in Section 5 (1) of this Procedure to the CCP Inspector; and
 - iii. ensure the CCP Inspector does not have any form of identification in the CCP Inspector's possession.
- C. Whenever feasible, the CCP Officer must witness the attempted purchase of liquor.
- D. The CCP Officer will review the Compliance Check Data Collection Report immediately after each compliance check to ensure that the report is complete and enter the type of premise on the Report.
- E. If a liquor sale is made by the CCP Inspector, the Compliance Check Officer must:
 - i. secure, tag and process evidence according to State procedures from the CCP Inspector;
 - ii. provide additional funds to the CCP Inspector to be used for additional purchases at other licensees, when needed;
 - iii. obtain the Compliance Check Data Collection Report, ensuring that the report is complete.
 - iv. within 24 hours, return to the licensee at the end of the program to issue a State of Maine Notice of Liquor License Administrative Violation and Short Form Complaint and counsel the employee and/or licensee on how to avoid a violation in the future; and
 - v. follow the MOU Protocol for Administrative Violations.
- F. The CCP Officer must maintain a chain of custody on any evidence from the sale of liquor from the program.

4. Compliance Check Program Inspector Requirements

- A. CCP Inspectors must:
 - i. be 18 to 20 years of age;
 - ii. be dressed in a manner representative of this age group;
 - iii. not have any facial hair;
 - iv. have little or no makeup;
 - v. not wear sunglasses; and
 - vi. not wear any type of hat.
- B. CCP Inspectors must not carry:
 - i. any money other than funds provided by the Compliance Check Officer;
 - ii. any form of identification on them at any time during the program; and
 - iii. any illegal substance.
- C. CCP Inspectors also must:
 - i. answer all questions honestly about age and date of birth;
 - ii. not present false written or oral evidence of their age;

- ii. not attempt to make a purchase if the CCP Inspector is known to employees or other customers in the store at the time of the attempt to purchase;
- iii. file an incident report for any “out of the ordinary” occurrences;
- iv. complete the Compliance Check Data Collection Report immediately after each compliance check;
- v. immediately turn over to the CCP Officer any liquor purchased;
- vi. return all unused money to the CCP Officer at the end of the detail;
- vii. not consume any liquor during the program;
- viii. submit to an alcohol breath test prior to conducting the program and upon completion of the program; and
- ix. testify in court if or when necessary.

D. CCP Inspectors may:

- i. respond “No” when asked if CCP Inspector is working with a law enforcement agency on a compliance check program; and
- ii. terminate any purchase attempt when the CCP Inspector is uncomfortable.

5. Program Procedure to Conduct Compliance Checks

In addition to the requirements set forth in Sections, 2, 3 and 4, the following element must be part of the procedure to conduct liquor compliance checks:

- 1. The CCP Officer will obtain cash funds for compliance checks from the person designated in the agency who is authorized to disburse funds for this purpose.
- 2. The CCP Officers must transport or arrange for transportation for CCP Inspectors in an unmarked law enforcement vehicle or in a vehicle approved by the Division to the assigned licensees. Whenever feasible, CCP Officers must enter the premises separately from the CCP Inspectors and engage in appropriate social conduct while monitoring activity from inside the premises.

The safety of the CCP Inspectors remains paramount.

The CCP Officers and CCP Inspectors must avoid contact to minimize the defense that the CCP Officers’ presence implied the CCP Inspectors were of legal age. CCP Inspectors will attempt a purchase of liquor and, once the liquor is paid for and given to the CCP Inspector by the employee, the CCP Inspector will leave the premises. Whenever feasible, CCP Officers should obtain visual description of the employee and identify the liquor purchased by the CCP Inspector. CCP Officers will then leave the premises.

- 3. CCP Inspectors must, in addition to complying with the requirements of Section 4(C)(iv), provide to the CCP Officers information relating to a description of the employee and details of the transaction in order to facilitate further administrative investigation by the law enforcement agency or the Division.
- 4. CCP Officers must complete the Compliance Check Data Collection Report of each compliance check regardless of the outcome of the compliance check. CCP Officers must record all pertinent information to facilitate further administrative investigation by CCP Officers’ agency or the Division.
- 5. CCP Officers must conduct an investigation on each licensee that failed the compliance check, issue appropriate administrative citations to the licensee and the employee(s) involved and counsel the employee and/or licensee on how to avoid a violation in the future. Additionally, CCP Officers must complete investigation reports, and the reports must be forwarded to the Division for review and consideration of prosecution within 5 business days.
- 6. The report required under this protocol must be sent electronically to the Division. The email address is: MaineLiquor@Maine.gov

Appendix J Lottery Winner Claim Form

For office use only

Check No.: _____

Claim No.: _____



WINNER CLAIM FORM

Please read the instructions carefully and the form must be completed fully and legibly.

Claimant Information:

Instructions for claiming your winnings:

Please sign the back of your ticket, complete the claim form as well as signing and dating at the bottom. Please mail original and signed ticket together with your claim form. We strongly encourage you to send your winning ticket by certified or express mail or by another means to track your winning ticket delivery to this office. **Photocopy the front and back of the winning ticket before mailing for your records.**

Last Name	First Name	Middle Initial
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Street, Rural Route or PO Box

City, State and Zip Code

Social Security or FEIN

Daytime Telephone #

Winning Ticket Here

Your ticket is not a winner until validated by the Maine State Lottery.

Date of Birth

If you would like to receive information concerning our promotions just enter your Email address

Email Address

Our office addresses:

Physical: 19 Union Street
Augusta, ME 04330

Mailing: 8 State House Station
Augusta, ME 04333-0008

For Office Use Only

Amount of Prize over \$5000: _____

Federal Tax Withheld: _____

State Tax Withheld: _____

Check Amount: _____

Certification: Under penalty of perjury, I hereby declare that, to the best of my knowledge and belief, the name, address, and social security number or FEIN provided correctly identifies me as the claimant of this prize and that the claimant is not prohibited by law from purchasing a lottery ticket. I understand that any person who, with the intent to defraud, falsely presents for payment a forged, counterfeit, or altered ticket is in violation of state law and may be prosecuted or will be referred for prosecution.

Signature

Date

Instructions for Claiming your Prize

How to Claim - To claim a prize of \$600 or more, you can use any of the methods below to claim your winning ticket. You should make a copy of the front and back of the signed ticket and the completed claim form for your records.

- A. In-person** – Bring your signed winning ticket to the Lottery office in Augusta, Maine to claim your prize. You will need to present a valid form of a government issued identification card such as a driver's license; a passport issued by the United States or a foreign government; an identification card issued by any branch of the armed forces of the United States or an identification card issued by the United States Bureau of Citizenship & Immigration Services.
- B. By Mail or Courier** – Complete this claim form as well as the back of the ticket. You should make a copy of the front and back of the signed ticket, (the claim receipt from option C below, if applicable) and the completed claim form for your records. Please staple the winning ticket to the completed form and mail to the Lottery office. We strongly urge you to send winning tickets by certified or express mail or by other means to track your winning ticket delivery to the Maine State Lottery, or
- C. In person at a Lottery Retail Agent location** – Bring your winning ticket to any location where lottery tickets are sold. The Lottery Retail Agent will validate your ticket and the lottery system will indicate that you must file a claim at the "Lottery Headquarters". The lottery retail agent representative will then present you with a "Claim Receipt" and give you back your original ticket. You must then follow either steps A or B above to complete the claim for your winnings.

For a group claiming a prize – If a group of persons is claiming a winning ticket, each person in the group must complete a claim form. When submitting a winning ticket for claiming as a group, please also indicate how the prize will be divided among the winners. Each winner will receive a check and each person will receive a W-2G tax form at the end of the year for their share of the winnings.

Time for processing claim – Please allow five (5) business days for processing your claim.

Address for claiming a prize in person or by courier delivery:

Bureau of Alcoholic Beverages and Lottery Operations
19 Union Street, 3rd Floor, Suite 301-A
Augusta, ME 04330

Address for claiming a prize by mail:

Bureau of Alcoholic Beverages and Lottery Operations
8 State House Station
Augusta, ME 04333-0008

For questions regarding claiming a prize, please contact the Maine State Lottery at:

(800) 452-8777 (Maine only)
(207) 287-3721
MaineLottery@Maine.gov

The Maine State Lottery will withhold Federal and State taxes at 24% and 7.15% respectively on prizes over \$5000. It is important to understand that the taxes withheld, if any, may not cover your entire Federal or State tax obligations. The final tax amount owed will depend on your personal tax situation. As the Maine State Lottery or its employees cannot provide you with financial advice, you should talk with a professional tax advisor. Also, the Maine State Lottery is required to notify other state agencies of this claim and withhold any portions of a claimant's winnings if the claimant owes an outstanding debt to a state agency.

Appendix K Lottery License Application Form



For office use only.

Retail Agent License #:

Date Activated:

Application for a Lottery License

Please complete this entire application. When completed, return this application to the Maine State Lottery together with a fifty dollar (\$50.00) non-refundable application fee made payable to the Treasurer of State. An incomplete or illegible application will be returned without being reviewed. For questions relating to this application, please call (207) 287-3721 or email us at MaineLottery@Maine.gov. Mailing address: 8 State House Station, Augusta ME 04333-0008. Physical address: 19 Union Street, 3rd floor, Augusta ME 04330

Section 1: Type of Application

- New Change of ownership of an existing licensed location

Section 2: Type of Ownership: (select only one)

- A. Individual
B. Sole proprietorship
C. Partnership
D. Corporation
E. Limited Liability Company
F. Limited Partnership Limited
G. Liability Partnership

Federal Tax Identification Number: (if B, D, E, F or G is checked) _____

Section 3.A: If you checked A, B or C above, please list the Name of the Business:

Section 3.B: If you checked D, E, F or G above, please list the exact Legal Name of the Business as it is registered with the Secretary of State and other business name for your entity (DBA), if any:

- If the applicant is a sole proprietorship or general partnership, your legal name in Section 2 is your personal name. In Section 3.B, your DBA is your business name.
- If the applicant is a registered business entity, the information must match the information on file with the Maine Secretary of State's office. If you have questions regarding this information, please call the Secretary of State's office at (207) 624-7752.

Section 4: **Location of Business:** (town/city and county) _____

Section 5: **Address and Telephone Number of Business:**

Physical Address: _____

Store Mailing Address: _____

Store Telephone Number: _____

Alternate Telephone Number: _____

Section 6: Own Lease

If leasing, please provide owner/landlord contact information:

Name: _____

Mailing Address: _____

Business Phone: _____ Mobile Phone: _____

Email Address: _____

Section 7: **Are you currently licensed by the Maine State Lottery in another location?**

Yes No

If Yes, please provide lottery agent number(s) and location(s):

Section 8: Type and Classification of Business; Hours of operation; Other Licenses.

A. Classification: (select only one)

- | | |
|---|---|
| <input type="checkbox"/> 5000 Miscellaneous | <input type="checkbox"/> 5700 Department/Box Store |
| <input type="checkbox"/> 5400 Grocery Store/Market | <input type="checkbox"/> 5715 Bowling Alley |
| <input type="checkbox"/> 5415 Convenience Store | <input type="checkbox"/> 5800 Tavern/Lounge |
| <input type="checkbox"/> 5416 Convenience Store/Gas | <input type="checkbox"/> 5810 Restaurant |
| <input type="checkbox"/> 5540 Service Station | <input type="checkbox"/> 5910 Pharmacy |
| <input type="checkbox"/> 5600 Hardware Store | <input type="checkbox"/> 5990 Newsstand/Card Shop |
| | <input type="checkbox"/> 8640 Non-profit Organization |

B. Type: (select only one)

- Year round Seasonal

If seasonal, please provide months of operation: _____

C. Hours of Operations:

- Sunday: From: _____ to: _____
Monday: From: _____ to: _____
Tuesday: From: _____ to: _____
Wednesday: From: _____ to: _____
Thursday: From: _____ to: _____
Friday: From: _____ to: _____
Saturday: From: _____ to: _____

D. Date business to start operations: _____

E. Other Licenses: (check all that apply)

Is your business licensed to sell: Distilled Spirits Beer and Wine

Section 9: Chain Store affiliation (if none, so indicate): _____

Section 10: Insurance Coverage for Theft and Fire – Please attach Certificate of Liability

Name of Insurance Carrier: _____

Name and telephone number of Insurance Agent: _____

Policy #: _____ Deductible: _____

Extent of Coverage: _____

Section 11: Persons associated with business; contacts.

A. Please list the names, home addresses, dates of birth, social security number and provide a valid photo ID for all owners(s), partners, members, managers or officers of the business structure. Photo ID can be a copy of a valid driver's license or passport.

If Section 2.A. or B. is selected: All owners
If Section 2.D. is selected: All officers, directors or shareholders
If Section 2.C or G is selected: All partners
If Section 2.E. is selected: All members or managers
If Section 2.F. is selected: All general partners

<u>Name</u>	<u>Address</u>	<u>SSN</u>	<u>Date of Birth</u>
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(Attach additional sheets as necessary)

B. **Primary and Secondary Contacts for the Maine State Lottery.** Please provide the names, title, telephone numbers (business, home and mobile), fax number and email address for a primary and secondary contact for the Maine State Lottery.

Primary Contact:

<u>Name</u>	<u>Title</u>	<u>Mobile</u>	<u>Business or Home</u>	<u>Email</u>
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Secondary Contact:

<u>Name</u>	<u>Title</u>	<u>Mobile</u>	<u>Business or Home</u>	<u>Email</u>
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Section 12: Background information. The Maine State Lottery will conduct a financial and criminal background check on all persons listed in the application. As part of this background check, please answer the following questions:

A. Has anyone listed in Section 11 ever been convicted of an offense other than a traffic violation?

Yes No

- B. Has anyone listed in Section 11 ever been subject to any disciplinary action, past or pending, by any administrative, governmental, or regulatory body? Yes No
- C. Has anyone listed in Section 11 ever been charged with a violation of any statute, rule, regulation or ordinance of any municipal, administrative, regulatory, or governmental body?
 Yes No
- D. Is your business in default of taxes, fees or other obligation to the State of Maine or any of its governmental subdivisions Yes No

Note: If the answer is **Yes** to any question in this section, please attach an additional sheet to this application with a complete description and details of the offense, disciplinary action or violation as described in this section.

Section 13: Terms and Conditions of a License with the Maine State Lottery.

- A. The applicant agrees to establish a separate account to manage all financial transactions related to the lottery;
- B. The applicant agrees to be bound by and comply with the laws, rules and instructions promulgated by the Maine State Lottery if a license is issued as a result of this application;
- C. The applicant agrees to make available for sale to the public, valid draw and instant lottery tickets during normal business hours;
- D. The applicant is responsible for the retail price of the tickets in the possession of the applicant;
- E. The applicant agrees that all lottery tickets accepted from the Maine State Lottery or its authorized distributor are deemed to have been purchased by the applicant and therefore, the tickets are the sole property of the applicant for purposes of this agreement and for liability for theft, or other loss, except to the extent such loss or damage is caused by the Lottery's negligence or willful misconduct ;
- F. The applicant agrees to sell and maintain a minimum of 16 active instant ticket games at all times;
1. A Lottery Field Operations staff will work with the applicant to determine if another lower minimum or higher minimum is appropriate for the applicant's business location;
 2. A recommendation on the minimum will be made to the Manager of Field Operations who makes the final determination;
 3. The applicant must agree to this recommendation and if, the minimum number of tickets is less than 16, the applicant must agree to increase the number of tickets over the next year to the 16 active instant ticket game minimum standard;
 4. The Lottery reserves the right to terminate this license at any time if the minimum number of instant ticket games is not sold by the applicant or for low sales based on an acceptable standard in the applicant's geographical location. The Lottery will work with the applicant to determine and agree on the number of instant tickets to be sold and the low sales threshold;

- G. The applicant agrees to sell all of the lottery's portfolio of draw games;
 - 1. The applicant agrees to meet a minimum sales standard to be determined after its first 6 months of operations as a lottery retail agent;
 - 2. A Lottery Field Operations staff will work with the applicant to set this minimum sales standard and make a recommendation to the Manager of Field Operations who will make the final determination. This minimum sales level must be maintained throughout the life of the license;
 - 3. The applicant's sales will be reviewed semi-annually and the Lottery reserves the right to increase or decrease the minimum draw games sales standard based on this review;
 - 4. The Lottery reserves the right to terminate this license at any time if the minimum sales standard for lottery draw games is not met by the applicant or for low sales based on an acceptable standard in the applicant's geographical location;
- H. The applicant agrees to have installed by the Lottery or by the an authorized agent of the Lottery and use the following point of sale equipment issued to the applicant including the terminal, printer, flat panel advertising monitor, wireless ticket checker and wireless jackpot sign. The applicant agrees to reasonably provide for the security of all equipment installed, including terminals, printers, jackpot signage, flat screen monitors, etc. loaned to the applicant by Maine Lottery, and Maine Lottery shall be responsible for ensuring the equipment is operative. If the equipment is lost or damaged due to the fault of the applicant, an employee of the applicant's and/or a contractor of the applicant, the applicant is responsible for all replacement cost(s), except that the applicant shall not be responsible for damage caused by ordinary wear and tear. If replacement costs are levied against the applicant for the loss or damage to the equipment, the applicant has thirty (30) days to pay the cost or forfeit their right to sell Lottery products.
- I. The applicant agrees to maintain and post authorized displays; notices; drop boxes; and other materials used in conjunction with lottery ticket sales in accordance with the instruction of the Maine State Lottery and subject to any conditions or restrictions at the applicants location.;
- J. The applicant agrees to have sufficient funds available to instantly pay (either by cash or check) all valid claims up to and including \$599.00 and to provide lottery claim forms to the claimants for all valid claims \$600.00 and over;
- K. The applicant must continuously carry significant insurance coverage or otherwise self-insure for theft or other types of loss for all lottery tickets;
 - 1. The applicant must report any theft or loss of lottery tickets or equipment to the Maine State Lottery;
 - 2. The Maine State Lottery will not reimburse the applicant for any theft or loss of lottery tickets; and
 - 3. The applicant will reimburse the Maine State Lottery for any theft or loss of equipment.
- L. The applicant agrees to maintain accurate records of all operations in conjunction with lottery ticket sales as required by the rules and instructions promulgated or issued by the Maine State Lottery;
- M. The applicant agrees to make available to the Maine State Lottery for inspection and audit those records the applicant is required to maintain;
- N. The applicant agrees that the license issued as a result of this application may be revoked or suspended for any or all of the following reasons; but not limited to:
 - 1. Whenever the applicant knowingly uses false or misleading information to obtain a license;

2. Whenever the applicant violates any of the provisions of Maine law relative to the Maine State Lottery or any rules or policies promulgated or issued by the Maine State Lottery; and
 3. Whenever it is determined by the Director of the Maine State Lottery or the director's designee that the applicant fails to meet minimum sales standards outlined in paragraphs G and H of this Section.
- O. The applicant agrees that the Maine State Lottery will be held harmless from any liability in conjunction with operating and conducting lottery ticket sales if a license is issued.

Section 14: Acknowledgment and Signatures.

I certify under penalty of perjury that I have completed this application to the best of my ability and knowledge and that there are no misrepresentations or false information stated in this application. Additionally, I am aware that false or misleading information or statements are reasons for rejection of this application and the revocation or suspension of my license to sell lottery tickets. I agree to be governed by all laws and rules relating to the Maine State Lottery as well as the terms and conditions listed in this application. I further agree to consent to a criminal and financial background check as a condition of licensure.

For an individual, sole proprietor or partnership: (complete if Section 2.A, B or C was selected)

Name and Capacity: _____

Signature: _____

Date: _____

For an entity: (complete if Section 2.D, E, F or G was selected)

Name and capacity of authorized person: _____

Signature of authorized person: _____

Date: _____

For an application to be considered for review, the following MUST be included. An incomplete or illegible application will be returned without being reviewed.

