

PLEASE NOTE: Legislative Information **cannot** perform research, provide legal advice, or interpret Maine law. For legal assistance, please contact a qualified attorney.

Amend the bill by striking out all of section 3 and inserting the following:

‘**Sec. 3. 28-A MRSA §707, sub-§3-A** is enacted to read:

3-A. Manufacturer or importer; prohibited financial interests. Except as authorized in subsection 7 and sections 707-A and 1355-A, a licensed in-state manufacturer, an out-of-state spirits supplier, an out-of-state manufacturer of malt liquor or wine that has been issued a certificate of approval or an out-of-state wholesaler of malt liquor or wine that has been issued a certificate of approval may not have any financial interest, direct or indirect, in any:

A. Wholesale licensee; or

B. Retail licensee.’

Amend the bill by striking out all of section 5 and inserting the following:

‘**Sec. 5. 28-A MRSA §707, sub-§4-A** is enacted to read:

4-A. Wholesale licensee; prohibited financial interests. Except as authorized in subsection 7, a wholesale licensee may not have any financial interest, direct or indirect, in any:

A. Licensed in-state manufacturer, out-of-state spirits supplier, out-of-state manufacturer of malt liquor or wine that has been issued a certificate of approval or out-of-state wholesaler of malt liquor or wine that has been issued a certificate of approval; or

B. Retail licensee.’

Amend the bill by striking out all of section 7 and inserting the following:

‘**Sec. 7. 28-A MRSA §707, sub-§5-A** is enacted to read:

5-A. Retail licensee; prohibited financial interests. Except as authorized in sections 707-A and 1355-A, a retail licensee may not have any financial interest, direct or indirect, in any:

A. Licensed in-state manufacturer, out-of-state spirits supplier, out-of-state manufacturer of malt liquor or wine that has been issued a certificate of approval or out-of-state wholesaler of malt liquor or wine that has been issued a certificate of approval; or

B. Wholesale licensee.’

Amend the bill in section 8 in subsection 6 in the 5th line (page 2, line 25 in L.D.) by striking out the following: "less" and inserting the following: 'not more'

Amend the bill in section 10 in subsection 8 by striking out all of paragraph B (page 3, lines 10 to 13 in L.D.) and inserting the following:

'B. "Out-of-state spirits supplier" means an out-of-state manufacturer of spirits products that are listed by the commission for sale in the State or a person that engages in the out-of-state purchase of spirits products that are listed by the commission for sale in the State and that resells those spirits products to the bureau.'

Amend the bill in section 11 in paragraph B in the first line (page 3, line 16 in L.D.) by striking out the following: "4-A" and inserting the following: '5-A'

Amend the bill by relettering or renumbering any nonconsecutive Part letter or section number to read consecutively.

SUMMARY

The bill generally prohibits an entity within one tier of the 3-tier system of alcohol distribution in Maine from having a financial interest in an entity within another tier of the 3-tier system in Maine and extends the financial interest prohibitions of the 3-tier system, which apply under current law to entities that manufacture, import or sell malt liquor and wine within the State, to entities that manufacture, import or sell spirits within the State. Under the bill, in-state and out-of-state manufacturers comprise the first tier of alcohol distribution, in-state and out-of-state wholesalers comprise the 2nd tier of alcohol distribution and in-state retailers comprise the 3rd tier of alcohol distribution.

This amendment retains the bill's extension of the financial interest prohibitions of the 3-tier system to spirits but restructures the first and 2nd tiers of that system to match the structure of the 3-tier system that applies to malt liquor and wine under current practice. Under the amendment, the first tier of alcohol distribution consists of in-state manufacturers of spirits, wine or malt liquor; out-of-state manufacturers of spirits, wine and malt liquor that ship their products to Maine; and out-of-state entities that are not manufacturers but that purchase spirits, wine or malt liquor for shipment to and eventual resale in Maine. The 2nd tier of alcohol distribution includes in-state wholesalers of malt liquor or wine. Because Maine is a control state, private entities are not authorized to act as wholesalers of spirits within the State and there is therefore no need to include such entities in the amendment's 2nd tier of alcohol distribution. As in the bill, licensed retailers comprise the 3rd tier of alcohol distribution.

The amendment also corrects an error in the bill by specifying that the prohibited financial interests between entities in different tiers of the 3-tier system do not include a minor investment by an entity within one tier of the 3-tier system if that investment amounts to not more than 1% of the securities of a business entity within another tier of the 3-tier system.