



April 21, 2023

Re: LD 1695, An Act to Provide for the Direct Shipment of Spirits to Consumers.

Dear Chairs Hickman and Supica and committee members,

On behalf of the Wine and Spirits Wholesalers of America¹ (WSWA), whose members include wine and spirits wholesalers and brokers large and small across America, we respectfully submit these comments in opposition to LD 1695 which would authorize in- and out-of-state distillers and rectifiers to ship their products directly to Maine's consumers.

LD 1695 would harm Maine's distillers and state agency stores.

LD 1695 would not benefit Maine's in-state distillers. Instead, the large spirit companies that have the infrastructure and can afford to ship across the country will take sales away from Maine's distillers and revenue away from Maine's agency stores.

A recent study estimated that if spirits DTC was enacted, Maine's spirits industry would lose 64 jobs resulting in \$2,983,253 in lost wages.²

LD 1695 would increase the risk of underage access.

The shipment of alcohol directly to consumers' houses increases the likelihood of underage access as there is little to no oversight of the final delivery of the product by a common carrier.

In fact, in April of 2021, this committee heard testimony proving this very point from a Maine retailer David Makson who testified that a bottle of whiskey shipped illegally to his house by a common carrier that not only did not obtain a signature but handed it to his 5-year-old.³

This public safety concern goes unabated by BABLO as "Maine does not require carriers to be licensed, which means BABLO does not have administrative authority to enforce violations, so

¹ WSWA is the trade association that represents wine and spirits wholesalers large and small across America. Founded in 1943, WSWA includes more than 350 member companies in 50 states and the District of Columbia. Our members distribute more than 80 percent of all wines and spirits sold at wholesale in the United States. Across the country wholesalers employ approximately 87,000 people who receive nearly \$7.5 billion in wages annually.

² Wine and Spirits Industry Direct Ship Enforcement Model, John Dunham & Associates, 2023, <https://brandfolder.com/s/fhhqnm7nqv47gv3ptzt7xr>.

³ VLA Public Hearing and Work Session 4/16/2021 <https://www.youtube.com/watch?v=5CP0ltYDkQk&t=9621s> at 2:40:00.



an operation to assess carrier compliance with age identification, signature and delivery procedures would need to be coordinated with local law enforcement agencies.”⁴

The problem is not unique to Maine. Compliance checks performed by the Massachusetts Alcoholic Beverages Control Commission (ABCC) found the following:

- 96 percent of DTC licensees investigated accepted orders and payment from a 15-year-old.
- 43 percent of shipments did not obtain an adult signature upon delivery to the consumer.
- 26 percent of shipments were left at the consumer’s front door despite being labeled as containing alcohol.
- 100 percent of deliveries failed to verify the age of the recipient by checking an ID.⁵

In an investigation into DTC shipments in [Kansas](#), two shipments were delivered to underage individuals. In fact, one box of liquor was handed to a 7-year-old. In [Vermont](#), a local retailer testified that a shipment of spirits was handed to his five-year-old. Moreover, nothing in LD 1695 would prohibit a common carrier from delivering a package of spirits to one of Maine’s 29 college campuses.

In a recent survey of American moms, 91 percent agreed that preventing underage drinking is important to consider when making new laws and regulations, and 72 percent were concerned that DTC spirits shipping will increase underage access to alcohol.⁶

BABLO is not equipped to audit DTC licenses or enforce compliance.

Shipments from the country’s 4,126 distilleries would limit Maine’s regulators’ ability to ensure taxes are properly collected, IDs are checked, and illicit alcohol is not getting into the hands of consumers.

In 2022, there were 649 licensed wine DTC shippers in Maine, in addition to 11,418 on-premises and off-premises licenses. The ratio of licenses to enforcement staff is already 1,631 to 1.⁷ Maine’s seven enforcement agents would be overwhelmed if they become responsible for thousands of additional out-of-state spirits DTC licenses.

In fact, a recent study of Maine’s current shipping environment found that “While Maine BABLO investigates complaints and suspicious situations, it does not routinely conduct

⁴ Direct To Consumer (DTC) Shipping Assessment of State DTC Laws, Scope of Enforcement by States, Participation in Beverage Container Laws, and Input from Maine Stakeholders, pg. 22, <https://legislature.maine.gov/doc/9965>.

⁵ <https://www.wswa.org/news/massachusetts-abcc-finds-direct-link-between-dtc-alcohol-shipping-and-increased-underage>.

⁶ <https://www.wswa.org/news/new-wswa-study-finds-us-mothers-concerned-direct-consumer-spirits-shipping-endangers-children>

⁷ Direct To Consumer (DTC) Shipping Assessment of State DTC Laws, Scope of Enforcement by States, Participation in Beverage Container Laws, and Input from Maine Stakeholders, pg. 26, <https://legislature.maine.gov/doc/9965>.



compliance operations to identify illegal shippers or assess delivery procedures without a complaint.”⁸

Additionally, “[M]any of Maine’s systems are not digitalized yet, which also limits capacity for overseeing DTC shipping.”

A recent study found that to fully enforce wine and spirits shipping laws in Maine it would cost \$474,704, an increase of \$395,447 from the estimated current expenditure on DTC enforcement.⁹

Spirits DTC Expansion a Myth.

Claims about an increased nationwide desire for DTC are simply not true. Only five states and D.C. authorize spirits to be shipped directly from producers to consumers. In 2021 and 2022, every one of the 13 states that introduced spirits DTC shipping bills chose not to enact permanent DTC because of the concerns listed above. In 2020, only one state, Kentucky, enacted spirits shipping legislation.

We respectfully request that you oppose LD 1695.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Chelsea Crucitti'.

Chelsea Crucitti
Vice President, State Affairs
Wine & Spirits Wholesalers of America

⁸ Ibid, 22.

⁹ Wine and Spirits Industry Direct Ship Enforcement Model, John Dunham & Associates, 2023, <https://brandfolder.com/s/fhhqnwm7nzv47gv3ptzt7xr>.