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April 24, 2023

LD 1695 "An Act To Provide for the Direct Shipment of Spirits to Consumers"

Sen. Hickman, Rep. Supica and members of the Veterans and Legal Affairs Committee, my name is Cheryl Timberlake. I reside in Mt. Vernon and here today on behalf of the Maine Beer Wine Distributors (MBWD). MBWD are the family owned and operated distributors that deliver beer, wine and non-alcoholic beverages to all retail licenses, both on and off premises locations throughout the state.

We appreciate the opportunity to provide comments on LD 1695.

Timing is everything. The DTC Shipping Stakeholders report is scheduled after this hearing. Last session, LD 1358 Resolve required BABLO to consult with stakeholders, review and evaluate the wine DTC law and the expansion to spirits. LD 1695 is based on the wine DTC statute and our comments will focus on the evaluation components as outlined in the report.

Maine's wine direct shipping law was approved in 2008. It provides an exception to the three-tier system for manufacturers of wine to ship direct to consumers with some safeguards and compliance provisions.

There are, however, some unintended consequences. The DTC Shipping report evaluates the components of the law and **lack of regulation to ensure accountability, audit reconciliation and enforcement capacity.**

MBWD is committed to improving the existing wine DTC shipping law before any changes are made to expand the scope of the statute, especially an expansion to spirits. Maine is a control state. As a control state, Maine recognizes that hard liquor needs to be treated differently and be more restricted than even other alcohol segments. Opening direct shipments of spirits from across the country would contradict the entire rationale of the state control model.

Specifically, on page 22, the DTC report indicated that "While Maine BABLO investigates complaints and suspicious situations, it does not routinely conduct compliance operations to identify illegal shippers or assess delivery procedures without a complaint."

"Maine does not require carriers to be licensed, which means BABLO does not have administrative authority to enforce violations..."

Additionally, many of Maine's systems are not digitalized yet, which also limits capacity for overseeing DTC shipping. MBWD requests immediate action on the following:

- definition of winery (who can hold a DTC permit)
- common carrier definition/reporting/licensure
- fulfilment center definition/reporting/licensure and enforcement capacity (define violations and penalties)
- enforcement capacity of BABLO; oversight and regulatory authority of DTC shipping and,
- bottle bill compliance.

Thank you for your consideration of our comments. I would be happy to answer any questions.

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