



Testimony in Opposition to LD 1855:

An Act to Impose an Excise Tax on Spirits-based Cocktails Containing No More than 12 Percent Alcohol”

Senator Hickman, Representative Supica, and the distinguished members of the Committee on Veterans and Legal Affairs, my name is Harris Van Pate, and I serve as policy analyst for Maine Policy Institute. Maine Policy is a free-market think tank, a nonpartisan, non-profit organization that advocates for individual liberty and economic freedom in Maine. Thank you for the opportunity to submit testimony in opposition to LD 1855, “An Act to Impose an Excise Tax on Spirits-based Cocktails Containing No More than 12 Percent Alcohol.”

This bill proposes to impose a new excise tax of 60 cents per gallon on spirits-based cocktails containing no more than 12% alcohol by volume. While presented as a routine update to the state’s tax code, this measure is a step backward for consumer freedom, economic opportunity, and regulatory consistency in Maine’s beverage industry.

Unjustified Tax Discrimination Against a Growing Market Segment

LD 1855 targets a specific category of beverages—spirits-based ready-to-drink (RTD) cocktails—that are growing in popularity due to their convenience, quality, and appeal to adult consumers.¹ These products are in a growing market, and Maine should avoid taxing such a young market considering new businesses are experimenting with new business models and still establishing loyal customer bases.

Economic Harm to Small Businesses and Local Producers

Many producers of spirits-based RTDs are small distilleries and start-ups—precisely the kinds of Maine-based businesses that policymakers often claim to support. These small operations typically do not have the same distribution power or political influence as larger industry players, yet they will bear the brunt of this tax. Increased costs will be passed on to consumers or force producers to cut back on hiring, innovation, or production.

Rather than encouraging local entrepreneurship in a burgeoning sector, this bill would further entrench outdated structures that favor large, out-of-state wholesalers and distributors. It reinforces a status quo that limits consumer choice and economic dynamism.

¹ <https://www.marketresearchfuture.com/reports/ready-to-drink-cocktails-market-26945>



More Regulation, Not More Revenue

Policymakers should be wary of efforts to raise revenue through discriminatory or arbitrary excise taxes. Excise taxes on alcohol are often promoted as tools to moderate behavior, not as consistent revenue streams. However, layering taxes onto niche product categories undermines this rationale and erodes public trust.

Maine's tax code should not be used to engineer market outcomes or enforce protectionist rules. If revenue is needed, it should come through broad-based, transparent measures, not narrow, targeted taxes that disproportionately affect small businesses and distort consumer markets.

A Better Path: Embrace Market Neutrality and Consumer Choice

Rather than imposing yet another tax on a small segment of the beverage industry, Maine lawmakers should take this opportunity to modernize the state's antiquated alcohol laws and embrace a market-neutral, consumer-first approach. Tax policy should be grounded in the principles of simplicity and fairness. LD 1855 fails on both counts.

Conclusion

For these reasons, Maine Policy Institute urges this committee to vote "Ought Not to Pass" on LD 1855. This bill imposes an unnecessary burden on consumers and entrepreneurs, distorts the marketplace, and undermines the principles of economic liberty and fair competition. Thank you for your time and consideration.