



DISTILLED SPIRITS COUNCIL
OF THE UNITED STATES

April 24, 2023

The Honorable Craig Hickman
State Senator, Senate Chair, Joint Committee on Veterans and Legal Affairs

The Honorable Laura Supica
State Representative, House Chair, Joint Committee on Veterans and Legal Affairs

On behalf of the Distilled Spirits Council of the United States (DISCUS), the national trade association representing producers and marketers of distilled spirits sold in the United States, including in the state of Maine, I write to you to express our support for LD 1695. The bill allows for direct-to-consumer (DTC) shipping of distilled spirits products from distilled spirits producers.

While 47 states, including Maine, allow the direct shipment of wine straight from winemakers to consumers, only 11 states currently allow distillers to ship their products directly to consumers. In the last 15 years, growing consumer interest in diverse spirits products has led to the increase in the number of distilleries in the United States from just 70 to more than 2,000. There are now more than 15,000 distilled spirits products in the marketplace. A modern spirits marketplace will allow residents of any state to buy the products they want, in the way they want, while allowing smart regulation to ensure responsible delivery.

Allowing distillers to ship directly to consumers:

- Increases consumer convenience and choice
- Provides a positive boost for tourism and the hospitality industry
- Treats wineries and distilleries the same
- Builds small businesses and enhances distribution
- Maintains important responsibility measures to prevent underage access

Parity with Wine DTC: For more than a decade, Mainers have enjoyed DTC shipping of wine. Now, consumers expect and want direct-to-consumer shipping of distilled spirits. It's time for the marketplace to meet what consumers are seeking. In fact, 80 percent of consumers believe distillers should be allowed to direct ship spirits. The increased demand for consumer convenience and choice, additional support for distillers, and responsibility measures already in place to prevent illegal purchases all highlight the reasons Maine should adopt measures allowing direct-to-consumer shipping.

Benefits Consumers and Small Producers: Who benefits from direct shipments of distilled spirits? First, consumers. Consumers want the ability to choose limited-release products, specialty products not widely distributed nationwide and club offerings, or to ship products home from a distillery visit. Second, distillers. DTC shipping provides additional market access channels for distillers to connect with new and returning consumers where they are. During the COVID-19 pandemic, DTC shipping provided a critical lifeline for many struggling distilleries who were suddenly cut off from their customers and will

continue to be an avenue for customer interaction and growth where permitted. Third, the state of Maine. The state would benefit from additional licensing fees and new tax revenue on every sale made in Maine. Additionally, the new market access channels would foster growth in the spirits industry which already contributes 6,300 jobs and more than \$680 million in economic impact in the state.

Expanding distillers' ability to direct ship will introduce consumers to new products that will eventually grow into brands carried by the state system, thus strengthening the overall spirits industry and state market (including producers and retailers). Wine has been shipped for more than a decade in Maine, and during that time, wholesale jobs in Maine grew by more than 24 percent. Liquor store jobs grew by 61 percent during the same period. DTC shipping serves as an on-ramp for small distillers by allowing tasting experiences and organic brand building – creating a cost-effective way to generate the kind of attention that is critical for partnering with the state and its agency stores.

Legal Sale Protections: Wine producers have responsibly shipped wine direct-to-consumers for more than a decade in Maine. There are well established and appropriate responsibility measures in place that prevent minors from illegally accessing beverage alcohol. Just as IDs are required for any alcohol purchase, ID checks are required in order for the recipient to accept an alcohol delivery. Additionally, under the Common Carrier provisions of LD 1695, an adult signature is required.

Working Within Maine's Control State System: As other states have done, we believe that a DTC spirits program can work within a control state model. As such, our goal is to make sure that that legislation does the following:

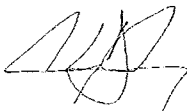
- Remits equivalent profit to the state and in accordance with the State liquor contact and pricing formula – see: <https://b2bs.pinestatetrading.com/mspc/pricing/calculator/>;
- Limits the volume that that out-of-state distillers can ship to 200 case equivalents of a product; after which the must be listed and move through the control state system; and
- Remits the bottle deposit to for bottles shipped into the state.

DISCUS believes that these protections will protect the control state market system, its growth over the years and help introduce new small business and innovative products to that could grow within the control state system.

It's time for consumers to be granted the same market access to distilled spirits that they have enjoyed with wine for more than a decade in Maine.

DISCUS supports the control model in Maine and our retailer partners, and we respectfully ask your support of LD 1695.

Sincerely,



Andy Deloney
Senior Vice President and Head of State Public Policy

cc: members of the Joint Committee on Veterans and Legal Affairs