Approved: 05/27/25 LRL

132nd MAINE LEGISLATURE

LD 1376 **LR 1799(02)**

An Act to Increase the Acceptable Level of Alcohol in a Low-alcohol Spirits Product and to Increase Availability of Those Products

Fiscal Note for Bill as Amended by Committee Amendment " "
Committee: Veterans and Legal Affairs
Fiscal Note Required: Yes

Fiscal Note

	FY 2025-26	FY 2026-27	Projections FY 2027-28	Projections FY 2028-29
Net Cost (Savings)				
General Fund	($30,541)	($47,644)	($57,938)	($80,519)
Highway Fund	$340,133	$530,608	$689,790	$896,727
Revenue				
General Fund	$30,541	$47,644	$57,938	$80,519
Transfers				
Highway Fund	($340,133)	($530,608)	($689,790)	($896,727)

Fiscal Detail and Notes

This bill establishes a new definition for a spirits-based cocktail that includes single-serving, ready-to-drink beverages, and authorizes certain licensees to distribute these products directly. Under current law, these products are classified as low-alcohol spirits and distributed through the state liquor contract managed by the Bureau of Alcoholic Beverages and Lottery Operations (BABLO). BABLO has indicated that under the new definition, these products would be excluded from the liquor contract which would result in reduced state profit margins from liquor sales. Because these profits are transferred to the Highway Fund, the change is projected to reduce Highway Fund transfers by $340,133 beginning in fiscal year 2025-26.

The bill also changes the applicable taxes collected for these products. Instead of being subject to the premium spirits tax of $1.25 per proof gallon, they will be taxed at an excise tax rate of $1.24 per gallon. This shift is expected to result in a net increase in General Fund revenue: a reduction of $6,758 in premium tax collections and an increase of $37,300 in excise tax revenue, beginning in fiscal year 2025-26.

These estimates assume that the new product definition applies to spirits-based cocktails packaged in containers of 375 milliliters or less. They also assume that this product category will continue to grow at approximately 30 percent annually, based on current in-state sales trends and growth projections reflected in the existing liquor contract.