- Signed Application
- Photo ID
- \$50.00 Application Fee
- Credit Release
- Criminal Background Release
- W-9
- ACH Agreement
- Voided Check or Deposit Slip
- Certificate of Liability

Return all completed forms to: Bureau of Alcoholic Beverages & Lottery Operations
Attn: Lottery Licensing
8 State House Station
Augusta, Maine 04333-0008

For Office Use Only
This application for a license is:
<input type="checkbox"/> Approved <input type="checkbox"/> Denied

Official with the Maine State Lottery

Date

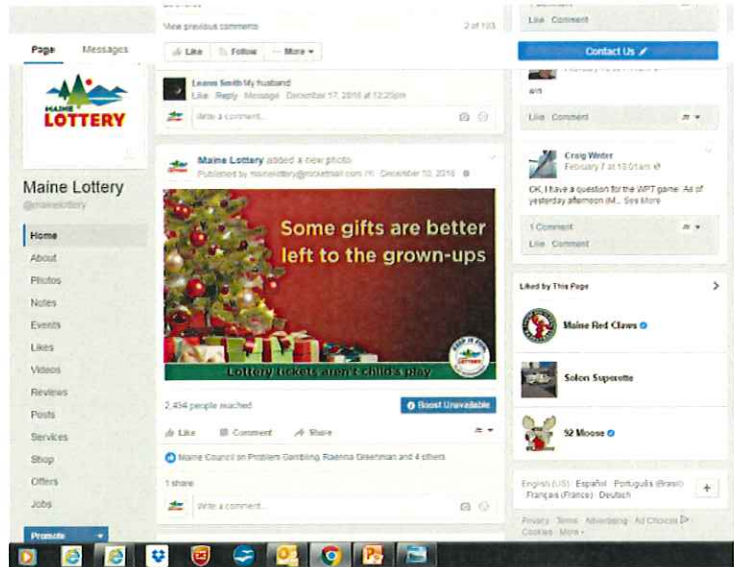
Appendix L Lottery Responsible Gaming

The Maine Lottery understands the importance of promoting responsible playing and providing resources to those in need. As part of an ongoing campaign, the lottery promotes responsible play and provides information to the public through our digital displays at retail, through point of sale material and on tickets. In addition, television and radio are also run to encourage responsible playing while providing the states 2-1-1 number that can connect those in need to the resources that are available. Listed below are just a few examples of the lottery's responsibility efforts.

At Retail



Social Media and Web



Television



Omni-channel





ALCOHOL COMPLIANCE AND CAPACITY ASSESSMENT: A MAINE SPOTLIGHT

November 2022
*Maine Bureau of Alcoholic
Beverages and Lottery Operations*

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FOR MORE INFORMATION, PLEASE CONTACT:

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CASSANDRA TOURRE, MPA
Director, Public Policy
National Alcohol Beverage Control Association
policy@nabca.org

Executive Summary

The goal of state alcohol regulation is to protect public health and safety, establish an efficient mechanism to collect taxes and revenues, eliminate unfair and illegal marketing or trade practices, and balance interests of all stakeholder groups engaged and interested in alcohol regulation. The **Maine** Bureau of Alcoholic Beverages and Lottery Operations (the Bureau) effectively regulates the beverage alcohol industry in **Maine** by ensuring responsible business practices. The Bureau contracted with an alcohol researcher to conduct a systematic assessment of **Maine's** alcohol regulatory and enforcement capacity of the sale of alcoholic beverages, the overall alcohol regulatory and enforcement landscape across states, and how **Maine** compares to other states.

Methods

Representatives of 45 states and the District of Columbia (n=46) participated in a telephone interview and completed a form to provide numbers of licenses and personnel. Data analysis assessed the aggregate alcohol landscape across participating states, ratio of licenses and establishments to personnel, and compared **Maine's** capacity and resources to the aggregate state data. The assessment was supported by an award from the National Alcohol Beverage Control Association (NABCA).

Findings

Maine has lower staffing capacity than most states; **Maine** has fewer enforcement personnel and a higher number of licenses per Full Time Equivalent (FTE) than most other states.

- 🍷 **Maine** has fewer enforcement personnel than all but six of the states in the study.
- 🍷 **Maine** has 17 FTEs, with seven FTEs in enforcement, to oversee 11,418 licenses and 4,344 unique physical establishments.
 - There are 672 alcohol licenses for every FTE in the Bureau, compared to an aggregate average ratio for all states of 158 licenses per FTE.
 - The number of licenses per FTE is even greater for just enforcement FTEs—there are 1,631 licenses for every one enforcement FTE (compared to an aggregate average ratio for all states of 305 licenses per enforcement FTE).
 - **Maine** enforcement FTEs have the 4th highest ratio of licenses per FTE of states in the study, even though **Maine** has just the 22nd highest number of licenses—only three states in the study have a higher ratio of licenses to enforcement FTEs than **Maine**.

Maine has insufficient capacity to adequately monitor direct-to-consumer (DTC) shipping, like many states. **Maine** allows DTC shipping for wine; expansion of DTC to allow spirits is under consideration. **Maine** is challenged to provide adequate oversight of DTC shipping, as were many states in the study. **Maine** has no dedicated staff assigned specifically to DTC compliance, so this function is absorbed into the overall department workload.

Lack of criminal authority limits the Bureau's enforcement capacity. **Maine's** alcohol enforcement system is decentralized, with administrative authority at the state level and criminal authority vested in state and local law enforcement agencies. Bureau enforcement personnel do not have arrest powers and must rely on local law enforcement agencies, even though these agencies may not have the depth of expertise on alcohol licensing and violations that is optimal.

A combination of state and local efforts to prevent sales to underage and overservice sales are priorities for the Bureau, but not mandated by state law. Training for employees who serve

or sell alcohol is not required by state law, but some local communities have enacted ordinances requiring training within their jurisdiction. Local law enforcement agencies can conduct compliance checks and when they do, they share this information with the Bureau.

Reliance on paper systems limits regulatory capacity. **Maine's** systems are on paper, limiting the ability of staff to quickly access licensee information or use this information for allocated resources to maximize efficiencies. Paper systems pose challenges for adequately monitoring DTC shipping.

The geography of Maine strains limited resources. **Maine** is nearly as large in area as all the other New England states combined. **Maine** has fewer enforcement staff than nearby Vermont, even though **Maine** has more licenses and is three times the size.

Variations among state alcohol regulatory and enforcement systems enable states to adopt processes for their unique situation, although diversity of models can make it challenging to identify best practices across states. There is no singular state model of alcohol regulatory enforcement in the United States. While there may be some similarities in state alcohol regulatory enforcement systems, each state has developed its own unique combination of authority over licensing, enforcement, types of licenses, alcoholic beverage definitions, and operations (manufacturer, wholesale, retail).

The COVID-19 pandemic impacted alcohol regulatory enforcement agencies and licensees. **Maine**, like most states, expanded types of allowed alcohol sales through March 2025 to support businesses and to protect from further spread of COVID-19, without additional staff or resources for oversight.

Conclusion

There is great variety across state alcohol regulatory and enforcement systems, yet their challenges are similar. **Maine** has less staff capacity than most other states and faces some constraints by not having criminal authority, so it must rely heavily on state and local law enforcement agencies. Limited staff capacity impedes adequate oversight of DTC shipping. Finally, a reliance on paper files makes it more difficult to adequately track information essential to its oversight function.

Introduction and Background

In the United States, individual states determine laws and regulations on how alcohol is sold. With the passage of the 21st Amendment repealing Prohibition in 1933, Congress granted states the authority to determine how they regulate the sale of alcohol, creating a variety of alcohol regulatory systems across the country. States could opt to own some part of the alcohol distribution system, known as control states, or allow alcohol sales to be in the hands of private sellers.¹ The goal of state alcohol regulation is to protect public health and safety, establish an efficient mechanism to collect taxes and revenues, eliminate unfair and illegal marketing or trade practices, and balance interests of all stakeholder groups engaged and interested in alcohol regulation.

The **Maine** Bureau of Alcoholic Beverages and Lottery Operations (referred to as the Bureau throughout this report) effectively regulates the beverage alcohol industry in **Maine** by ensuring responsible business practices by agency liquor stores,² off-premises beer and wine retailers, in-state manufacturers of beer, wine and spirits, beer and wine wholesalers, and on-premises licensees (bars and restaurants) while creating a favorable economic climate. In addition to these responsibilities, **Maine** is one of 18 jurisdictions that operates under the control model of alcohol regulation where the state is a market participant and the sole wholesaler of spirits in the state, selling and distributing spirits to agency liquor stores. Revenues from the sale of spirits in the state go back to the state, supporting essential services in the state. This revenue also supports specific infrastructure initiatives, including roads and bridges, drinking water, and water treatment.

Through the assistance of the State Liquor and Lottery Commission, the Bureau has responsibility for the pricing, listing and delisting of spirits products. **Maine's** business model for the sale of spirits includes licensing private businesses as agency liquor stores to sell spirits to consumers and on-premises establishments (bars and restaurants). It also contracts with a third-party contractor for spirits administration and trade marketing, including warehousing, distribution, inventory and financial management, product maintenance, marketing activities, including traditional media and social media, and agency liquor store support through product awareness, planograms, and spirits shelf set developments.

The Bureau has responsibility for the licensing of all liquor licensees (liquor is defined under law as all types of alcoholic beverages) throughout **Maine** and the enforcement of **Maine's** liquor laws codified in Title 28-A of **Maine** law. The Bureau works to foster a balanced and fair alcohol marketplace through compliance monitoring efforts. **Maine** has a decentralized alcohol regulatory structure for enforcement where the Bureau enforces the administrative liquor code and state and local police enforce the criminal code as it relates to alcohol. To coordinate enforcement efforts between agencies, the Bureau has established memorandums of understanding with over a hundred local law enforcement agencies and with the state police. Further, the Bureau works closely with the **Maine** Center for Disease Control and Prevention (**Maine** CDC) to create social responsibility and awareness programs for alcohol to educate licensees and the public.

The Bureau has a statutory obligation to ensure the health and safety of **Maine** residents and visitors for the distribution and responsible sale of alcohol, while supporting the needs of licensees as they seek to understand and comply with laws and regulations. Recent changes, including those made during the COVID-19 pandemic, have placed increased demand on the Bureau's responsibilities without a commensurate increase in capacity to keep pace with the ever-changing alcohol marketplace. These capacity challenges have been documented by other alcohol regulatory and

¹ National Alcohol Beverage Control Association, <https://www.nabca.org/>.

² An agency liquor store in **Maine** is a privately-owned store that is licensed by the state to sell spirits. The Bureau controls the price of the product, but the licensee owns the product on the shelf.

enforcement agencies in states across the country.³

The aim of this study was to conduct a systematic review of state resources and compliance capacity to regulate alcohol sales and service practices across the United States. The purpose was to learn about responsibilities and resources in **Maine** compared to other states to help inform the Bureau's regulatory practices, policies, and operations as it seeks to protect the public from alcohol-related harm and serve the licensee community.

The assessment findings show alcohol regulatory and enforcement (ARE) agencies are responsible for a diverse array of license types and that states administer and enforce their alcoholic beverage code laws with a variety of levels of state, local, or combined authority. The number of staff compared to number of alcohol licenses varies widely across states. **Maine** has among the lower levels of staff capacity compared to its number of licenses.

■ Methods

Advisory Panel and Development of Data Collection Instruments

An Advisory Panel was recruited to provide input into the study design, sample development, and data collection instruments. The Advisory Panel included **Maine** representatives from law enforcement, prevention, and the Bureau; national experts from liquor law enforcement and regulation; and alcohol researchers who specialize in enforcement and alcohol policy research. (List of Advisory Panel members appears at the end of this report.) The Advisory Panel met four times and provided input into data collection items, reviewed drafts of the instruments, and advised on content and information that would be most useful for stakeholders. The Advisory Panel determined seven content areas for the assessment: 1) numbers of licenses and personnel, 2) state alcohol oversight environment, 3) administrative/criminal authority in states, 4) personnel and staffing, 5) direct-to-consumer shipping, 6) compliance and monitoring of underage sales and overservice, and 7) the impact of the COVID-19 pandemic.

Data Collection

Data collection instruments were piloted with two states; data from pilots was used in the study. Data collection took place from June to September 2022. Data collection had two parts: a data collection form and a survey administered by a telephone interview. States were provided a form via email to complete and return requesting numbers of licenses and personnel for their state. The interview was comprised of 67 questions, most of which were quantitative, with a handful of open-ended questions. All participants gave informed consent to participate in the interview. Interviews lasted approximately one hour and, with permission, were recorded and transcribed. Two states were unable to find a time to schedule the interview; for those states, a copy of the interview instrument was provided via email, completed, and returned. For several interviews, the respondent was unable to answer some questions during the telephone call; in these situations, the researcher followed up with an email of the outstanding questions, to allow the respondent to obtain the information and return by email.

To complement data collection from the states, a researcher with legal expertise reviewed state alcohol control statutes and regulations to determine the level of government responsible for alcohol enforcement by examining legislative statutes, state agency annual reports, and telephone interviews with alcohol and regulatory enforcement staff.

³ The National Liquor Law Enforcement Association. (2020). *Best Practice Guidance for Alcohol Sales and Deliveries During and After the COVID-19 Pandemic: A National Liquor Law Enforcement Association Guidance Document*. Retrieved from <https://files.constantcontact.com/c1247982301/242bf27d-994c-4d0a-92a4-da9298e02b89.pdf>.

Analysis

Data from the interviews and the forms was entered into excel spreadsheets for cleaning and analysis. Interview data was analyzed for frequency or percentage for interview responses and open-ended response questions were reviewed to identify additional information to provide context. The forms of numbers of licenses and personnel were quantified for totals, high and low ranges, and ratios of licenses to personnel were calculated for states in aggregate for comparison to the state of **Maine** and to compare control states and non-control states. For purposes of this report, states are categorized as *control* or *non-control* states. Control states in this report refer to the 17 states that take ownership of alcohol products at some point as identified by the National Alcohol Beverage Control Association (NABCA); the term *non-control* is used to include license states. (It should be noted that four jurisdictions within four states also use a control model, but the focus of this assessment is at the state level.)

The purpose of the study was to examine the environment of alcohol oversight, responsibility, and capacity of the State of **Maine** compared to other states. Thus, findings for the other states are most frequently presented in aggregate, rather than naming specific states. A few items were selected for illustration by state and are shown in select maps.

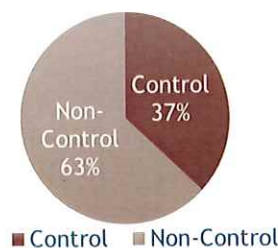
Sample

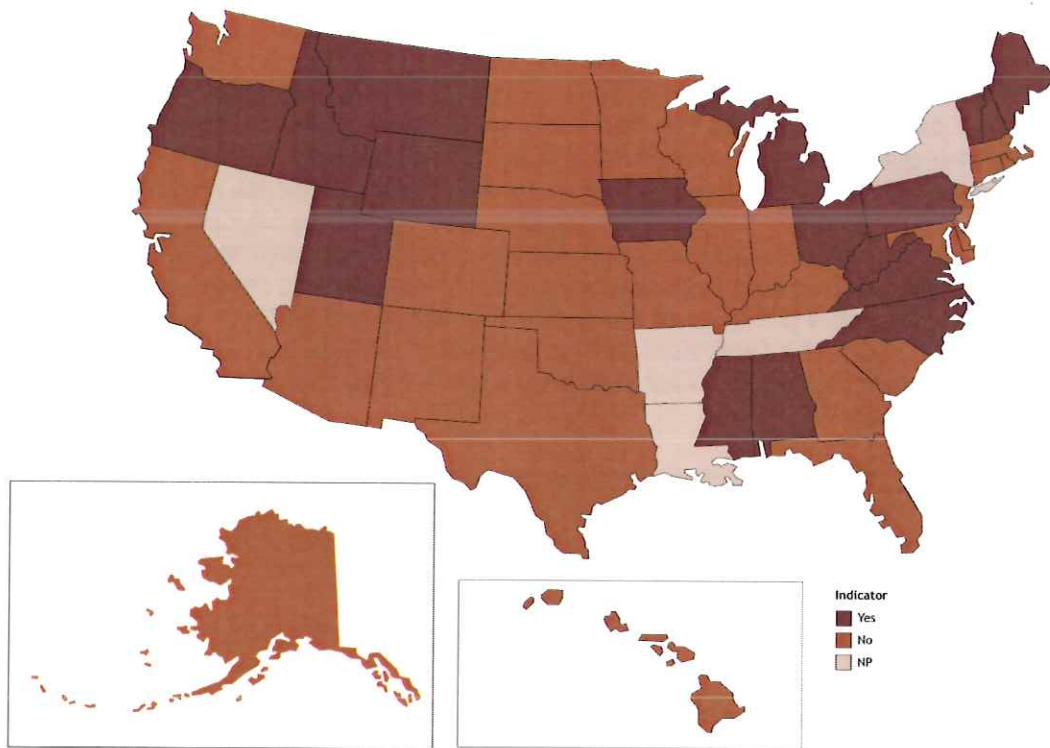
The sample of interviewees was developed through an initial invitation from the Deputy Director of the Bureau. A list of contacts was developed from lists of state-level personnel provided by NABCA, the National Liquor Law Enforcement Association (NLLEA), and researchers from the University of Minnesota Alcohol Epidemiology Program. The Bureau's Deputy Director contacted a representative from each state by email to explain the study parameters, funding, and purpose to request the state's participation. Each state identified the most appropriate contact person(s) to respond. These contacts were then provided to the researcher for scheduling data collection interviews.

The final sample was comprised of 46 jurisdictions, including 45 states and the District of Columbia. The sample includes one state with authority for alcohol at the county level across four jurisdictions; thus, all four counties were interviewed, and the data was aggregated into one state-level response for purposes of analysis. Five states did not participate. Of these, two declined, one was unresponsive, and in two states no contact person could be identified for the study. For purposes of this report, the use of the word "states" will include the 45 states that participated and the District of Columbia. Of the 46 responses, 63% (29) were non-control states and 37% were control states (17) as defined by NABCA. Since the unit of analysis for the study was state level, the State of Maryland is not included in the count of control states for the purposes of this analysis as only Montgomery County is a control jurisdiction in that state. (More information on control states can be found at <https://www.nabca.org/>)

- 📌 **Maine** is one of 17 states that operates under the control model of alcohol regulation where the state is a market participant and the sole wholesaler of spirits in the state, selling and distributing spirits to agency liquor stores.

Control States (17 of 46 in Sample)





Map 1: Control States and Non-Control States
 (Yes = Control state; No = Non-control state; NP = Not participating)

Findings

Numbers of Alcohol Licenses and Personnel

To examine the alcohol enforcement capacity of states, the study examined numbers and types of licenses states are responsible for and the number of alcohol staff, both total staff and number that are enforcement staff. The number of licenses was divided by the number of Full Time Equivalent (FTE) staff positions to calculate a ratio of how many licenses a state has per one FTE. A higher ratio of licenses to FTE indicates a state’s personnel must oversee a greater number of licenses. Ratios were calculated for total FTEs in the state and for enforcement FTEs.

States in the study have a vast number of alcohol licenses and a variety of license types. States were asked to provide numbers of several types of licenses. While most states distinguish between on-premises (on-sale) and off-premises (off-sale) licenses, a few do not, and some have additional license types that are a combination of types of sales. In several states, one business may have more than one type of license and thus have a different number of establishments (i.e., unique physical locations) than licenses. These differences made it difficult for some states to provide a number of establishments that sell alcoholic beverages.

Licenses

The 46 states in the study have a total of 645,948 licenses, comprised of 338,455 on-premises licenses, 237,559 off-premises licenses, and 69,934 other types of licenses (such as combined on-/off-premises or special types of licenses). This ranges from a low of 95 licenses in one state to a high of 75,928. Non-control states (n=29) have a total of 424,778 licenses and control states (n=17) have a total of 221,170 licenses.

📌 **Maine** has 11,418 licenses, more than 24 states in the study, ranking it 22nd highest for number of licenses when compared to all states in the study sample.

Establishments

Three states could not provide the number of individual retail establishments (i.e., unique physical establishments) that sell alcohol in the state. The 43 that provided numbers total 525,201 establishments, ranging from a low of 95 to a high of 75,928 per state. Non-control states have a total of 387,791 establishments and control states have a total of 137,410 establishments.

📌 **Maine** has 4,344 unique physical establishments that sell alcohol, more than 14 states in the study, ranking **Maine** the 29th highest of the 43 states providing a number.

	On-Premises	Off-Premises	Other (combined licenses, on/off combined, other)	Total Licenses	Individual Establishments
All States (n=46)	338,455	237,559	69,934	645,948	525,201
Range-Low	95	0	295	95	95
Range-High	47,600	28,328	23,843	75,928	75,928
Maine	7,121	4,297		11,418	4,344
Non-Control States (n=29)	247,001	157,557	20,220	424,778	387,791
Control (n=17)	91,454	80,002	49,714	221,170	137,410

Number of Licenses and Establishments

Manufacturer Licenses and Direct Shipment Licenses

Many states license out-of-state and/or in-state manufacturers. States in the study reported a total of 76,973 manufacturers (49,720 out-of-state and 27,253 in-state manufacturers). This ranges from a low of 14 total manufacturing licenses to a high of 9,381. Non-control states license 51,783 manufacturers (32,929 out-of-state manufacturers and 18,854 in-state manufacturers); Control states license 25,190 manufacturers (16,791 out-of-state and 8,399 in-state manufacturers).

