



January 17, 2024

Senator Craig Hickman – Chair Veterans and Legal Affairs Committee

Representative Laura Supica – Chair Veterans and Legal Affairs Committee

Members of the Joint Standing Committee of Veterans and Legal Affairs

My name is Carrie Rand-Anastasiades, and I am the Director of Northeast States for Wine Institute. Thank you for allowing me to testify today.

Wine Institute, a public policy association of over 1,000 California wineries and affiliated suppliers dedicated to advocating the responsible consumption and enjoyment of wine, would like to comment on **LD 2069 An Act to Amend the Ownership Disclosure Requirements for Applicants for Liquor Licenses and Certificates of Approval**. Although the measure is well intentioned, Wine Institute opposes the bill as drafted. We would however, like to work with the Committee, DAFS and BABLO to come to mutually agreeable language to accomplish intent of the bill before you.

Wine Institute recognizes the need for disclosure of ownership percentages for liquor licenses and certificates of approval, but we feel for privately held companies, a 10% threshold should be used as opposed to 5% that is listed in the bill. Ten Percent is a common level that triggers reporting, in the alcohol beverage world, and we feel it would keep Maine consistent with other states across the nation. Alabama and California both use this percentage in their application processes. Moving below a 10% threshold could discourage wineries from engaging in business in the State of Maine, as many companies are family owned and have complicated structures. For example, there are numerous wineries that are small LLC's or LLP's or that have pieces of ownership in trust for individual family members. This would make disclosure very complicated if all direct and indirect persons were to be made known. Setting the level at 10% ensures that those who truly have guidance over the businesses are conveyed to the State.

In order to ensure compliance and avoid interpretation, we respectfully recommend that the committee make the law more prescriptive in terms of naming executive officers and what personal information accompany the application. In addition, if a business has a trust with a controlling interest of 10%, we feel the trustee should be the reporting owner as they have the responsibility for the viability of the trust, not necessarily the beneficiary.

By making changes (suggested language attached) as have been described to LD 2069 we feel it will accomplish the goal of disclosure and ensure that applicants do not hold interest in other tiers of the alcohol system. It will streamline the law aligning it with other states that have similar requirements and it will guarantee compliance of wineries doing business Maine. We stand ready to work with the committee, DAFS and BABLO as the bill moves through the legislative process.

Note: in this suggested language brackets are used to remove words and phrases and underlined language are additions. All suggested language changes are in orange.

An Act to Amend the Ownership Disclosure Requirements for Applicants for Liquor Licenses and Certificates of Approval

Be it enacted by the People of the State of Maine as follows:

Sec. 1. 28-A MRSA §651, sub-§2, ¶A, as amended by PL 2021, c. 658, §92, is repealed and the following enacted in its place:

- A. An applicant shall disclose all ownership interests [by a person other than] in the applicant equal to or greater than [5%] 10% of the outstanding equity the applicant and executive officers of the applicant performing duties customarily performed by a chief executive officer, chief operating officer, or secretary of a corporation, manager of a limited liability company, or general partner of a general or limited partnership [or any direct or indirect interest in the person] for which a license or certificate of approval is sought. Disclosure required for owners and executive officers shall consist of the name, title, address, date of birth and social security number. If the applicant is a purchaser by contract, the applicant shall also disclose the terms of the contract.
- B. If an applicant is owned by a trust, the determination of reporting owners shall be made with reference to the trustee of such trust. The trustee of a trust shall be a reporting owner if all trust for which such trustee is serving hold in aggregate 10% or greater of the outstanding equity of the applicant. If there are multiple trustees of a trust, each co-trustee shall be deemed to hold an equal share of the total equity held by such trust in determining whether such co-trustee is a reporting owner. If a trustee of a trust is a reporting owner and such trustee is an entity, then the required reporting party shall be the executive officers of the trustee determined in the same manner as provided in Sect 1. A for an applicant.

(1) A business entity that has an ownership interest of [5%] 10% or greater in the [person] applicant for which a license or certificate of approval is sought shall disclose all individual or subsidiary business entities [and all individuals] that have an ownership interest in that business entity.

(2) A business entity that has an ownership interest of [5%] 10% or greater or is an executive officer in the [person] applicant for which a license or certificate of approval is sought may attest to the bureau via affidavit that no subsidiary business entity or individual with an ownership interest in the business entity has an ownership interest of [5%] 10% or greater in the [person] applicant for which a license or certificate of approval is sought.

[For purposes of this paragraph, "interest" means full or partial equity ownership interest or any other type of financial interest or involvement including, but not limited to, being an investor or serving in a management position.]

Sec. 2. 28-A MRSA §651, sub-§3, as amended by PL 2021, c. 658, §92, is further amended to read:

3. False answer given intentionally. An applicant may not attempt to conceal or disguise ownership interest or direct or indirect interest in the person for which a license or certificate of approval is sought. A person who intentionally gives an untruthful answer in an application for a license or certificate of approval under this Title violates Title 17-A, section 453. As used in this subsection, "interest" has the same meaning as in subsection 2, paragraph A.

Sec. 3. 28-A MRSA §651, sub-§4 is enacted to read:

4. Rulemaking. The bureau may adopt routine technical rules pursuant to Title 5, chapter 375, subchapter 2-A to administer this section.