April 8, 2025

Members of the Joint Committee on Veterans and Legal Affairs
Maine State Legislature
100 State House Station, Room 437
Augusta, ME 04333

Re: Opposition to LD 1376

Senator Hickman, Representative Supica and Members of the Joint Committee on Veterans and Legal Affairs:

Today, the Beer Institute writes to oppose LD 1376, a proposal that would reduce taxes on and expand the retail access of distilled beverages by expanding the category of "low-alcohol spirits products" to include any spirits product with an alcohol by volume (ABV) up to 15%. We represent brewers, beer importers and industry suppliers of all sizes in Maine. Our members produce beer products – as well as some of the country's leading liquor-based canned cocktails.

The beer industry supports a tax and regulatory framework that treats liquor, wine and beer as clearly distinct categories – rather than being taxed based on ABV. Every state and the federal government has done this since the repeal of Prohibition in 1933, and it is vital to maintain these distinct categories due to the notable differences in how these products are made and consumed. This change would blur the lines between distinctly different alcohol categories. Beer, wine and liquor are not the same, and this legislation would send a confusing message to consumers. It's also worth noting that 86% of beer has an average alcohol by volume of 5% or less.

This legislation would arbitrarily blur the lines between where alcoholic beverages can be sold by allowing these "low-alcohol spirits products" to be available at any licensed retailer that is permitted to sell malt liquor for on-premise and off-premise consumption – ultimately granting liquor expanded access to regular retail locations.

Furthermore, granting these canned cocktails greater market access could prove dangerous in the long run as big liquor companies have already admitted that they see these ready-to-drink canned cocktails as a recruitment tool to get customers interested in higher ABV products, such as a full handle of hard liquor. CEOs of some of the world's largest liquor producers have confirmed that these ready-to-drink canned cocktails serve as "a consumer recruitment vehicle" and are "a great way to recruit people into the franchise".

During the last legislative session, more than a dozen U.S. states rejected proposals similar to LD 1376 due to concerns about the impact of such legislation. In fact, two separate studies – one by the Maryland Alcohol and Tobacco Commission (ATC) and one by Public Sector Consultants – show that these types of bills result in lost revenue for states and increased consumer prices. Notably, consumers in Michigan saw a 44 percent increase in prices for hard liquor canned cocktails, while consumers in Nebraska saw a shocking 65 percent increase in prices for hard liquor canned cocktails once their states passed legislation similar to LD 1376. Further, these two studies found that Michigan and Nebraska lost out on a significant amount of tax revenue once these bills were enacted, with Michigan losing an estimated $2.6 million and Nebraska losing an estimated $1.8 million.

Liquor, wine and beer are different types of alcohol beverages and should be taxed as such. We oppose LD 1376 and encourage Maine to maintain clear distinctions between these three categories of alcohol beverages.

Thank you for your consideration on this matter.

Sincerely,

Brian Crawford
President & CEO