📌 **Maine** licenses 932 manufacturers; 688 are out-of-state manufacturers and 244 are in-state manufacturers. **Maine** has more manufacturers than 18 other states in the study. **Maine** has the 28th highest number of manufacturers in the study.

	Out-of-State Manufacturers	In-State Manufacturers	Total Manufacturers Licenses
All States (n=46)	49,720	27,253	76,973
Range-Low	0	14	14
Range-High	5,605	8,245	9,381
Maine	688	244	932
Non-Control States (n=29)	32,929	18,854	51,783
Control (n=17)	16,791	8,399	25,190

Number of Manufacturers

Of the 39 states that authorize direct-to-consumer (DTC) shipping of alcohol, 34 reported they license (or permit) direct shippers, for a total of 42,868. The range is from zero to 5,281. Of these, 34,575 are manufacturers and 8,293 are retailers. Non-control states reported 29,789 direct shippers are licensed/permitted (22,537 manufacturers and 7,252 retailers), and control states reported 13,079 are licensed/permitted (11,389 manufacturers and 1,690 retailers).

Maine has 649 manufacturers licensed as DTC shippers, which must provide license documentation from their home state and from the Alcohol and Tobacco Tax and Trade Bureau (TTB). **Maine** does not authorize direct shipment from retailers. This is 28th highest among the 34 states that report licenses for direct shippers; 6 states have fewer direct shipper licenses/permits.

	<i>Direct Shipment Manufacturers</i>	<i>Direct Shipment Retailers</i>	Total DTC Manufacturing & Retailers
All States (n=46)	34,575	8,293	42,868
Range-Low	0	0	0
Range-High	1,904	3,553	5,281
Maine	649	0	649
Non-Control States (n=29)	22,537	7,252	29,789
Control (n=17)	11,389	1,690	13,079

Number of Direct Shippers

Special Events

Many states issue licenses/permits for one-off or special events, such as community festivals, art fairs, or other one-time events. States in the study licensed/permitted 201,492 special events in a typical year, ranging from a low of zero to a high estimated at 50,000. Non-control states reported 143,383 special events and control states reported 58,109 special events. Not all states could provide the number of special events they license/permit.

Maine issues special event permits, but does not have a mechanism for tracking the number of these events, since their systems for maintaining these special permits are on paper.⁴

	Special Event Licenses/ Permits
All States (n=46)	201,492
Range-Low	0
Range-High	50,000
Maine	Unable to quantify
Non-Control States (n=29)	143,383
Control (n=17)	58,109

Number of Special Event Licenses/Permits

⁴ The Bureau is in the process of awarding a contract to a third-party vendor to modernize all aspects of its licensing, enforcement, and excise tax collection processes. The target date for implementation is sometime in the 4th quarter of 2023.

Violations

Forty (40) states provided the number of violations in their state in a typical year. (Not all states in the study provided a number of violations. In some cases, this information is not tallied or is only maintained on paper forms and would have been too burdensome to attempt to provide.) The reported total of annual violations was 61,241. Many states estimated the number of violations; therefore, these numbers should be viewed as approximate. The range of violations in states was from zero to 21,780.

- 📌 **Maine** estimated an average of 175 annual violations; 29 of the 40 states providing data report more annual violations. Ten states reported fewer annual violations than **Maine**.

	License Violations
All States (n=46)	61,241
Range-Low	0
Range-High	21,780
Maine ⁵	175
Non-Control States (n=29)	47,728
Control (n=17)	13,513

Number of Violations

Personnel

For purposes of this study, personnel include staff that oversee licensing, enforcement, adjudication/hearings/appeal, and other (e.g., auditing, admin clerical) within a state alcohol regulatory and enforcement agency. The number of personnel in states vary greatly.

Each state determines if the authority for alcohol licensing or enforcement is at the state or local level, or a combination. Additional detail on licensing authority is discussed in the next section of this report, but it is important to keep in mind that FTE numbers reported here are for the state level; they do not include local agency staff.

Among the 46 states in the study, there are 4,086 FTE staff members. This ranges from a low of 2 to a high of 640. The total number of FTEs in non-control states is 2,554; in control states the total number of FTEs is 1,532.

The largest number of FTEs are enforcement staff—2,121 of the 4,086 FTEs in the sample are enforcement, ranging from a low of zero to a high of 269. There are 1,277 FTEs in enforcement in non-control states and 844 in control states.

- 📌 **Maine** has 17 FTEs in the Bureau, with seven assigned to enforcement. Only seven states have fewer total FTEs than **Maine**. **Maine** is 39th in number of total FTEs in comparison to the other states in the study. **Maine** ranks even lower for enforcement FTEs— only five states have fewer enforcement staff than **Maine**. **Maine** ranks 41st in number of enforcement FTEs.

⁵ The majority of violations reported come from compliance work conducted by local law enforcement (MOU agencies) Of these violations, the vast majority are from one singular MOU funded by federal dollars provided to this agency through a grant program administered by the Maine CDC.

	Total FTE	Enforcement FTE	Licensing FTE	Adjudication, hearings, appeals	Other (auditing admin clerical etc.)
All States (n=46)	4,086	2,121	972	237	648
Range-Low	2	0	0	0	0
Range-High	640	269	182	38	131
Maine	17	7	2.5	0.5	7
Non-Control States (n=29)	2,554	1,277	584	144	494
Control (n=17)	1,532	844	388	94	154

Number of Full Time Equivalent (FTE) Positions

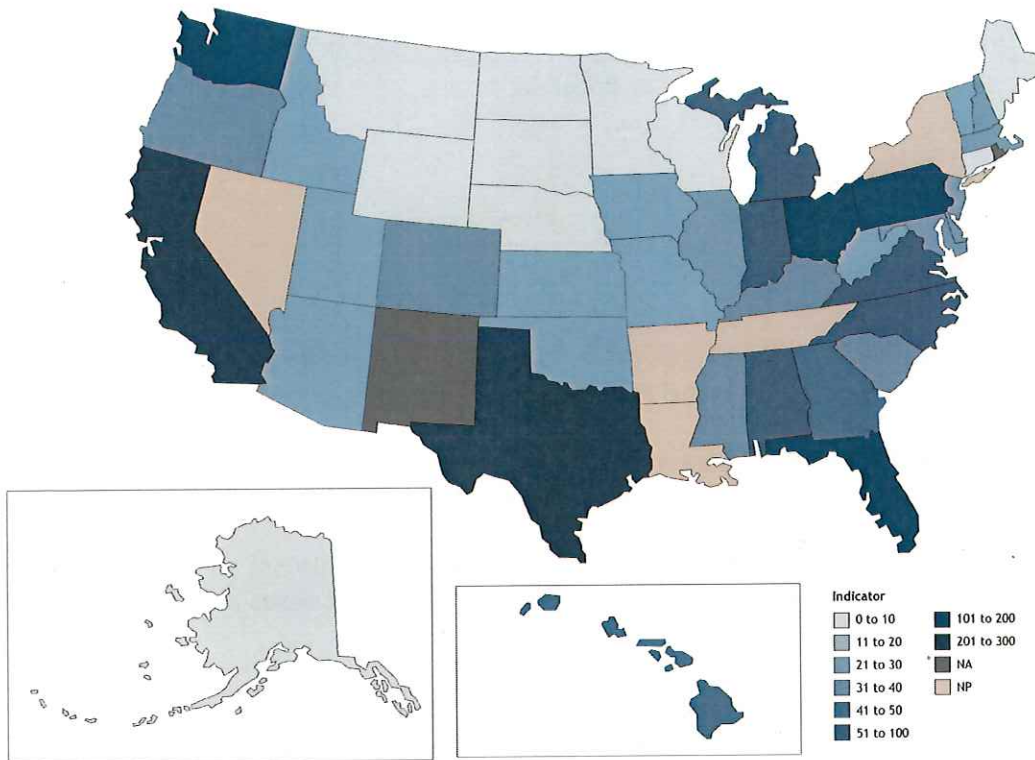
Number of Enforcement FTEs

Three-quarters of states (75%) in the study (33 of the 44 states that provided information on state-level enforcement FTEs) have 50 or fewer enforcement FTEs. Ten states have ten or fewer enforcement FTEs. Just 11 states that provided information have more than 50 enforcement FTEs.

- ▶ **Maine** has fewer enforcement FTEs than 37 of 44 states that provided information in the study. **Maine's** number of enforcement FTEs ranks sixth from the bottom. **Maine** and one other state have seven enforcement FTEs; just five states have fewer enforcement FTEs and two of them do enforcement primarily at the local level.

Range of # of Enforcement FTEs	# of States in Range
<i>Maine and one other state have 6th lowest number of enforcement FTEs at 7</i>	
0 to 10	10
11 to 20	8
21 to 30	8
31 to 40	4
41 to 50	3
51 to 100	6
101 to 200	3
201 to 300	2
No info	2
Total States	46

Number of Enforcement FTEs



Map 2: Number of Enforcement FTEs

Ratio of Licenses and Establishments to Personnel

When averaged for all 46 states in the study, the overall ratio for all on-premises, off-premises and other licenses is 158 licenses per one FTE; for FTEs assigned to enforcement the ratio is 305 licenses per one enforcement FTE.

This ranges from a low of 22 licenses to a high of 1,714 licenses per one FTE. For enforcement FTEs, the range is a low of 54 licenses to a high of 10,282 licenses per one enforcement FTE. (Note the state with 10,282 licenses per one enforcement FTE has just 0.5 FTE in enforcement, resulting in such a high ratio.) The ratio for non-control states is 166 licenses per one FTE, and 333 licenses per one enforcement FTE. For control states, the ratio is slightly lower: 144 licenses per one FTE and 262 licenses per one enforcement FTE.

- ▲ **Maine** has more licenses per FTE than most other states: **Maine** has more licenses per FTE compared to the average for all states and compared to both non-control and control states. **Maine** has 672 licenses per FTE. **Maine** has the 4th highest number of licenses to FTEs; only 3 states have a higher ratio of licenses to FTEs than **Maine**.
- ▲ **Maine** also has more licenses to enforcement FTEs compared to most other states: 1,631 licenses per one enforcement FTE. **Maine** has the 4th highest number of licenses to enforcement FTE: 39 states have fewer licenses per enforcement FTE than **Maine**. (Note that three states were unable to provide a number of enforcement FTEs and are not included in these figures.)

	<i>Total On-, Off-, and Other Licenses</i>	Ratio ALL FTE	Ratio Enforcement FTE
All States (n=46)	645,948	158	305
Range-Low	95	22	54
Range-High	75,928	1,714	10,282
Maine	11,418	672	1,631
Non-Control States (n=29)	424,778	166	333
Control (n=17)	221,170	144	262

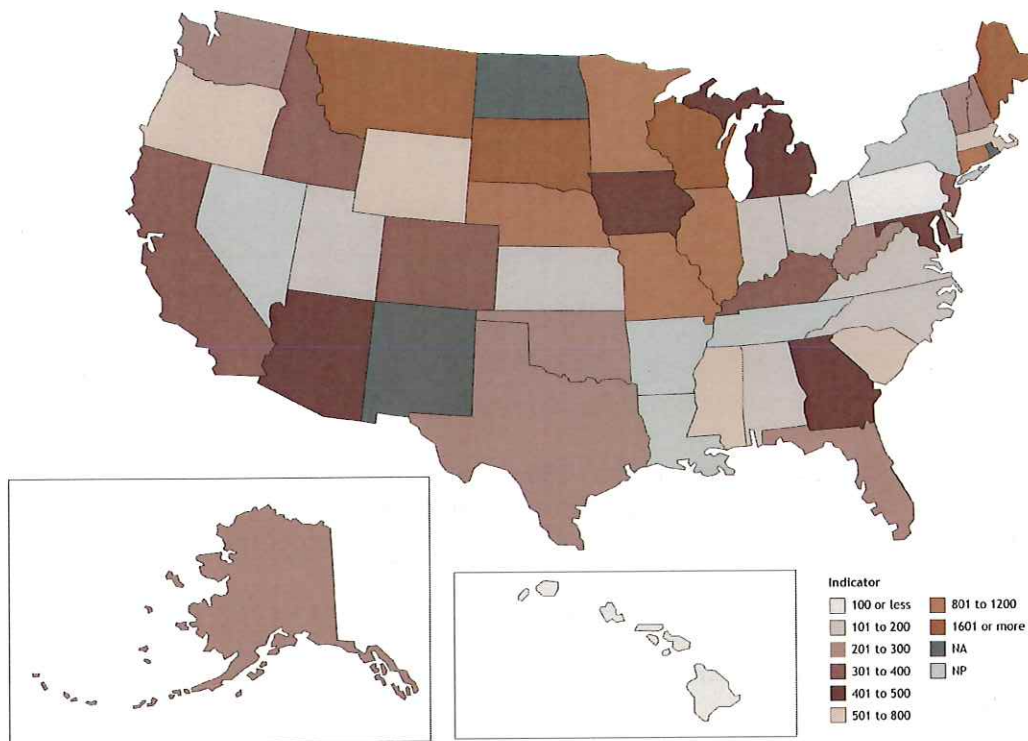
Ratio of All FTE and Enforcement FTEs to Alcohol Licenses

There are 14 states with a ratio of more than 500 licenses per every enforcement FTE; all but 4 states have fewer than 1,200 licenses per every enforcement FTE.

📌 **Maine** has fewer enforcement FTEs compared to licenses than almost all other states. At 1,631 licenses per enforcement FTE, **Maine** has a higher number of licenses per enforcement FTE than all but three states in the study.

# of Licenses for Every Enforcement FTE	# of States with 1 Enforcement FTE in Range
100 or less	3
101 to 200	8
201 to 300	8
301 to 400	5
401 to 500	5
501 to 800	5
801 to 1200	5
1201 to 1600	0
1601 or more	4
Maine ratio 1:1,631 (1 Enforcement FTE in Maine per 1,631 licenses)	
States w/none reported	3
Total	46

Number of States with One Enforcement FTE
per Range of Numbers of Licenses



Map 3: Number of States with One Enforcement FTE per Range of Numbers of Licenses

Establishments

Some states may have more than one license per physical establishment; therefore, it is useful to examine the number of FTEs related to the number of establishments. The ratio for individual establishments to total personnel is one FTE per 129 establishments, ranging from a low of 23 to a high of 1,773 establishments per FTE. When looking at only enforcement FTEs, there is one enforcement FTE for every 248 establishments, ranging from a low of 55 establishments to a high of 10,640 establishments per one enforcement FTE. (Note that the state with 10,640 establishments per one enforcement FTE has just 0.5 enforcement FTE.)

The ratio for non-control states is higher, with 152 establishments per one FTE and 304 establishments per one enforcement FTE. The average control state ratio is lower, with a ratio of 90 establishments per one FTE and 163 establishments per one enforcement FTE.

- Maine** has substantially more establishments per FTE than most states. **Maine** has a ratio of 256 establishments for every one FTE, the 12th highest number of establishments per FTE for the 43 states able to provide information; put another way, 31 of 43 states in the study have fewer establishments for every FTE than **Maine**.
- Maine's** ratio of establishments to enforcement FTEs is also higher, with 621 establishments per one enforcement FTE. This is the 9th highest number of establishments per one enforcement FTE of 40 states able to provide information. **Maine** has a higher number of establishments per every one enforcement FTE than 31 other states.

	<i>Individual Establishments</i>	Ratio ALL FTE	Ratio Enforcement FTE
All States (n=46)	525,201	129	248
Range-Low	95	23	55
Range-High	75,928	1,773	10,640
Maine	4,344	256	621
Non-Control States (n=29)	387,791	152	304
Control (n=17)	137,410	90	163

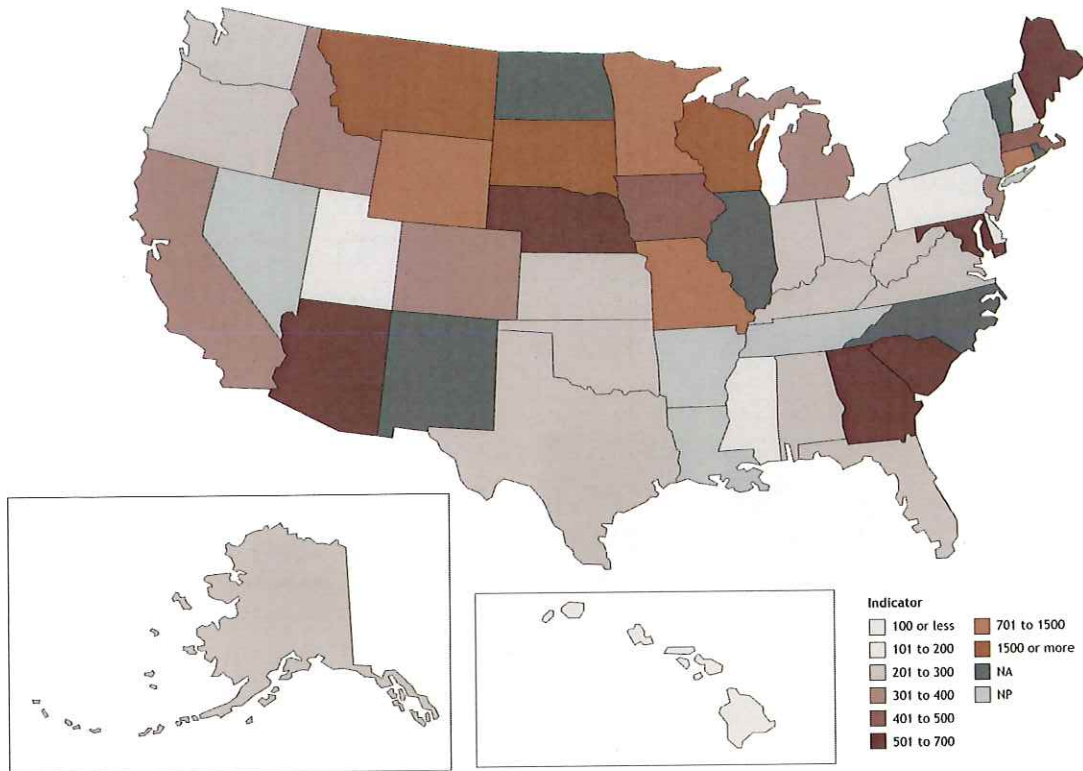
Ratio of FTEs to Establishments

There are nine states with a ratio of more than 500 establishments per every enforcement FTE; 31 states have fewer than 500 establishments per every enforcement FTE. (Six states were unable to provide data needed to calculate a ratio for establishments to enforcement FTEs.)

- Only eight other states have a greater number of establishments per enforcement FTE than **Maine**. At 621 establishments per enforcement FTE, **Maine** has a higher number of establishments per enforcement FTE than 31 of the 40 states in the study able to provide sufficient data on establishments.

# of Establishments for Every Enforcement FTE	# of States with 1 Enforcement FTE in Range
100 or less	5
101 to 200	7
201 to 300	9
301 to 400	4
401 to 500	6
501 to 700	2
Maine ratio 1:621 (1 Enforcement FTE in Maine per 621 Establishments)	
701 to 1500	4
1501 or more	3
States w/o data	6
Total	46

Number of States with One Enforcement FTE per Range of Numbers of Establishments



Map 4: Number of States with One Enforcement FTE per Range of Numbers of Establishments

State Environment and Context: Licensing Authority and Types

In the United States, each state determines its structure for regulation and enforcement of the sale and distribution of alcoholic beverages. Thus, alcohol regulation and enforcement systems are unique to each state, including where the licensing authority and enforcement powers are housed, and this can vary by type of beverage (beer, wine, spirits) and by operation (manufacture, wholesale, retail).

