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Testimony of Senator Mattie Daughtry supporting
LD 2014, An Act Regarding Spirits Price Regulation
Before the Joint Standing Committee on Veterans and Legal Affairs
January 17, 2024

Senator Hickman, Representative Supica, and Esteemed Members of the Joint Standing Committee on Veterans and Legal Affairs, my name is Mattie Daughtry, and I proudly represent Senate District 23, which includes Brunswick, Freeport, Harpswell, Pownal, Chebeague Island, and part of Yarmouth. I am pleased to testify in support of LD 2014, “An Act Regarding Spirits Price Regulation.”

Under Maine’s current system, we have an alcohol control state, which means that the State sets the retail price for all spirits sold within its borders. In 2016, BABLO created and implemented the pricing formula that determines the retail price of all spirits. Since then, BABLO has amended, adjusted, and added components to the formula so that the current formula includes 75 category markups, a \$1.25 per proof gallon spirits premium, value thresholds, and a minimum state profit threshold determination with potential increased markups. In my opinion, this formula is unfair, inequitable, and lacks transparency.

The spirits pricing system is overcomplicated, and it’s unlike any other alcohol control state. In Maine, lower-priced – or “value” brands – are marked up at a much higher rate, which penalizes consumers with low incomes. Additionally, except for the spirits premium, no components of the formula are set in Department rule, nor are they set in statute. Instead it seems spirits pricing decisions are set without any input or oversight from the Legislature. That’s why this Committee, and the Legislature, as a whole should be setting the policies that determine spirit prices.

LD 2014 tries to address this. This proposal seeks a simple, uniform, flat markup; provides equity across products; and is a much fairer system that removes subjectivity in pricing decisions. Other alcohol control states, including our neighbors in New Hampshire and Vermont, already utilize their own versions of flat markups.

I urge the Committee to help Maine create a uniform markup that ensures state profits remain whole, maintains BABLO’s ability to create temporary special pricing promotions, keep retailers and small distilleries discount rates and incentives set in statute, and makes sure the money that DHHS receives for substance use disorder prevention and treatment through the spirits premium is replaced with an equivalent funding stream.

Thank you,

A handwritten signature in cursive script that reads "Mattie".

Mattie Daughtry

Assistant Senate Majority Leader, Senate District 23

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