Enforcement Authority

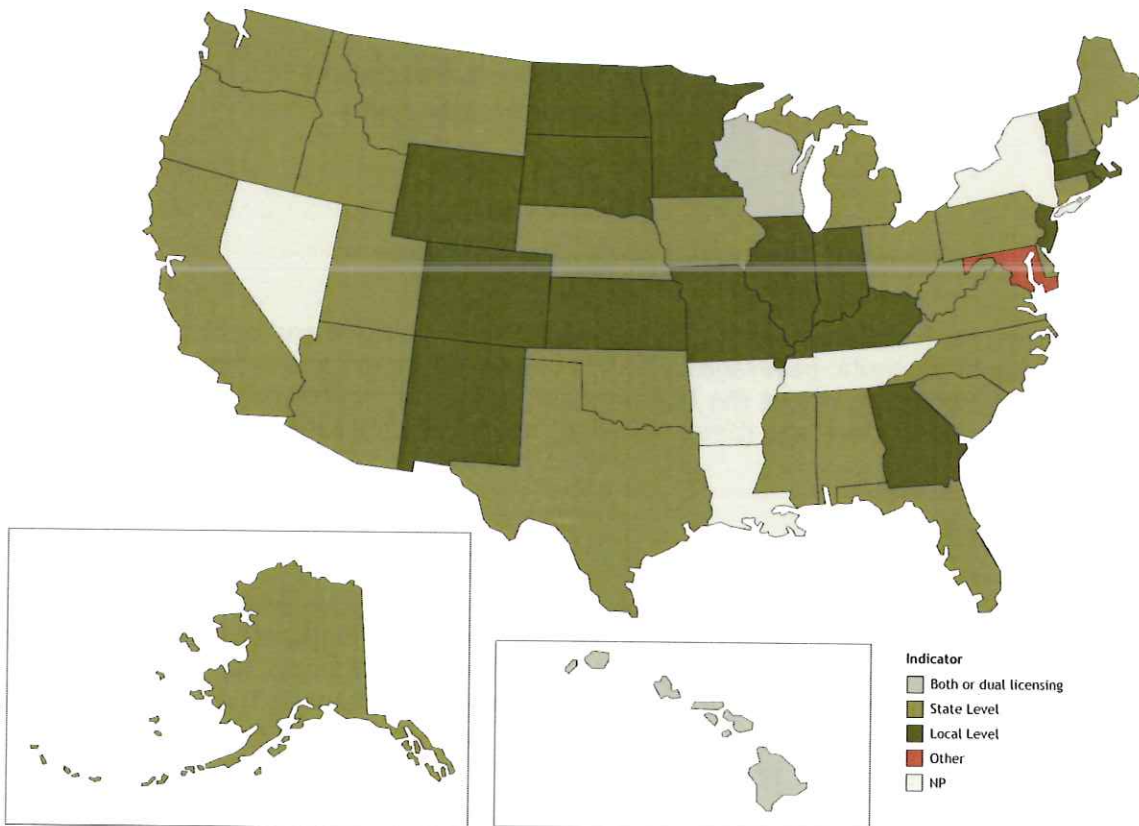
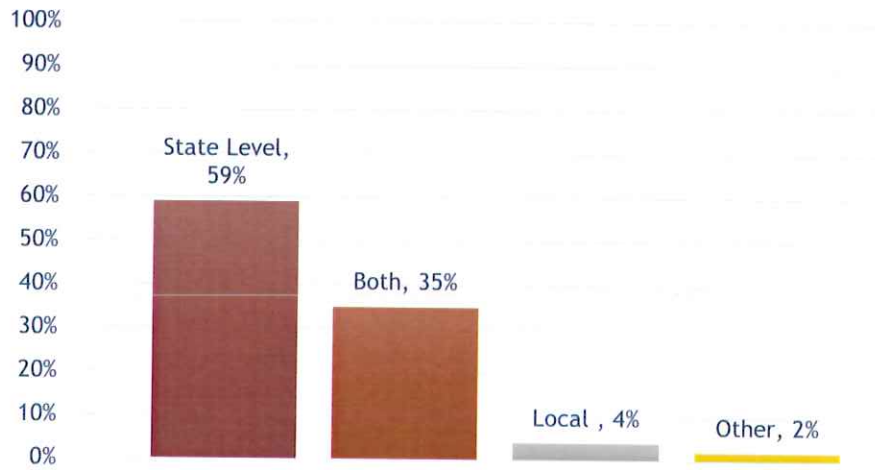
Specific to enforcement powers, some states concentrate administrative and criminal enforcement at the state level in one agency (centralized), while others have administrative enforcement in one agency and criminal enforcement in another (decentralized). Whereas some states have administrative enforcement at the state level and criminal enforcement at the local level (hybrid).

Licensing Authority

Each state determines if the authority for licensing alcohol sales is at the state level, the local level, a combination of both, or something else. Licensing authority is at the state level in 59% of the states in the study, and in 35%, authority is with both state and local. Just 4% of states in the study have authority solely at the local level, and 2% were classified as “other”.

📌 **Maine’s** licensing authority is at the state level.

Licensing Authority (n=46)



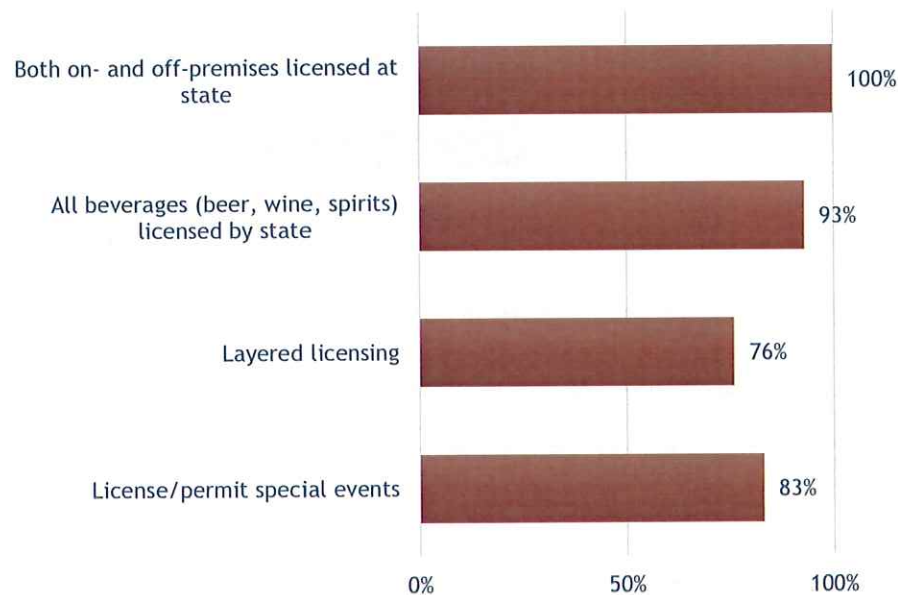
Map 5: Licensing Authority

Types of Licenses at the State Level

States may be responsible for numerous types of licenses. The vast majority of states are responsible for issuing many types of licensing at the state level. All states report they issue both on-premises (on-sale) and off-premises (off-sale) licenses, and 93% license all beverages (beer, wine, and spirits) at the state level. Three-quarters (76%) of states have layered licensing, in which an establishment may have more than one type of license, which could include both on- and off-premises sales, catering, delivery, separate licenses for beer, wine, and spirits, and other combinations. In addition to these types of licenses, 83% of states issue licenses or permits for special events, such as community festivals, art fairs, and one-time events.

📌 **Maine** licenses all establishments at the state level including on-premises and off-premises for all types of alcohol (beer, wine, spirits) and has layered licensing. The state licenses manufacturers, wholesalers, direct-to-consumer wine shippers, and issues permits for special events and other statutorily permitted activities relating to the purchase or transportation of alcohol.

Licenses at State Level (n=46)

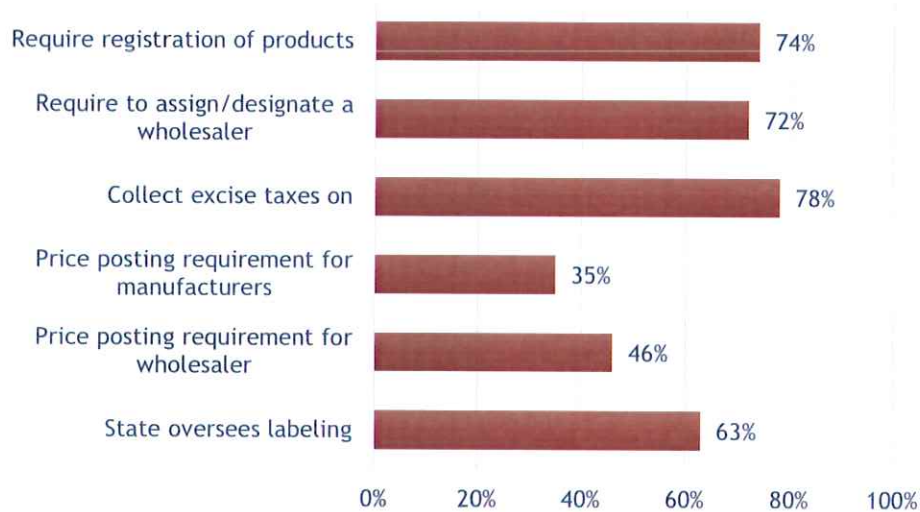


Out-of-State Manufacturers

Many states are responsible for oversight of out-of-state manufacturers that sell alcohol in their state: 74% of states require out-of-state manufacturers to register their products with the state, and 72% require them to designate or assign a wholesaler. At least 78% collect excise taxes from out-of-state manufacturers (Note: Not all states could answer this question). Price posting is required by 35% of states for manufacturers and by 46% of states for wholesalers. At least 63% of states oversee labeling of these products. Several respondents noted that they rely on the TTB for labeling oversight. Over half of states (n=31) report they track this information by computer, with another seven (7) saying their state uses a combination of paper and computerized tracking. The remaining states said the information is not tracked or that it is not clear how it is tracked.

- ▀ **Maine** requires out-of-state manufacturers to register products, to provide a primary source document that declares the origin of the product, to assign territory distribution of these products (i.e., designate a wholesaler in state), to pay excise tax on these products, and to post the price to which it will sell these products to its designated wholesaler(s).
- ▀ After the wholesaler accepts the territory assignment, it must post the price to which it will sell these products to on-premises and off-premises licensees.
- ▀ Bureau staff oversee the filing requirements of these licensees and track this information by computer.

Out-Of-State Manufacturers (n=46)

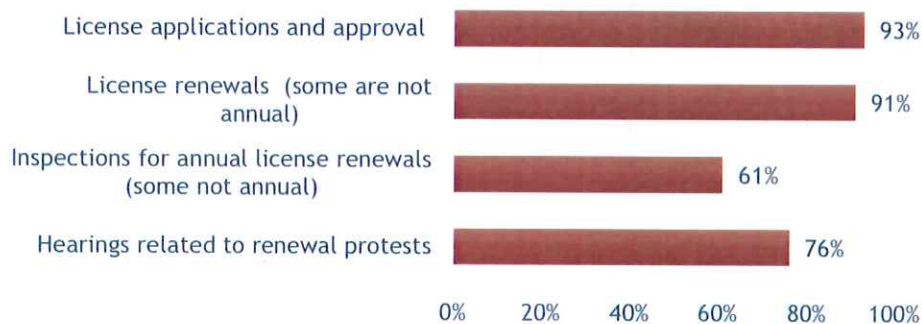


Responsibilities of States for License Applications, Approvals, Renewals, and Protests

The majority of states are responsible for license applications and approvals (93%). License renewals are handled by 91% of states (some annually and some less often) and 61% of states are responsible for inspections for license renewals. Three-quarters (76%) are responsible for hearings related to protests of license renewals.

- ▀ The Bureau is responsible for license applications and approvals, license renewals, inspections for license renewals, and hearings related to renewal protests.

Responsibilities Handled by State Agencies (n=46)

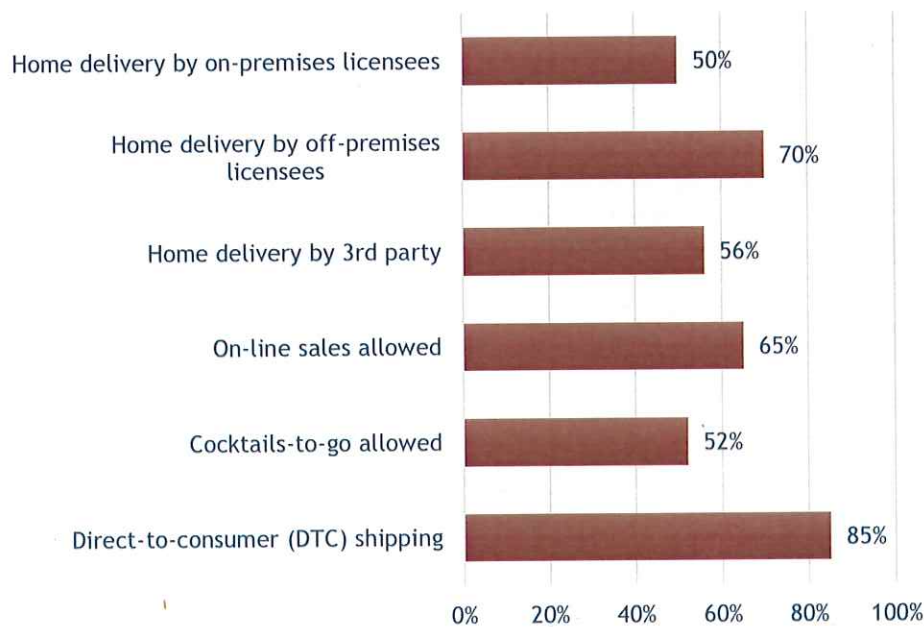


Other Allowed Sales

In addition to the previously listed responsibilities, at least half of states allow additional types of sales. Half of states (50%) allow home delivery by on-premises licensees, 70% allow home delivery from off-premises, and 56% allow home delivery by third parties. Online sales are allowed in 65% of states and cocktails-to-go are allowed in 52% of states. Direct-to-consumer (DTC) shipping is allowed by 85% of states and is discussed in more detail later in this report.

- ▶ **Maine** allows home delivery from on-premises and off-premises licenses by the licensee; home delivery by third party is not allowed.
- ▶ Internet sales are not allowed unless the licensee conducts all the activities of the transaction from purchase to pick-up or delivery by the licensee. The use of a third-party for payment processing and/or product fulfillment is prohibited.
- ▶ **Maine** allows DTC shipping of wine.
- ▶ Cocktails-to-go along with beer and wine in the original manufacturer containers are currently allowed to be sold with a food order by on-premises licensees in response to the COVID-19 pandemic. This statutory privilege is set to expire in March 2025.

Other Allowed Sales (n=46)

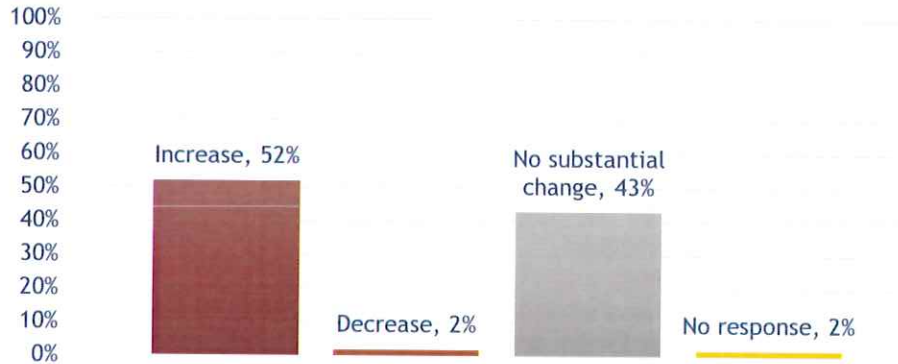


Change in Numbers of Licenses in Past Five Years

Just over half of states (52%) report that there has been an increase in the number of licenses they oversee in the past five years (unrelated to any changes due to COVID-19). Only 2% say there has been a decrease in the licenses their state oversees, and 43% report no substantial change in number of licenses in the past five years. One state was unable to answer this question.

- ▶ **Maine** has not had a substantial change in the number of licenses in the past five years.

Change in Number of Licenses in Past 5 Years (NOT related to COVID) (n=46)

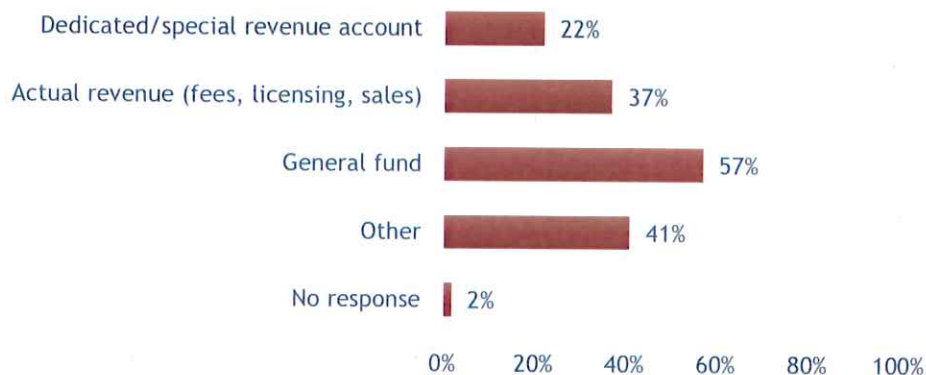


Funding of Alcohol Regulation and Enforcement

States fund alcohol regulation in a variety of ways, often from more than one source. The majority of states (57%) get funding from their state's general fund, 37% get funding from revenue from fees, licensing, and sales, and 22% have dedicated/special revenue accounts, while 41% say funding comes from other sources. Several states are funded by a combination of sources; thus, responses add up to over 100%. Other sources of funding support mentioned included grant funds, enterprise agency funds, asset forfeiture, and special accounts for certain types of enforcement activity. One state did not respond.

- 📌 The Bureau's statutory authority is funded through the state's general fund.
- 📌 Criminal authority through the decentralized system in **Maine** is funded through a variety of ways that are determined by the local authority; the Bureau does not have visibility into that funding mechanism.
- 📌 The **Maine** CDC funds compliance checks from federal grant funds that it awards to local health agencies who contract with local law enforcement agencies that have an MOU with the Bureau.

Funding Sources (n=46)



Computerized or Paper Systems

Of the 46 states in the study, 59% say their license systems are computerized/digital, and 39% say their system is a hybrid of some digital and some paper. Just 2% are still on paper.

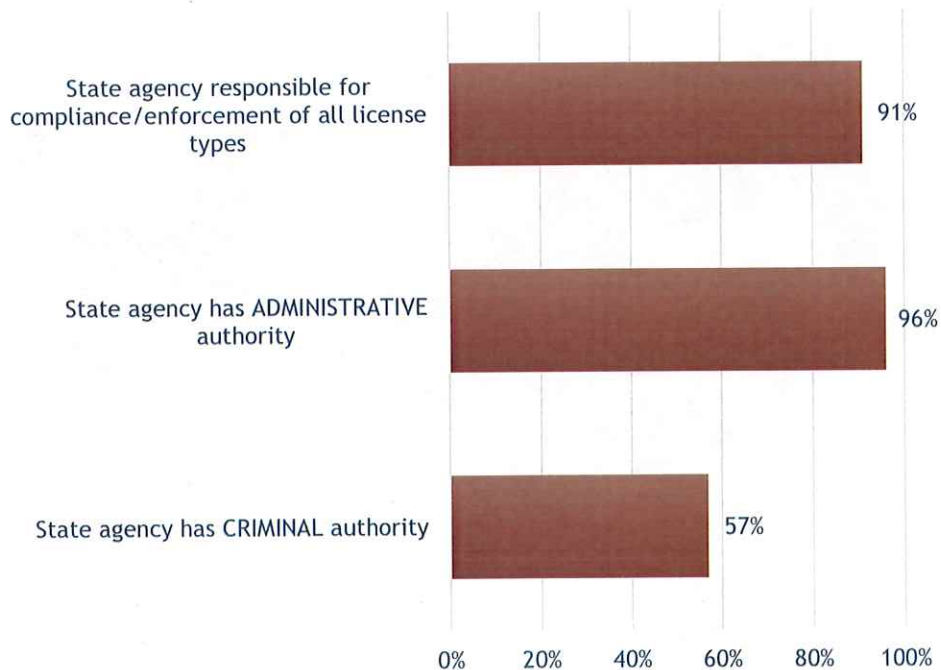
- ▶ The Bureau systems of tracking licenses are primarily on paper. Some records are filed and maintained electronically, but that is limited to out-of-state manufacturers and the ancillary processes that are part of the licensing requirements, including product registration, distribution territory assignments, and primary source documentation. The Bureau system of tracking compliance activities and violations is also primarily on paper. A spreadsheet containing basic information (licensee name, date, and violation) is used to catalog violations.

Criminal/Administrative Authority in States

Most states in the study (91%) are responsible for compliance and enforcement of all license types. Nearly all (96%) have administrative authority, and over half (57%) have criminal authority.

- ▶ The Bureau is responsible for enforcement of all license types. It has administrative authority but does not have criminal authority. The Bureau has more than 100 memorandums of understanding (MOUs) with local law enforcement agencies and the state police to manage the criminal code.

Criminal/Administrative Authority (n=46)

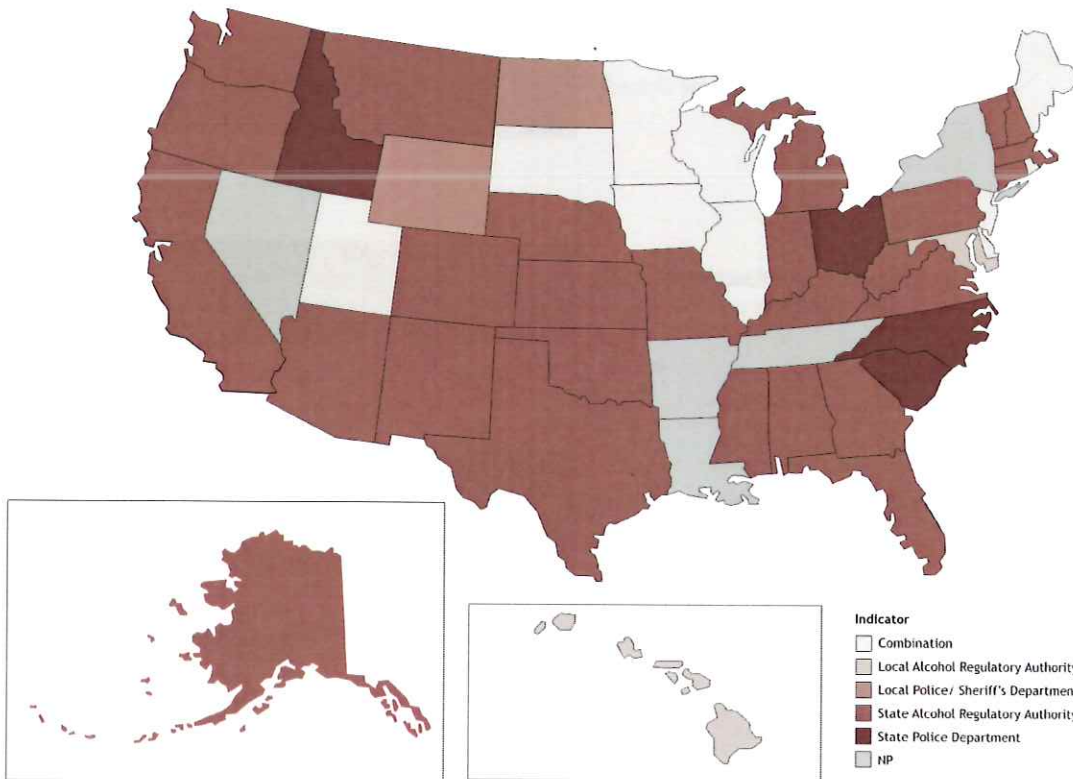
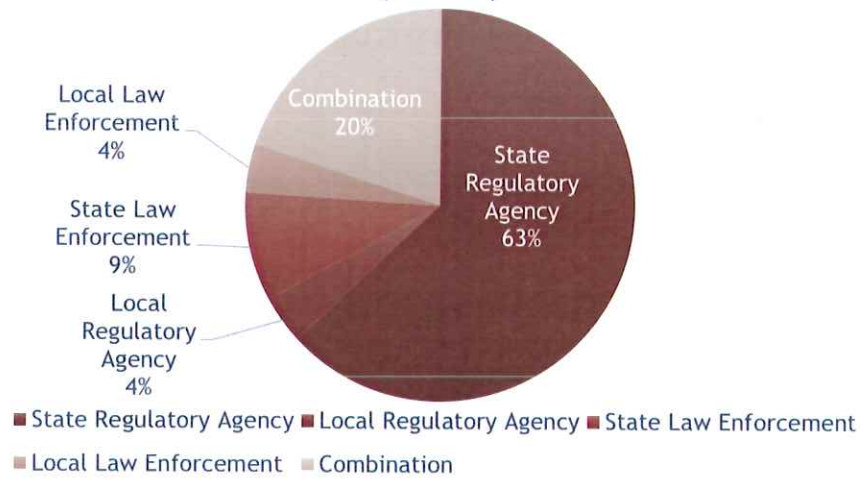


Responsibility/Authority for Enforcing Administrative State Alcohol Beverage Code

Nearly two-thirds (63%) of states vest responsibility for enforcing the administrative beverage code with a state regulatory agency. State law enforcement has this responsibility in 9% of states, local law enforcement in 4% of states, and local regulatory agencies have it in 4% of states. In the remaining 20% of states, this responsibility is in a combination of these agencies.

Maine has a combination—the state handles licensing and administrative code enforcement while criminal code enforcement is at the local level.

Agency Primarily Responsible for Enforcing Administrative Beverage Alcohol Code in State (n=46)

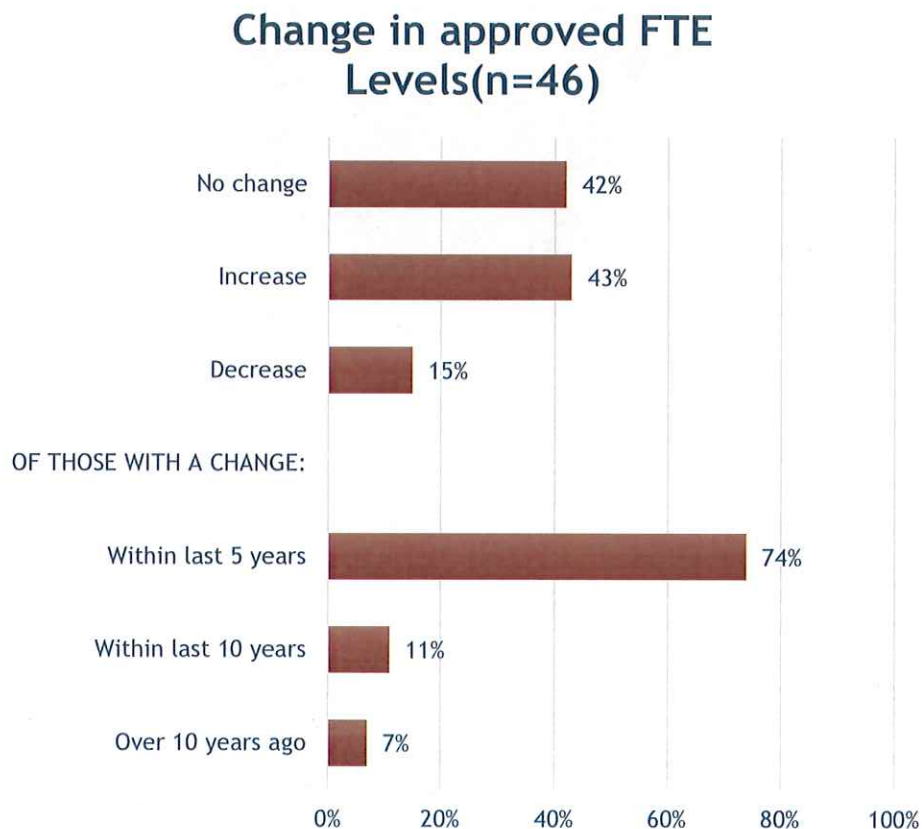


Map 6: Agency Primarily Responsible for Enforcing Administrative Beverage Alcohol Code

Personnel and Staffing

Fewer than half (43%) of states reported an increase in FTE levels in recent years, while 15% reported a decrease and 42% reported no change in staffing levels. Of states reporting a change in staffing levels, three-quarters (74%) were within the last five years, 11% within the last 10 years, and 7% were over 10 years ago.

▲ The Bureau's FTE level decreased over 10 years ago. Prior to 2003, liquor licensing and enforcement was a separate bureau and part of the Department of Public Safety. At that time, the Bureau of Liquor Enforcement, as it was known, had full enforcement authority and enforcement staff had full law enforcement authority. Staff included 17 field officers, and two administrative officers. As part of a gubernatorial budget initiative in late 2003 in the FY2004 budget, that bureau was defunded, and all law enforcement staff left or transferred to other state agencies. The resulting "unit" within the State Police were just five administrative licensing inspectors and one inspector/manager. In 2013, the unit was legislatively moved again to the Bureau, as the Division of Licensing and Enforcement, where it has remained. Until mid-2022, the level of licensing inspectors remained the same when the administration and the legislature approved the funding of two additional licensing inspectors funded from the revenue of the sale of spirits.

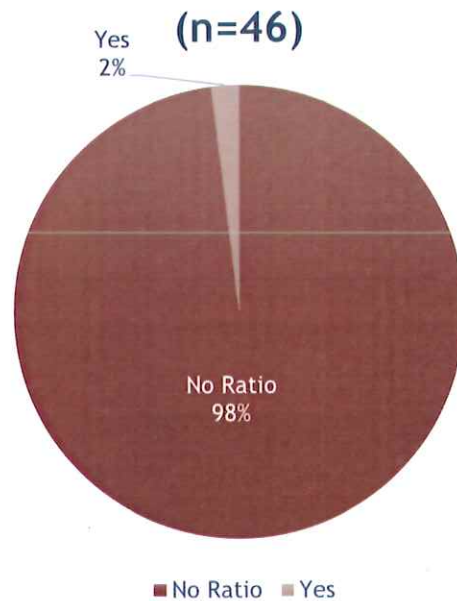


Required Ratio of Staff to Licenses

Almost no states (98%) report that there is a required ratio of staff to the number of licenses the state oversees. Just one state—Utah—has a requirement in state code for a ratio of enforcement personnel to licenses.⁶ No later than July 1st each year, the Department of Alcoholic Beverage Services verifies with personnel in the Department of Public Safety the number of current alcohol-related enforcement officers to ensure there are sufficient officers to be able to grant any additional retail licenses.

📌 **Maine** does not have a required ratio of staff to licenses in state code or regulation.

States that Require a Ratio of Staff to Licenses



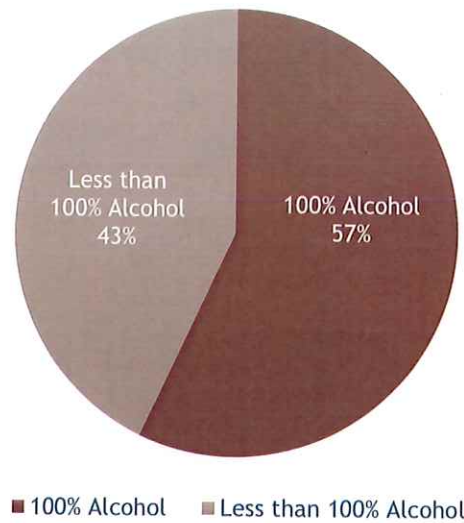
Staff Assigned to Alcohol

Alcohol regulatory and enforcement staff in many states have responsibilities outside alcohol oversight. While 57% of states reported that staff who oversee alcohol are assigned 100% to alcohol, 43% of states reported that staff in their agencies are also responsible for other types of oversight, such as tobacco, cannabis, or gaming.

📌 The Bureau's alcohol staff are assigned 100% time to alcohol. While the Bureau also runs the state lottery, staffing for lottery operations is separate from and funded separately from liquor licensing and enforcement operations. Additionally, authority to enforce the criminal aspects of **Maine** alcohol laws is embedded with local law enforcement agencies or the state police whereby they are responsible with all types of other enforcement duties as outlined in **Maine** law.

⁶ Utah Code, § 32B-1-201, at <https://le.utah.gov/xcode/Title32B/Chapter1/32B-1-S201.html> (2017).

Assigned 100% to Alcohol (n=46)

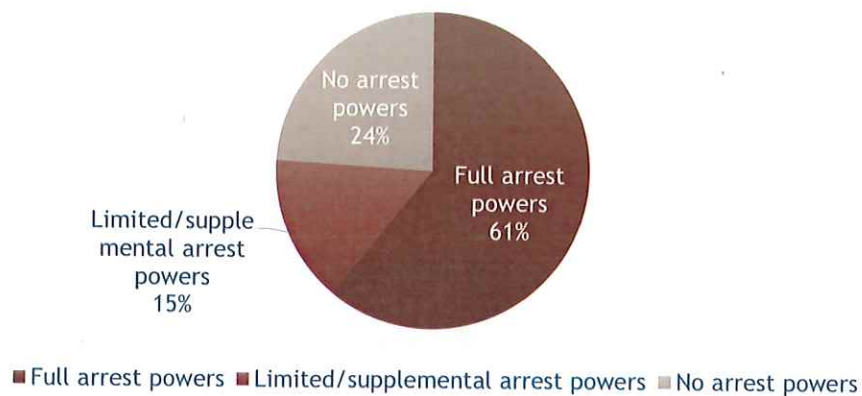


Degree of Arrest Power and Authorization to Carry Firearms

Enforcement agents with arrest powers are able to respond to criminal situations or violence; those without arrest powers or authorization to carry a firearm must rely on law enforcement agencies for this support. In over half of states (61%), staff have full arrest powers or limited/supplemental arrest powers (15%).⁷ A quarter (24%) have no arrest powers.

📌 The Bureau's administrative alcohol enforcement staff do not have arrest powers.

Degree of Arrest Power (n=46)

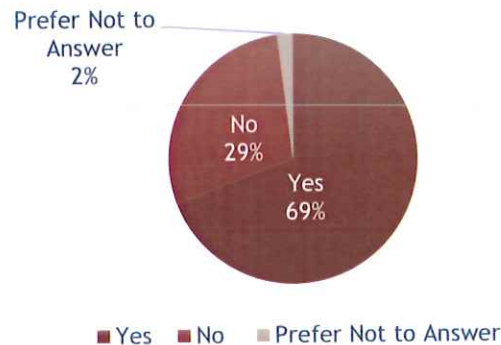


⁷ Limited/supplemental arrest powers specify the laws that agents can enforce. An alcohol enforcement agent's arrest powers might be limited to the alcoholic beverage code laws in a state and require a state or local law enforcement agency to make arrests for other criminal violations such as assaults or violence that might occur in a licensed establishment.

Alcohol agents are authorized to carry a firearm in 69% of states. In 29% of states, they are not. One state preferred not to answer this question.

📌 The Bureau’s administrative alcohol enforcement staff are not authorized to carry firearms.

Agents Authorized to Carry a Firearm (n=46)

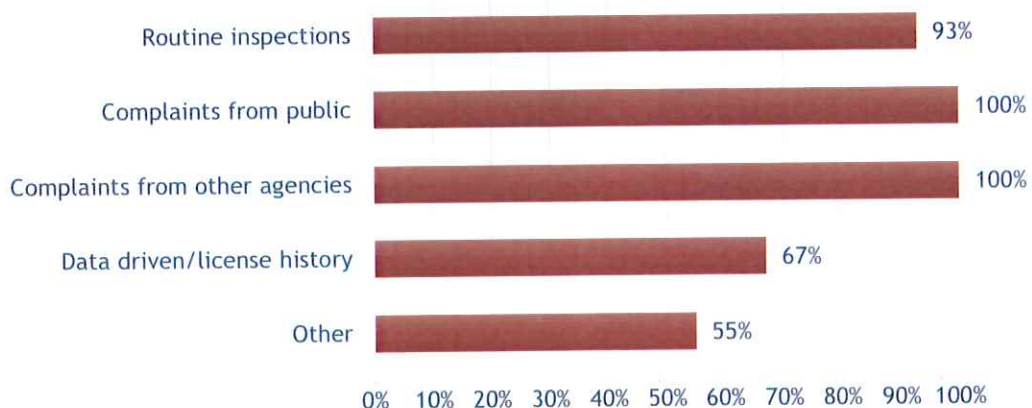


How States Identify/Determine Enforcement is Needed

Staff identify areas of concern where enforcement and/or investigation may be needed in several ways. In all states (100%), complaints from the public and/or complaints from other agencies are a common way issues are brought to the attention of enforcement staff. Issues may be identified during routine inspections (93%), and 67% of issues are identified through data driven analysis or licensee history. Many states (55%) also identify potential problems in numerous other ways, including hotlines, social media, advertising, observations, or areas with high numbers of DUIs (driving under the influence/drunken driving).

📌 The Bureau uses routine inspections, complaints from the public, complaints from other agencies, and data on licensee history to identify enforcement needs.

Used to Identify/Determine Enforcement Needs (n=46)



Resolutions to License Violations

Nearly all states have similar tools to address or resolve license violations/issues. Almost all (98%) use education/counseling/coaching with a licensee to address a concern to correct course. Other resolutions to license violations include citations (85% of states), fines (91% of states), suspension of license (96% of states), and revocations of licenses (91% of states). Several states noted that suspension and revocation of licenses are rare and usually a last resort after other efforts have been attempted. In addition to these measures, some states also use mediation services, probation, settlement or consent agreements, written warning notices, apply conditions on a license, require training, or seizure of products. Some states noted they can do an emergency suspension or cease and desist order if there is an imminent danger, such as violence or health conditions.

📌 The Bureau resolves violations by education, citation, fine, and/or license suspension or revocation.

Types of Resolutions to License Violations/Issues (n=46)

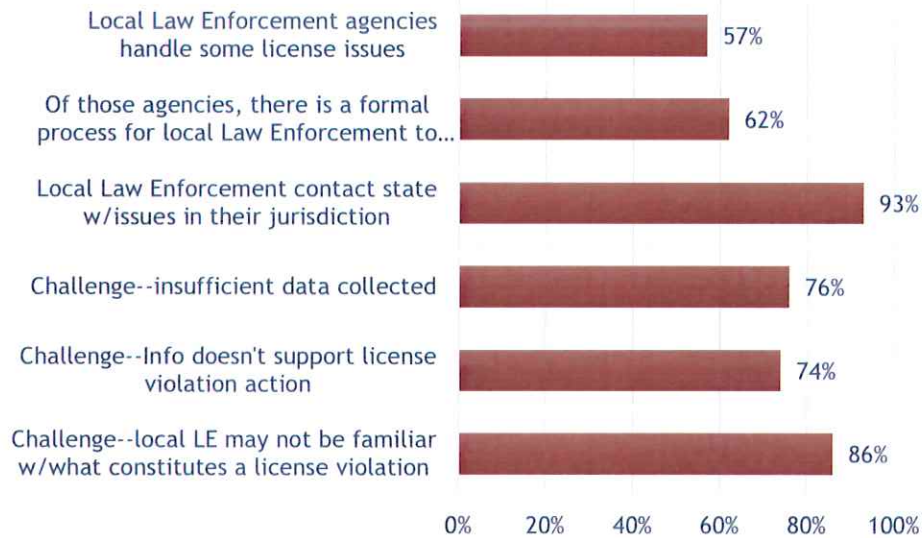


Local Law Enforcement Collaboration

Over half of states (57%) report that local law enforcement agencies handle some licensing issues; of those, 62% have a formal process for local law enforcement to share that information with the state. Almost all states (93%) say that local law enforcement contact the state agency when they have issues with a licensee in their jurisdiction. While this collaboration is important, there can be challenges since local law enforcement are not focused solely on alcohol enforcement. States reported the following challenges: insufficient data collected locally (76%), information collected locally may not be sufficient to support license violation action (74%), and lack of familiarity with what constitutes a license violation (86%).

📌 In **Maine**, local law enforcement does not handle alcohol licensing or sales issues. (As noted in this report, the Bureau does have MOUs with some law enforcement agencies, but there is not a formal process for sharing information.) Local agencies often contact the Bureau when there is an issue in their jurisdiction. Sometimes, there are challenges with insufficient information collected, information not being collected that supports action on a license, or that local agencies do not always understand what constitutes a license violation.

Engagement with Local Law Enforcement (n=46)

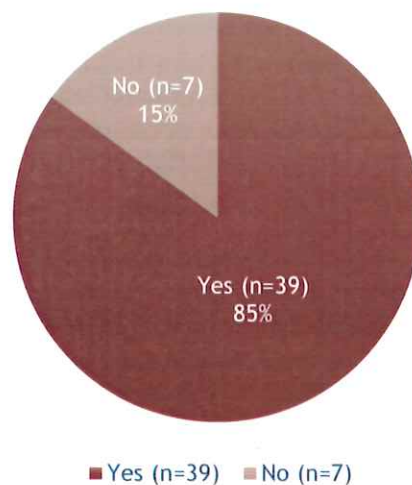


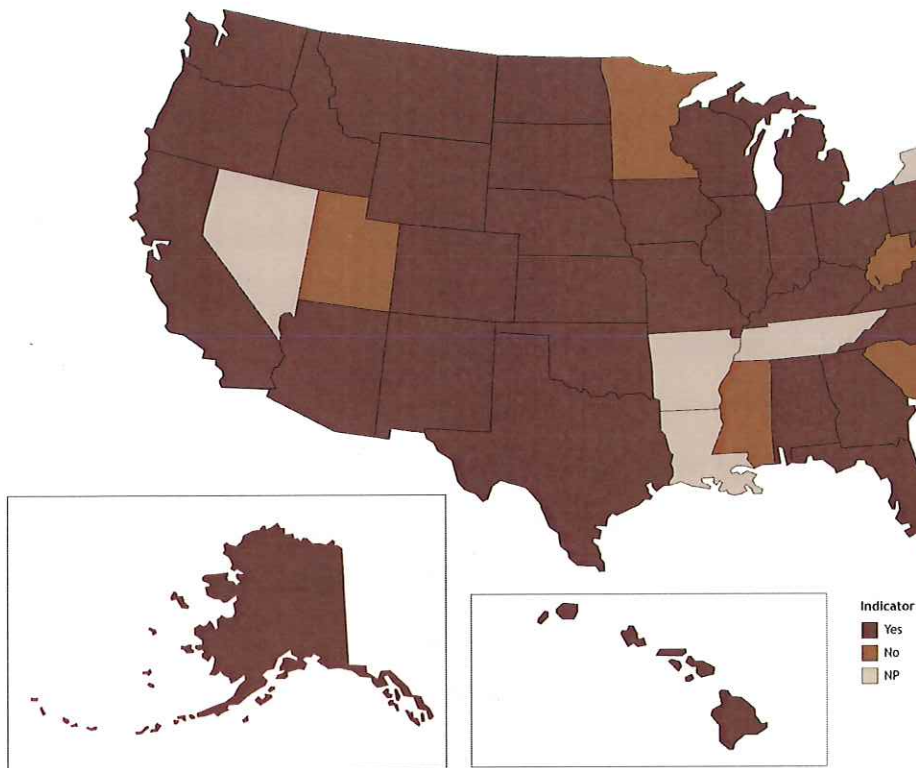
Direct-To-Consumer (DTC) Shipping

Of the states responding to the study, 85% (n=39) allow Direct-To-Consumer (DTC) shipping. Just 15% (n=7) do not allow DTC shipping. The questions in this section were only asked of the 39 states that allow DTC shipping.

🍷 **Maine** allows DTC shipping of wine.

Direct-To-Consumer Shipping Allowed (n=46)





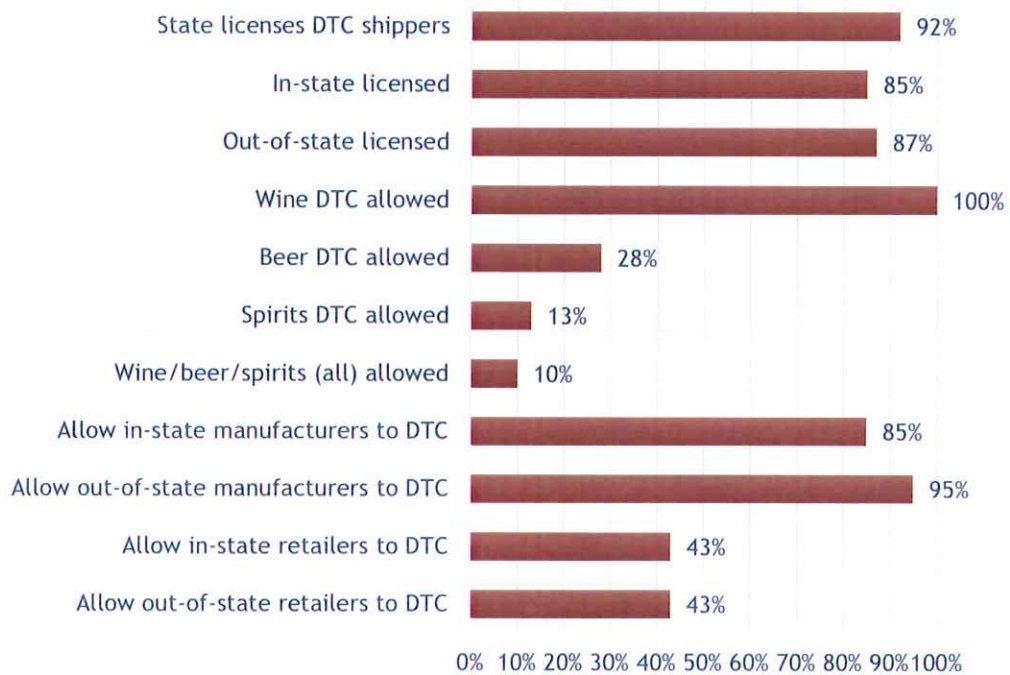
Map 7: Direct-to-Consumer (DTC) Shipping

Licensing DTC Shippers

All states (100%) that allow DTC shipping allow DTC of wine; 28% allow DTC shipping of beer, and 13% allow DTC shipping of spirits. Just 10% of states allow DTC shipping of all beverages (wine, beer, spirits). Of states that allow DTC shipping, 92% license shippers, with 85% licensing in-state shippers and 87% licensing out-of-state shippers. More states allow DTC by manufacturers (85% allow in-state manufacturers and 95% allow out-of-state manufacturers) than retailers (43% allow in-state retailers and 43% allow out-of-state retailers).

- ▀ **Maine** licenses DTC shippers; both in-state and out-of-state shippers are licensed. DTC shipping is only allowed for wine (not spirits or beer). In-state and out-of-state manufacturers of wine may be licensed by the Bureau provided all licensure requirements are met. Neither in-state nor out-of-state retailers are allowed to ship DTC in **Maine**.

Direct-To-Consumer Shipping (n=39)

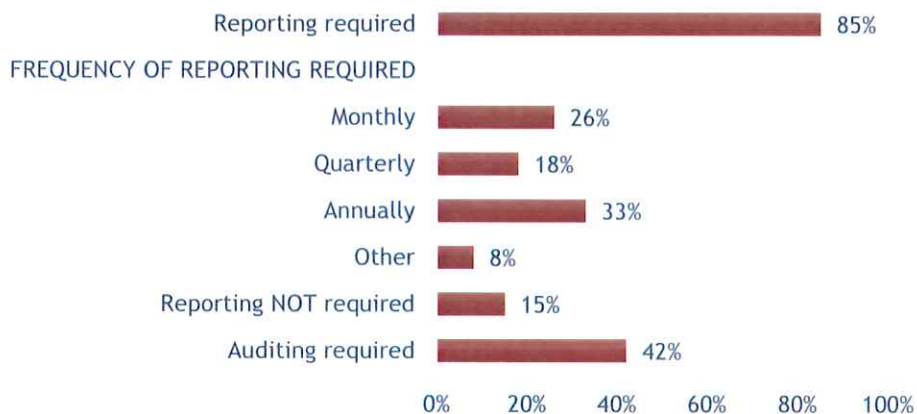


Reporting and Auditing of DTC Shipping

The majority of states (85%) that allow DTC shipping require reporting by DTC entities. Monthly reporting is required by 26% of states, quarterly reporting by 18% of states, and annual reporting by 33% of states, with the other 8% having other frequency. Auditing is required by less than half (42%) of states that allow DTC shipping.

📌 **Maine** requires DTC shippers to report annually. Auditing is required in **Maine** but staffing limits do not permit auditing unless a complaint is received. **Maine** DTC law does not require common carrier reporting; therefore, any auditing is limited to review of annual sales provided by the DTC licensee.

DTC Reporting and Auditing Requirements (n=39)

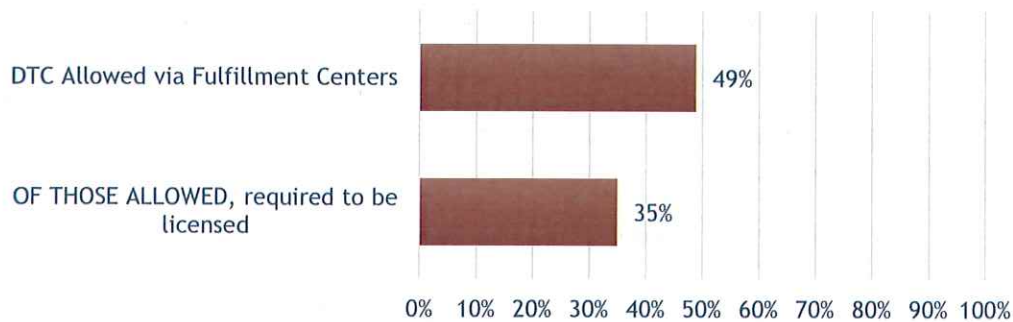


Fulfillment Centers and Direct Shipping

DTC via fulfillment centers is allowed in 49% of states that allow DTC shipping, and of those, 35% require fulfillment centers to be licensed.

📌 **Maine** does not allow DTC shipping via fulfillment centers.

Fulfillment Centers (n=39)

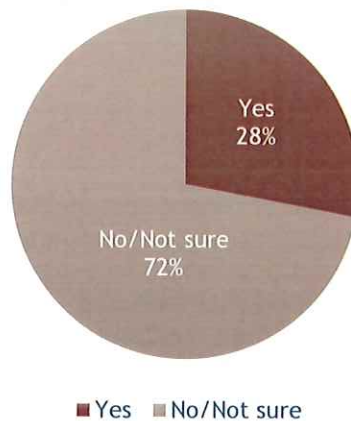


Dedicated Staffing

Oversight of DTC is challenging; it can be time consuming to identify illegal shipments, the source, possible lost tax revenue, and other potential issues. Yet, only 28% of states have staff specifically assigned to DTC oversight, with 72% having no staff or being uncertain if there is assigned staff. For states without staff assigned specifically to DTC, most reported that DTC issues are handled as part of ongoing workflow of the agency.

📌 **Maine** does not have staff assigned specifically to DTC shipping.

Staff Assigned to DTC (n=39)



Lack of Confidence that DTC Shipping Issues are Detected

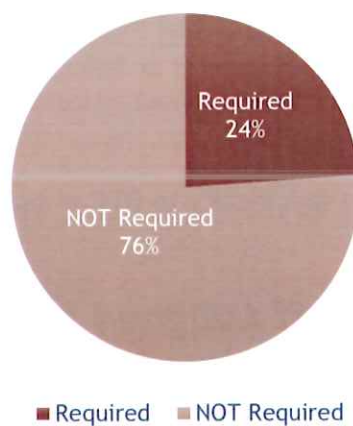
Few states feel confident they can adequately detect violations related to DTC shipping or that they have enough resources. (Several states felt they were unable to answer these questions.) Just 21% of state respondents are confident they are detecting DTC violations and just 18% are confident they have sufficient capacity and resources to monitor compliance. Similarly, less than one-quarter of respondents feel their state is able to adequately monitor underage access, loss of taxation/ uncollected revenue, overconsumption, unlicensed shippers, or illegal shipments related to DTC shipping.

Compliance and Monitoring of Underage Sales and Overservice

Just under one-quarter (24%) of states in the study require a minimum number of contacts with licenses each year. For states that require contacts, some require a contact or inspection up to once a year or every two years. Other states require agents to make a minimum number of in-person contacts per month or per year.

🍷 **Maine** alcohol laws do not require a minimum number of contacts at establishments.

States that Required Minimum Number of Contacts w/Licenses Each Year (n=46)

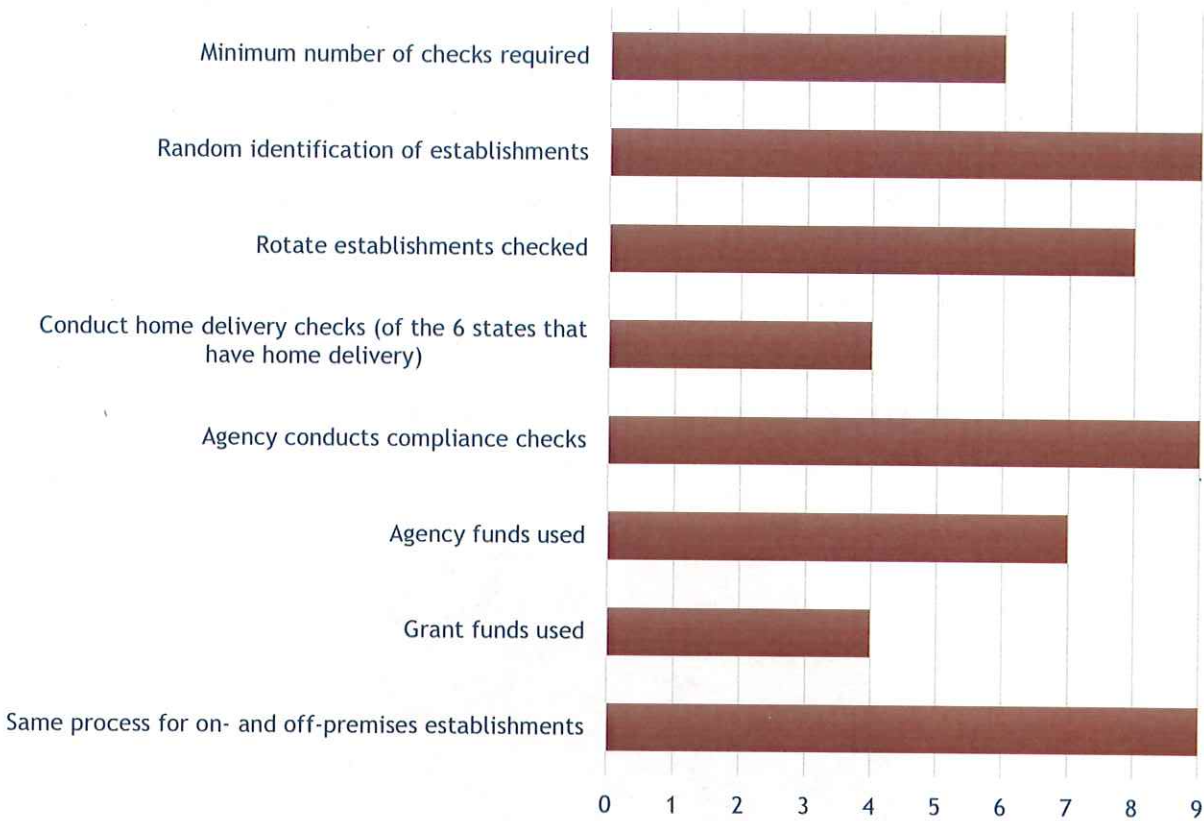


Alcohol Compliance Checks of Underage Sales

Just nine states in the study require alcohol compliance checks of underage sales. During interviews, numerous states volunteered information that while compliance checks are not *required*, they are *authorized*. While not all respondents could be asked this question, 21 of the states interviewed that do not require alcohol compliance checks volunteered that their agency is authorized to conduct them. Of the nine states that require underage alcohol compliance checks, six require a minimum number of checks. Establishments to be checked are identified randomly, on a rotating basis. Just six of the nine states that require alcohol compliance checks have home delivery, and four of them conduct checks on home delivery. The state agency staff conduct checks in all nine states and they use a combination of agency and grant funds to conduct them. The same processes are used for both on-premises and off-premises establishments. (The information in the figure below presents data for only the nine states that require alcohol compliance checks.)

Maine law does not require alcohol compliance checks be conducted for any type of establishment licensed by the Bureau.

Compliance Checks (n=9 states that require compliance checks)



Overservice Operations

Just five states report that they are *required* to proactively conduct checks for overservice of alcohol at establishments. Respondents generally report that investigations or inspections to detect overservice of alcohol are not required, but this is activity their agency undertakes, frequently in response to a complaint, routine inspections, or observations of suspicious activity. Investigations of overservice are almost always conducted by agency personnel as part of the operational budget. However, a few states mentioned that they have received grants to address overservice related to drinking and driving, such as follow-up investigations of Place of Last Drink (POLD) data, or additional surveillance/investigation in areas with high incidents of DUIs.

Maine, like other states, does not require proactive inspections for overservice of alcohol, but investigates potential overservice issues using inspections, investigations, checks of establishments, or observations, including responding to complaints or tips.

Alcohol Compliance Checks of Underage Sales at Special Events

Fewer than half of states conduct alcohol compliance checks at special events (such as community festivals, art fairs, etc.): 18 states report that they conduct compliance checks at these events; 26

do not. (One did not know and one said these events are a local responsibility that the state is not involved in.)

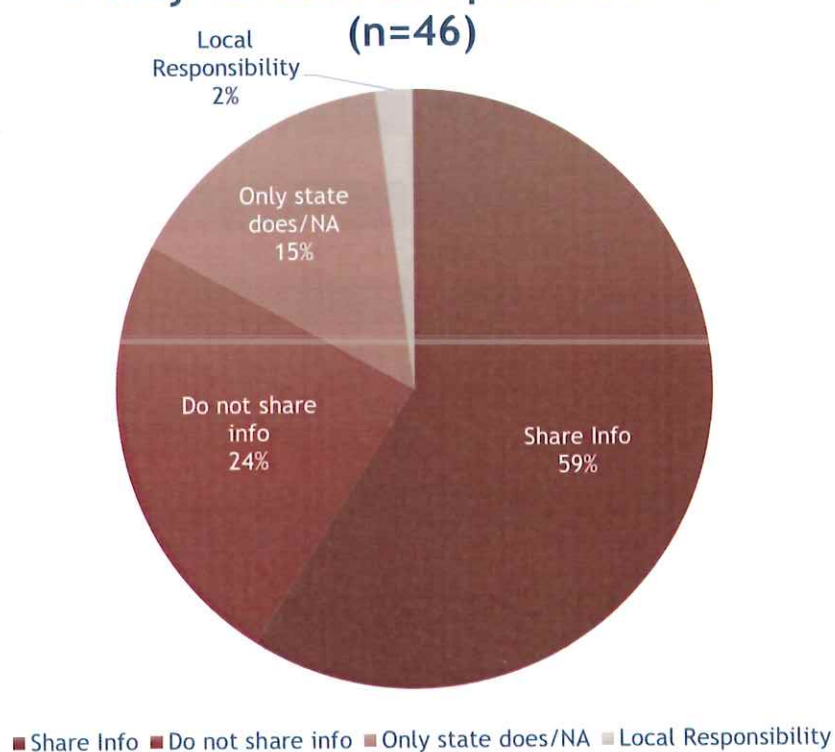
Maine does not conduct routine alcohol compliance checks at special events.

Alcohol Compliance Checks and Coordination with Local Enforcement

Local law enforcement agencies may also conduct alcohol compliance checks in some states. In 15% of states, only the state agency conducts compliance checks; in 2% of states, it is only the local law enforcement responsibility. The majority of states (59%) report that local law enforcement agencies share compliance check information with the state regulatory authority; 24% say this information is not shared.

Local law enforcement agencies share the information with the Bureau if alcohol compliance checks are conducted. Under the MOU agreements with the Bureau, if violations are found, the MOU agencies are required to report violation information to the Bureau. Otherwise, there is no other reporting requirements.

Local Agencies Sharing Information if they Conduct Compliance Checks



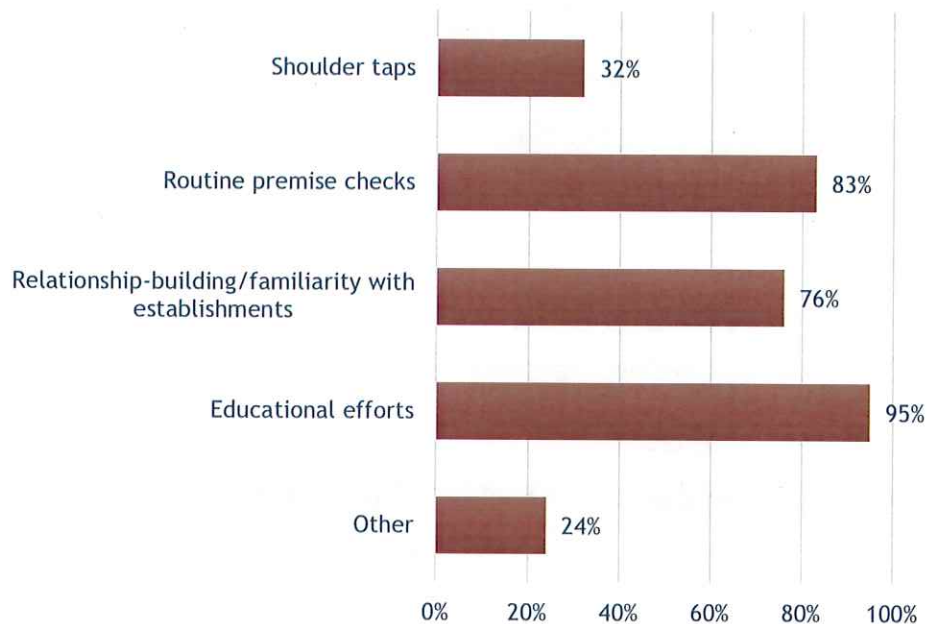
Other Enforcement Efforts

Most states undertake other enforcement efforts to work with licensees on issues related to prevention of sales to underage persons. (Five states did not provide data for this question.) The most frequently identified effort was educational efforts with licensees to improve their understanding of the importance of preventing sales to underage (95%), followed by routine premise checks (83%), relationship-building/familiarity with establishments (76%), and shoulder tap operations (32%). A few respondents said their state did not use shoulder taps over concerns about

accusations of entrapment. Other efforts mentioned were Cops in Shops, special operations around campus, prom, holidays, etc., and public awareness campaigns.

📌 **Maine** does not require these efforts, but does routine premise checks, education, and relationship-building with licenses. Some local enforcement agencies with MOUs have conducted shoulder taps in the past.

Other Enforcement Efforts (n=46)

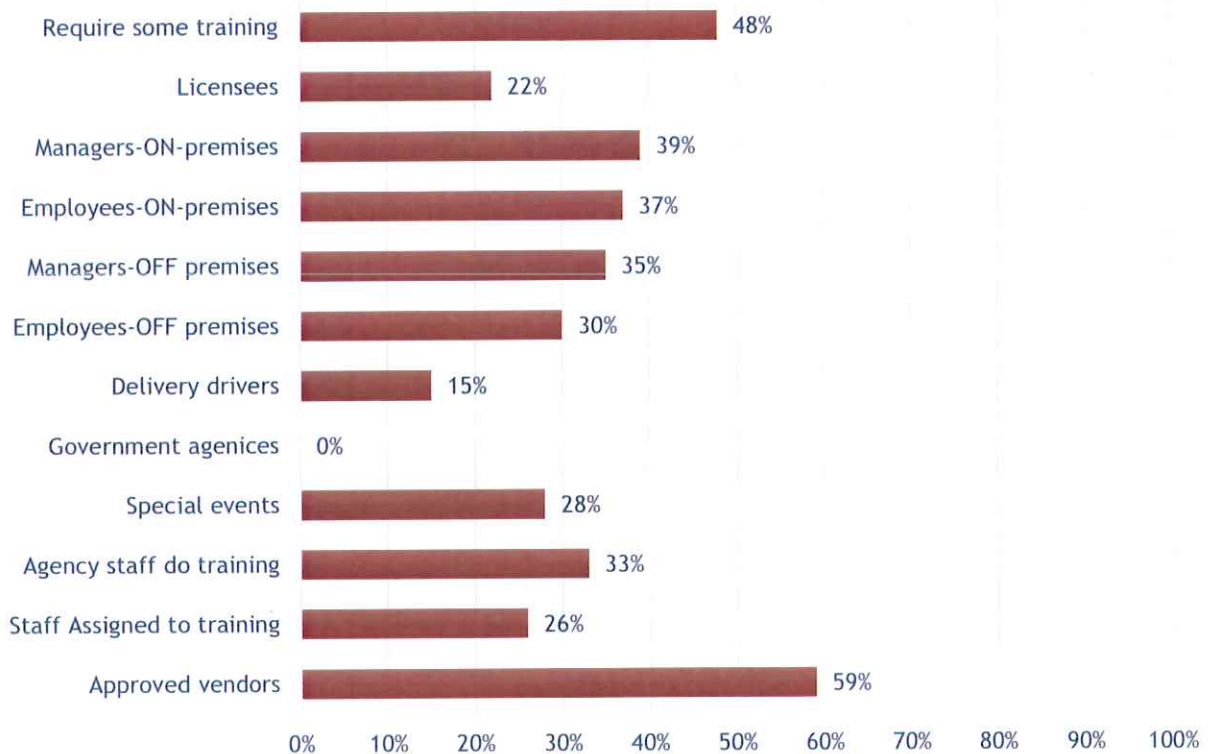


Responsible Beverage Server Training

Nearly half (48%) of states require some kind of alcohol training for servers or sellers of alcohol. There is a wide variety of the requirements for training for the states that do require it. Some require training of all personnel (licensees, managers, employees); some require just managers be trained; some require the licensee be trained. Several states require one person who has been trained be on duty at all times. Just 28% require training for staff at special events. One-third of states have staff assigned to training; 59% of states provide a list of approved vendors who can provide training. In some cases, states provide training or a list of approved vendors even if training is not required. For states that require training, the frequency required to repeat training varies, with some states only requiring a one-time training and others requiring retraining every two to four years, or less frequently.

📌 **Maine** alcohol law does not require seller/server training. Bureau staff provide training on a voluntary basis and maintain a list of approved vendors that can provide voluntary training. While there is not a state statutory requirement, some **Maine** localities have adopted ordinances to require sellers or servers of alcohol go through an approved seller server training; these individual municipal ordinances require certification of everyone working in that municipality.

Server/Seller Training Required (n=46)

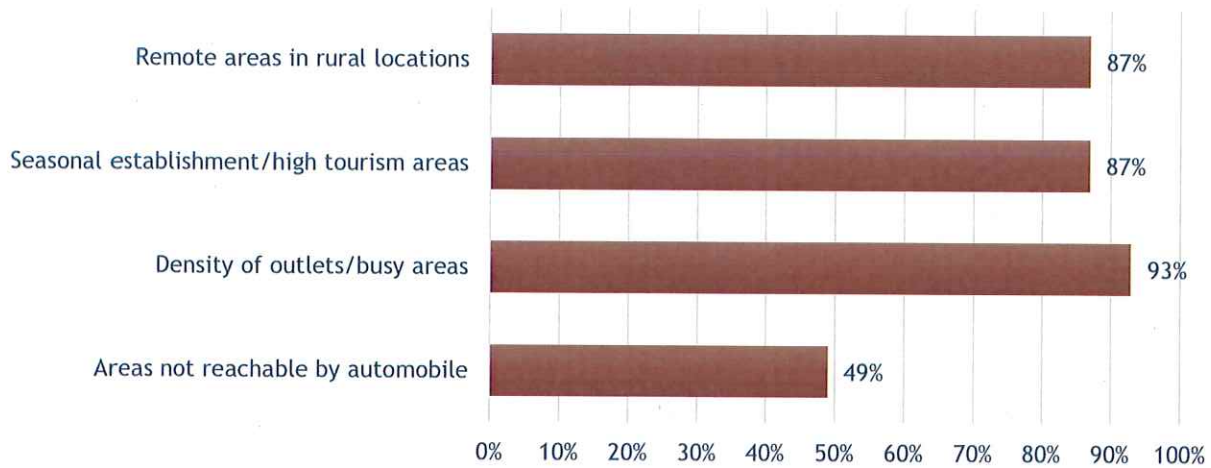


Geography/Location Challenges

The majority of states face challenges due to their state's geography and the location of outlets. Many states (87%) have remote outlets in rural or distant areas that require substantial "windshield time" to reach. Seasonal establishments in tourism areas are an issue in many states (87%). Conversely, most states (93%) also have areas with a high concentration/density of outlets. Almost half (49%) have some outlets in areas that cannot be reached by automobile, and might require a boat, ATV, snowmobile, or other alternative transportation to reach. All of these can be issues for planning and directing enforcement operations.

- ▀ **Maine** has all of these challenges. **Maine** is nearly as large as all the other New England states combined and has areas of heavy forests, coastline, and rugged terrain, in addition to sharing a border with Canada, meaning that some licenses are in remote locations that require substantial travel time to reach. There are also seasonal/tourist areas and urban centers with high density of outlets. Some licenses are not reachable by automobile and accessible only by boat or other means of transportation.

Challenges for Enforcement/Geography or Location (n=46)

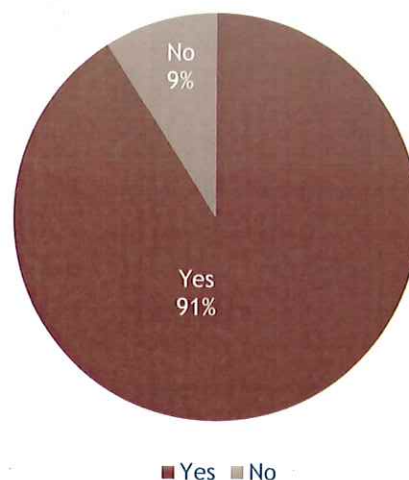


Impact of the COVID-19 Pandemic

The onset of the COVID-19 pandemic in March 2020 impacted businesses that serve or sell alcoholic beverages as well as the agencies responsible for oversight of those businesses. To help businesses that were impacted by COVID-19 public health mitigation restrictions, many states issued emergency orders through executive action and/or enacted other measures to enable businesses to continue operations. Of the states interviewed, 91% reported that their state expanded types of allowed sales in response to the COVID-19 pandemic.


📌 **Maine** expanded types of allowed sales in response to COVID.

State Expanded Sales during COVID (n=46)

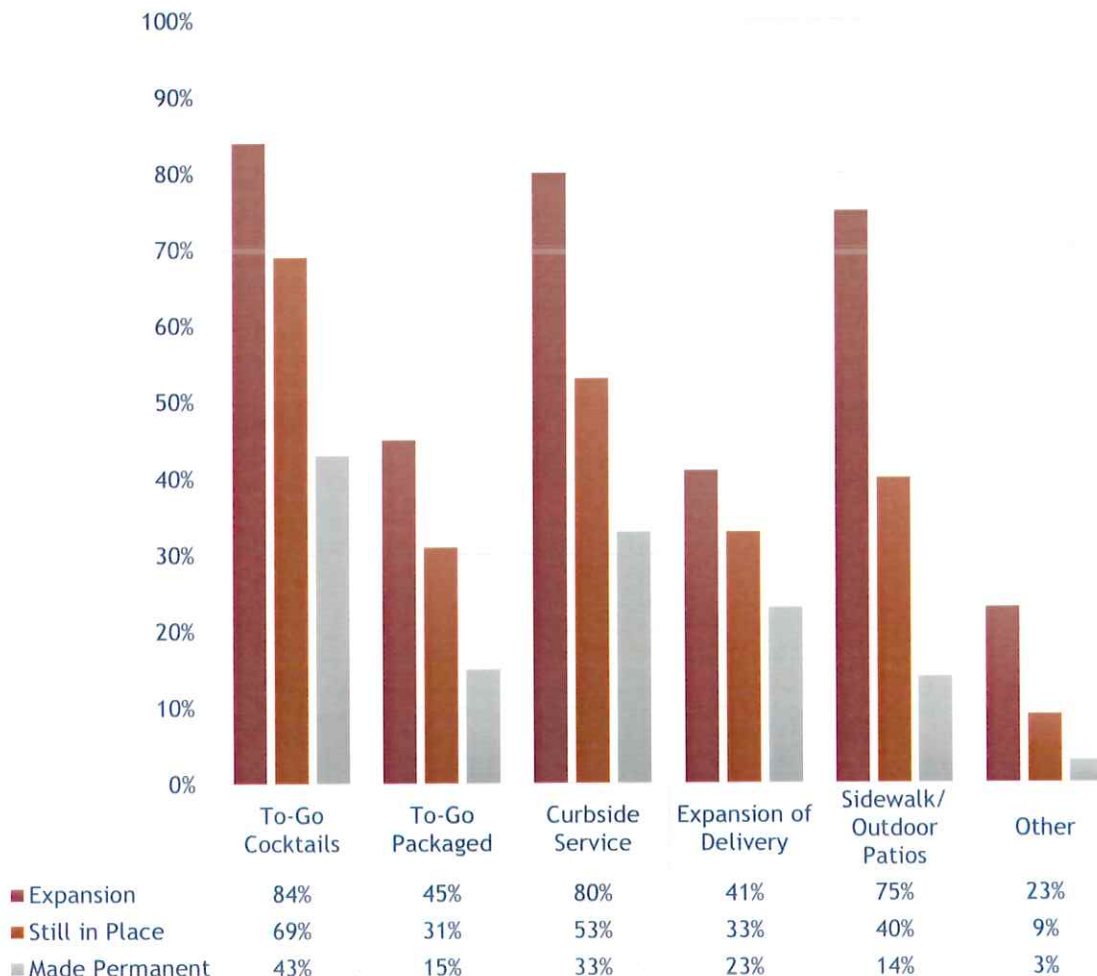


Types of Expanded Sales and Current Status

Many states expanded types of allowed sales; in some cases, these expansions are still in place (as of summer 2022 when data was collected), and some states have made some expansions permanent. These types of sales are described in this section as *expanded* since some states already allowed some of these sales, but expanded availability of alcohol by these means. The majority of states (84%) expanded allowance of cocktails-to-go, with 69% still allowing this and 43% making it permanent. To-go packaged alcohol sales were expanded in 45% of states; these sales are still in place in 31% of states and were made permanent in 15% of states. Curbside service was expanded in 80% of states; 53% still allow curbside and 33% have made curbside expansions permanent. Expansion of delivery options occurred in 41% of states, with 33% still allowing it, and 23% making expanded delivery options permanent. Expansion of outdoor spaces, such as sidewalk or parking lot patios for consumption were expanded in 75% of states, with 40% still allowing them, and 14% making the expansions permanent. Other types of expansions were identified by 23% of states and included waiving or extending deadlines for license renewal fees, allowing manufacture of hand sanitizer, or increasing amounts allowed for delivery; 9% are still in place and 3% became permanent.

 **Maine** added or expanded allowed sales of to-go cocktails, to-go packaged alcohol, and curbside purchases. All are still in place and currently scheduled to expire in March 2025.

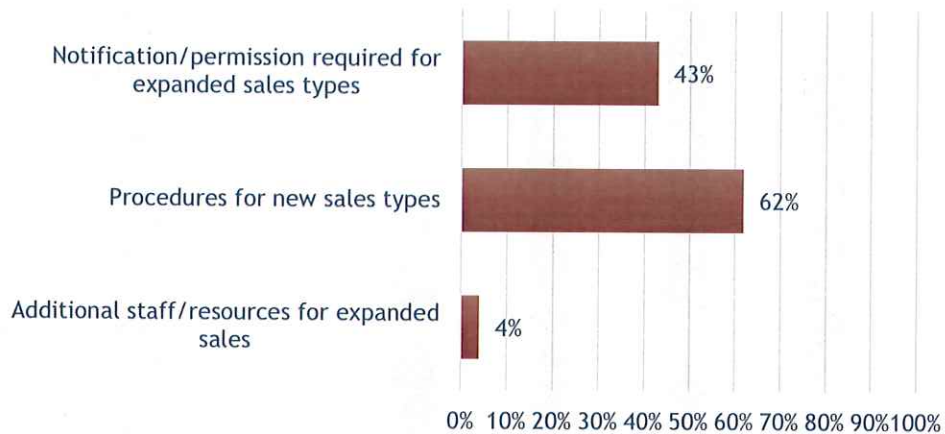
Expanded Sales due to COVID-19 (n=46)



Fewer than half of states (43%) required special notification or permissions for these expanded sales. Even so, 62% of states say they put procedures in place for expanded types of sales. Several respondents commented that expanded types of sales were covered in their regular inspections or processes, and did not necessarily require a new procedure. Only 4% of states reported being provided any additional staff or resources for this addition to their workload.

📌 In **Maine**, licensees were required to notify the Bureau or obtain permission to add or expand new types of sales or expand the approved selling area (i.e., outside seating); there were no special procedures put in place to monitor and enforce expanded sales, and no additional staff or resources were provided to the agency.

COVID-19 Processes & Resources (n=46)

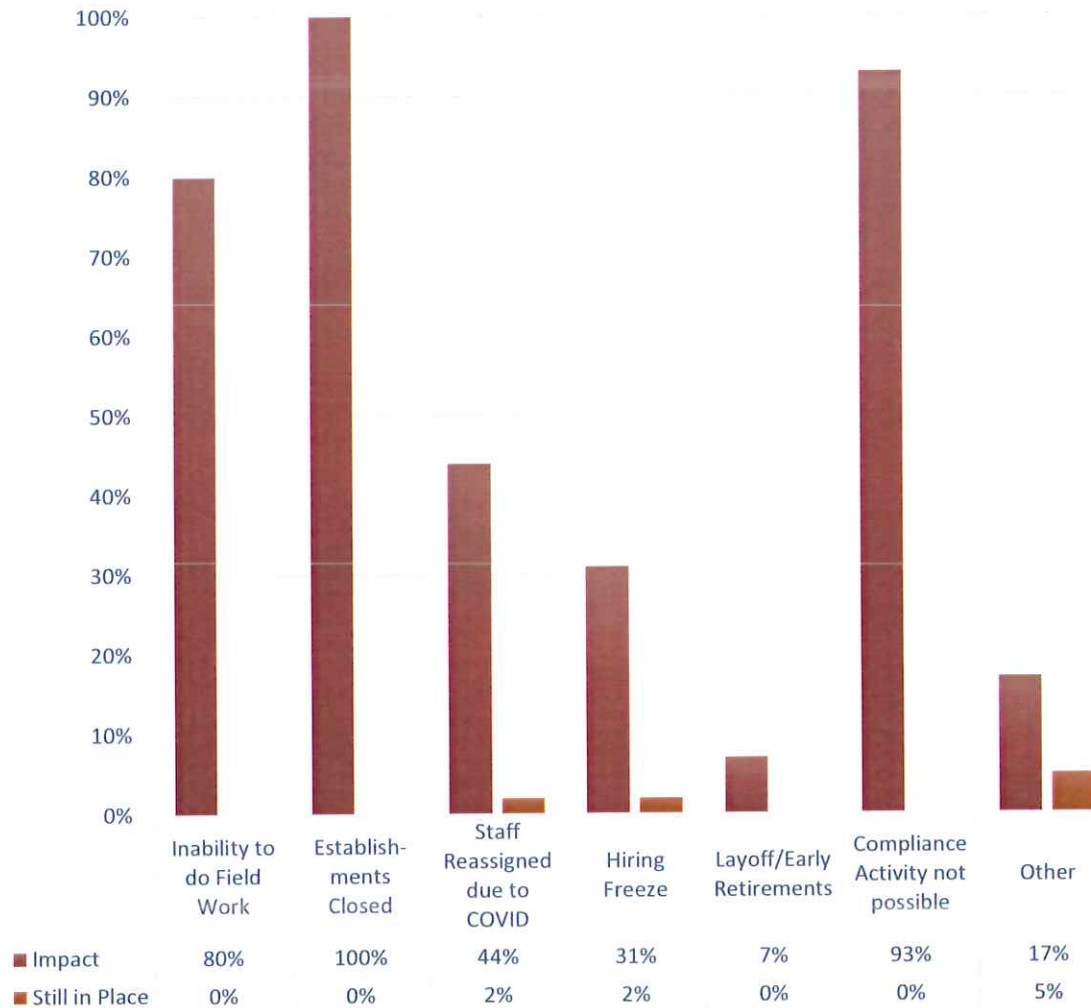


Agency/Staffing Issues Due to COVID-19

The COVID-19 pandemic also impacted agencies' ability to conduct their work. All states (100%) had establishments that temporarily closed during the height of the pandemic, 80% of states said COVID-19 caused an inability to do field work, and 93% reported that compliance activity was not possible, often noting that using minors in decoy operations (alcohol compliance checks) was not possible. These challenges were short term, and no states report that they continue to be an issue. Many states (44%) had some staff reassigned due to the pandemic, often making additions to their workload, such as monitoring compliance with COVID-19 restrictions and at least one state delivering supplies such as hand sanitizer and masks to businesses. Some states (31%) enacted hiring freezes during the pandemic and a small number (7%) had layoffs or early retirements encouraged in response to COVID-19. Other impacts related to COVID-19 were reported by 17% of states and included moving hearings and some processes online, office closures, and remote work. One respondent noted that compliance activity was now allowed, but requirements for state employees to wear masks make it obvious when trying to do undercover operations. Few states continue to be impacted by these issues.


📌 **Maine** alcohol oversight was impacted by COVID-19. The Bureau was unable to do field work, establishments were temporarily closed, and restrictions hindered the ability to do compliance activity. None of these remain an issue.

Agency/Staffing Issues due to COVID-19 (n=46)

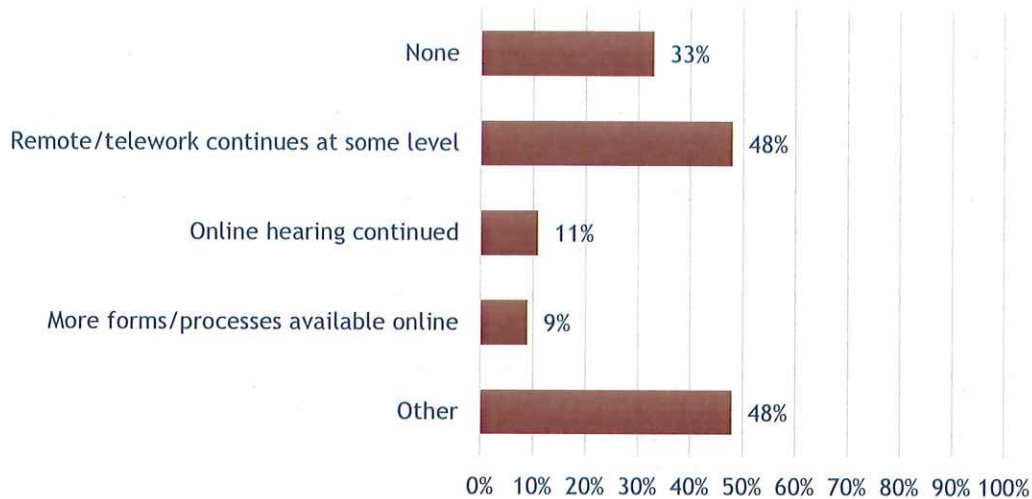


Ongoing/Permanent Changes begun During COVID-19

Some states have continued some of the changes undertaken during the pandemic. Nearly half (48%) are continuing to allow some level of remote/telework. Some states (11%) are continuing online hearings and 9% have made more forms and processes available online rather than requiring a license holder to come into the office. Nearly half of states (48%) identified other changes that have been continued. Other changes mentioned by some states include no longer taking applications in person (all online now), closing/discontinuing some in-person services, cross-training staff so that if fewer people are in an office they can provide multiple services, and allowing enforcement staff to garage vehicles and deploy from homes rather than needing to come to an office. A few respondents noted that moving processes online has made them more efficient at some tasks, enables the public at distant locations to participate in meetings and hearings, and is reducing fuel costs.

 **Maine** has not had any COVID-19-related changes stay in place; the Bureau was unable to move many processes remotely since its systems are on paper.

Ongoing/Permanent Changes begun during COVID-19 (n=46)



Discussion

This study examined **Maine's** regulatory and enforcement capacity of the sale of alcoholic beverages, the overall alcohol regulatory and enforcement landscape for states, and how **Maine** compares to other states. This examination identified several challenges for alcohol regulation compliance.

***Maine** has lower staffing capacity than most other states; **Maine** has fewer enforcement personnel and a higher number of licenses per FTE than most other states.*

- ▶ **Maine** has fewer enforcement personnel than all but six of the 46 states in the study, suggesting that **Maine** is under resourced.
- ▶ **Maine** has 17 FTEs, with seven FTEs in enforcement, to oversee 11,418 licenses and 4,344 unique physical establishments.
 - For every FTE in the Bureau, there are 672 alcohol licenses (compared to an aggregate average ratio for all states of 158 licenses per FTE).
 - The number of licenses per FTE is even greater for just enforcement FTEs—where there are 1,631 licenses for every one enforcement FTE (compared to an aggregate average ratio for all states of 305 licenses per FTE). **Maine** enforcement FTEs have the 4th highest ratio of number of licenses per FTE of states in the study, even though **Maine** has just the 22nd highest number of licenses.
 - To provide some context, only three states in the study have a higher ratio of licenses to enforcement FTEs than **Maine**.

***Maine** has insufficient capacity to adequately monitor DTC shipping, like many states.*

Maine allows DTC shipping for wine; expansion of DTC to allow spirits is under consideration. **Maine** is challenged to provide adequate oversight of DTC shipping, as were many states in the study. **Maine** has no dedicated staff assigned specifically to DTC compliance, so this function is absorbed into the overall department workload.

The Bureau does not have the capacity to track and audit volume and quantity of sales. This results in insufficient information to provide oversight or identify and investigate problems. This challenge is not unique to **Maine**—several states reported that they are unable to track DTC shipping and others said their state had only limited information available. As one respondent in another state observed, “we don’t know what we don’t know.” Indeed, less than one-quarter of the states in the study are confident they have sufficient procedures and resources to oversee DTC shipping; many states are concerned that they are unable to adequately monitor and oversee DTC in their state.

States that are more successful at monitoring DTC shipping compliance often license or require reporting by common carriers (e.g., UPS, FedEx) and can compare carrier reports to shipper reports to detect inconsistencies. Monitoring carrier reports and comparing them with reported sales by shippers is a time intensive process that requires more capacity (both in human resources and data analytic skills) than the Bureau currently has within its agency.

Lack of criminal authority limits the Bureau’s enforcement capacity.

Maine’s alcohol enforcement system is decentralized, with administrative authority at the state level and criminal authority vested in state and local law enforcement agencies. Bureau enforcement personnel do not have arrest powers and are not authorized to carry firearms. Thus, the state must rely on local law enforcement agencies, even though these agencies may not have the depth of expertise on alcohol licensing and violations that is optimal.

In addition, rather than being assigned full time to alcohol enforcement, state and local law enforcement agencies are responsible for criminal enforcement, and alcohol is one of many of their responsibilities. Thus, alcohol enforcement must compete with other community priorities and state and local law enforcement may not have the time and capacity to become familiar with licensees or what constitutes an alcohol violation to make a sufficient case to address problems with licenses.

A combination of state and local efforts to prevent sales to underage and overservice sales are undertaken, but not required.

Preventing sales to underage persons and preventing overservice are priorities for the Bureau, even though Maine law does not mandate these strategies by law to address these problems. Like most states in the study, Maine law does not require underage alcohol compliance checks. Local law enforcement agencies are able to conduct compliance checks and when they do, they share this information with the Bureau.

Proactive inspections for overservice are also not mandated by law, but the Bureau investigates potential overservice issues using inspections, investigations, checks of establishments, or observations, and responds to complaints or tips. Training for staff who serve or sell alcohol, including owners and managers, is also not required by law; local communities can enact ordinances to require training by approved vendors.

Most states handle underage alcohol compliance checks much differently than checks for tobacco, which have been required since 1996 by federal law and must be reported to a federal database.⁸ Many states are limited in the number of underage alcohol compliance checks they can conduct and were unable to estimate the percentage of establishments they were able to conduct a compliance check at in a given year.

⁸ Substance Abuse and Mental Health Services Administration. About the Synar Amendment and Program. <https://www.samhsa.gov/synar/about-synar>

Reliance on paper systems limits regulatory capacity.

Maine's systems are still on paper; rather than pull up information quickly from a computer database, Bureau staff need to go to file cabinets. This is inefficient and hinders the ability to easily track information and monitor licenses. During the recent COVID-19 pandemic restrictions, this also prevented the Bureau from moving to remote work as many other alcohol regulatory and enforcement agencies with computerized systems were able to do. Over half of states have transitioned to computerized systems and most of the remaining have hybrid systems employing both paper and computer files and are moving to be fully digital.

States still relying on paper systems were more challenged to easily access some of the data requested in this study, such as an exact number of licenses, number of violations in the previous year, the percentage of establishments they had conducted an underage compliance check at, or provide data on volume or quantity of DTC shipping.

This suggests that tracking systems, staff levels, or both are inadequate for many states to have a comprehensive picture of enforcement and regulatory compliance activities in their states. While some states could easily pull up a number from a computer database, others, like Maine, said it would require going through many paper files to answer some of the basic inquiries in this study. States' inability to readily access basic information limits their ability to use data to guide their efforts, assess resource allocation needs, provide proper documentation for hearings and court cases, quantify their level of effort for budgetary consideration, measure whether their actions are effectively gaining compliance among licensees, provide information to the public, or provide the licensee community with strong customer service.

The geography of Maine strains limited resources.

Maine's geography adds to regulatory challenges. Maine is a large state—nearly as large in area as all the other New England states combined.

Maine has fewer enforcement staff than nearby Vermont, even though Maine has more licenses and is three times the size. The state's terrain with forests, coastline, and mountains can increase travel time. This requires a lot of "windshield time" for the seven enforcement FTEs to reach remote establishments. There are even some establishments that cannot be reached by automobile and require a boat or snowmobile to access.

Variations among state alcohol regulatory and enforcement systems enable states to adopt processes for their unique situation, although diversity of models can make it challenging to identify best practices across states.

There is no singular state model of alcohol regulatory enforcement in the United States. While there may be some similarities in state alcohol regulatory enforcement systems, each state has developed its own unique combination of authority over licensing, enforcement, types of licenses, alcoholic beverages, and operation (manufacturer, wholesale, retail).

Alcohol regulatory enforcement systems vary greatly among states. Some states maintain all jurisdictional authority at the state level, some have authority entirely at the local level, and some have a combination. There are control states, like Maine, that control the sale of some or all alcoholic beverages. Alcohol enforcement agents may have full, limited, or no arrest powers. In some states, staff positions are assigned 100% to alcohol; in others, staff duties may include alcohol as well as things like tobacco, gaming, or other responsibilities. Several states have added cannabis regulation and enforcement to agencies that oversee alcohol regulation and enforcement.

Approaches to licensing also vary greatly. States may license alcohol at the state level, the local level, or a combination of both. Some states have layered licensing where one establishment may have multiple types of licenses for things like on- or off-premises sales, types of products, and types of establishments where alcohol is sold. States have more craft breweries, distilleries, and wineries, which may also be permitted to operate tasting rooms, ship products, and operate retail sales.

This diversity of models makes it challenging to easily identify best practices that can be applied across states. While the 21st Amendment allows for states to create an alcohol regulatory and enforcement system designed to fit their unique circumstances, it poses challenges to compare states.

The COVID-19 pandemic impacted alcohol regulatory enforcement agencies and licensees.

Nearly all states (91%) expanded types of alcohol sales allowed during the pandemic to provide support for businesses and to protect the public health. Many states expanded to-go cocktails, to-go packaged alcohol, curbside service, delivery options, and outdoor service areas. There was often little notice or advance planning for these expanded sales, which alcohol regulatory and enforcement agencies had to monitor, almost always without additional staff or resources.

Many agencies were tasked with enforcing COVID-19 measures such as social distancing and mask requirements at establishments. At the same time, safety concerns curtailed the ability to do in-person fieldwork and compliance activity, such as underage compliance checks.

In many states, these expanded sales have continued or even been made permanent. This has increased the compliance responsibilities for many states.

■ Limitations

The information presented in this report will be useful for decision-makers and stakeholders in **Maine** as well as other states, but the study design and capacity have several limitations. The evaluator was unable to secure participation from five states, so the study includes data from just 45 states and the District of Columbia.

Despite a lengthy survey interview lasting up to one hour, time and burden on participants made it necessary to prioritize areas of inquiry; there were areas of interest that could not be included. Both the interview questions and the data collection form used to collect numbers of licenses and personnel were self-report methods of data collection. A few respondents were challenged to recall some information and some respondents estimated some information. Since respondents often take pride in their organization and efforts, some questions may have felt uncomfortable to some respondents; a few times a respondent preferred not to answer a question. A few questions that worked well when the survey was pilot tested had limits when conducting several interviews, limiting the depth of information we were able to gather in some areas.

Despite gathering a great deal of information, there is currently no agreed-upon “best” alcohol regulatory and enforcement model; therefore, the study presents what is in place, not what should be in place.

A final limit is the diversity of models of state alcohol enforcement systems and the states themselves can limit the ability to easily compare systems. Despite these limitations, the information in this report presents a useful overview of the alcohol enforcement landscape in the United States and how **Maine** compares.

■ Recommendations for Future Research

The information in this study points to several areas for future research. States vary greatly in population and size. Future research might analyze states' over-age-21 population and/or the square miles of a state compared to the data collected for this report. This could provide additional context into the numbers of licenses in addition to the geographic area that alcohol enforcement staff need to cover. Some rural states may have fewer numbers of licenses but large areas to cover; some more urbanized states may have higher outlet densities even though the geographic area is smaller.

States have a vast array of alcohol regulatory and enforcement models that raise the question of which models are most effective at monitoring and regulating the sale, distribution and manufacture of alcoholic beverages. This is an area that deserves further study to identify best practices for alcohol regulatory and enforcement agencies based on scientific evidence. Additional research that builds on this study and continues to go deeper into the different systems in states could provide better understanding of the most effective models. In addition, comparing these findings to health and safety outcomes may provide further insight to which type of model provides for more adequate safeguards for communities and which provide better customer service for licensees.

It would be valuable to learn an optimal ratio of alcohol enforcement personnel to licenses. Future research should compare current systems with outcomes, such as binge drinking rates (youth and adults), DUIs, alcohol-related violence, alcohol-related emergency visits, or other alcohol-related health outcomes to determine if there are correlations between staffing levels and outcomes.

A better understanding of effective compliance monitoring of DTC shipping is needed. This study looked at the DTC shipping environment, but it was difficult for many states to provide information on volume and quantity. Additional examination of DTC shipping processes to identify what is effective and areas for improvement would be beneficial to many states that are struggling with oversight in this area. This is of particular importance as Congress deliberates whether to permit the United States Postal Service to serve as a common carrier of alcoholic products, which is currently prohibited.

■ Conclusion

The information in this report presents a useful overview of the alcohol regulatory enforcement landscape in the United States and how **Maine** compares to the national landscape. This study showed the great variety of state alcohol regulatory and enforcement systems, in addition to challenges states face among the 46 states that participated in the study. Specifically, it shows that **Maine** has less staff capacity than most other states and faces some constraints by not having criminal authority, so it must rely heavily on state and local law enforcement agencies. Limited staff capacity impedes adequate oversight of DTC shipping. Finally, a reliance on paper files makes it more difficult to adequately track information essential to its oversight function.

■ Acknowledgements

This study was conducted on behalf of the **Maine** Bureau of Alcoholic Beverages and Lottery Operations (the Bureau) with support from an award from the National Alcohol Beverage Control Association. Staff from both organizations devoted substantial time to providing input, recruiting participants, and providing guidance for the study. Over 50 staff from state alcohol enforcement agencies participated in interviews or responded to requests for information, as well as responded to follow-up questions. The Advisory Panel members contributed important expertise to inform the development of the study design and data collection instruments. The evaluator is grateful for their contributions. Last, special acknowledgement goes to Emily Schmitz at Leonine Focus for contributing research on state alcohol control statutes and regulations.

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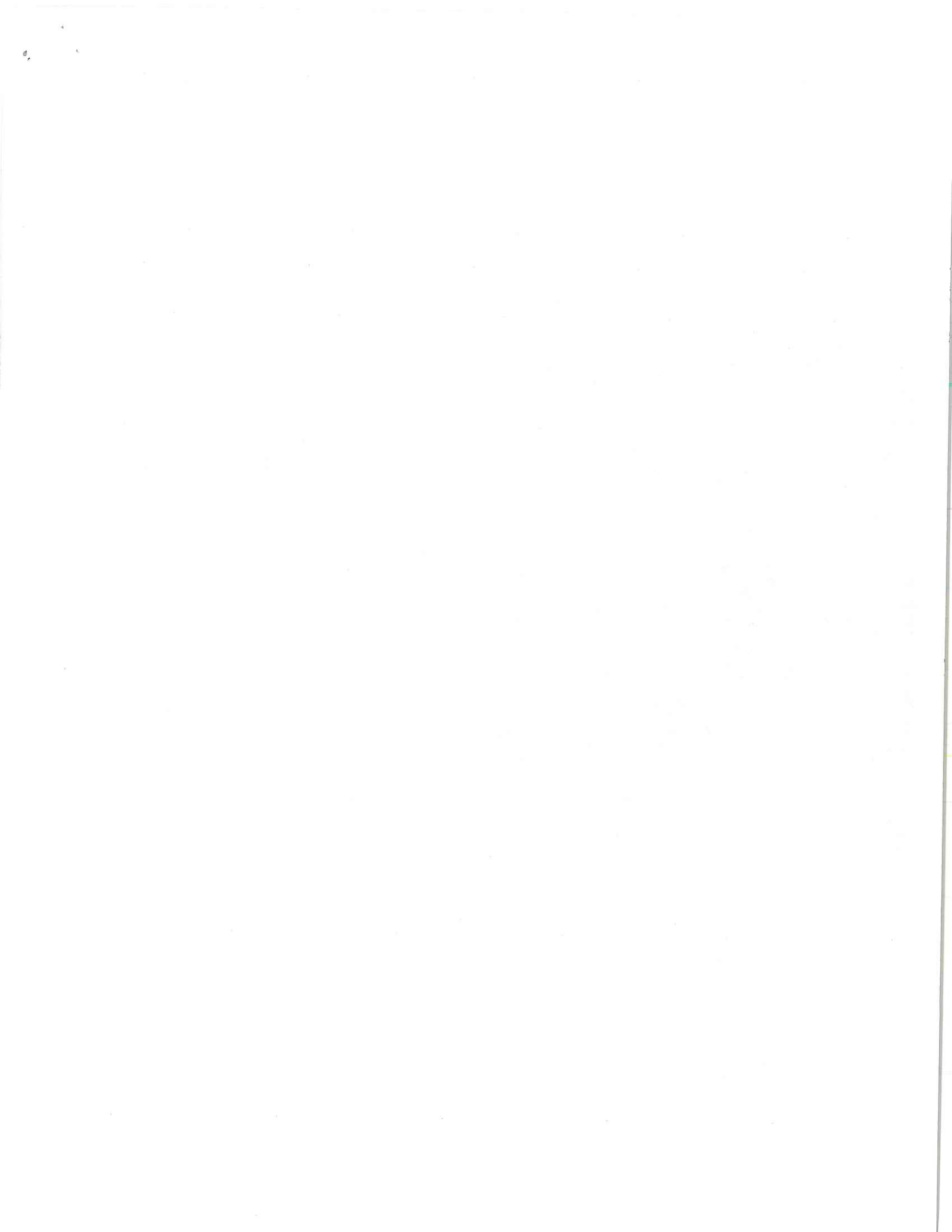
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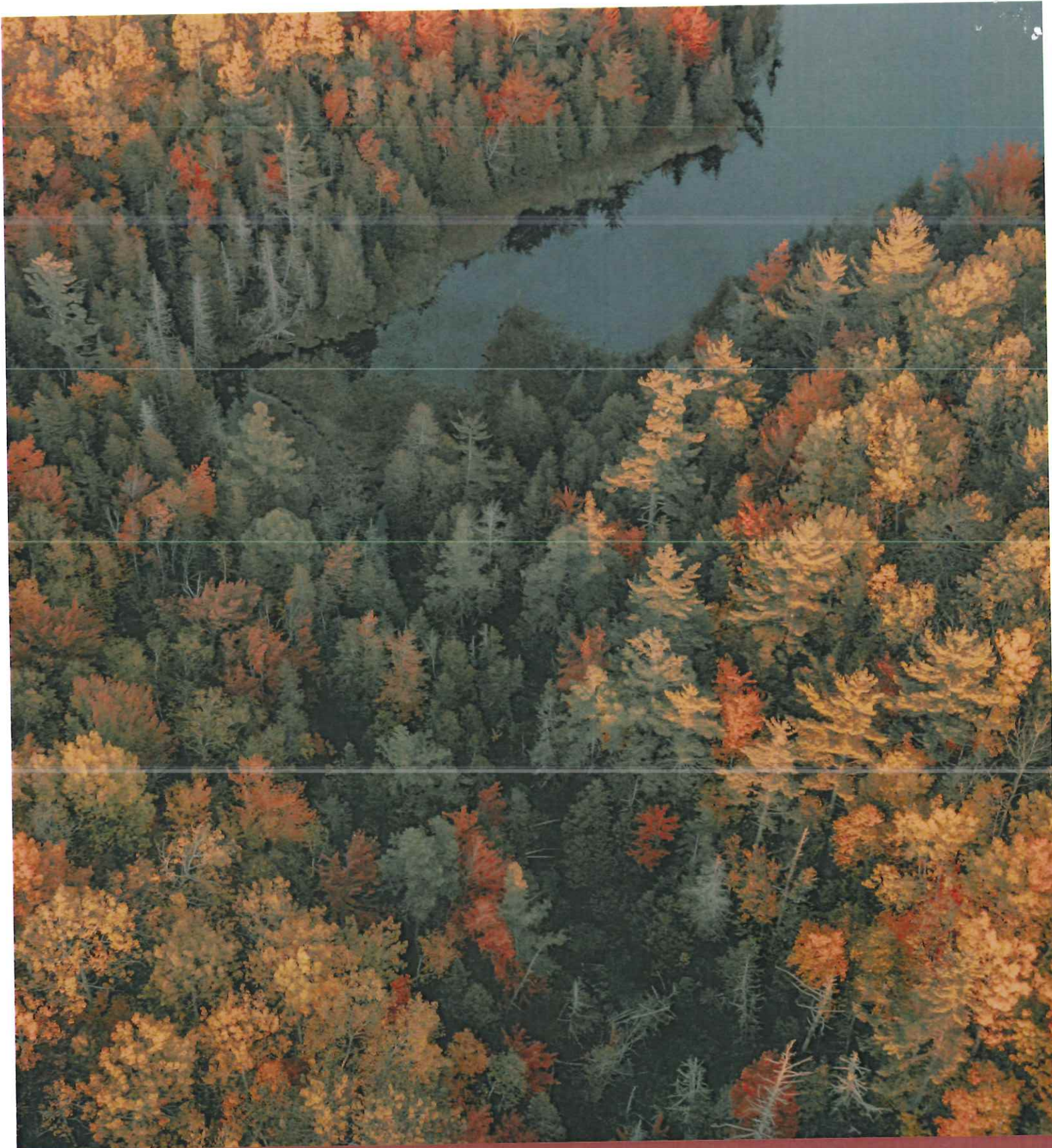
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