



**January 17, 2024**

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

My name is Kate Knox and I am here on behalf of the Maine Brewers' Guild, which represents the interests of the craft beer industry in Maine, including craft breweries who brew 99.00% of all beer brewed in Maine.

On behalf of the Maine Brewers' Guild, we offer testimony in support of L.D. 2069 with a few important issues for you to consider in connection with an amendment to the proposed language.

We support the purpose of L.D. 2069, which is to create a floor on the disclosure of ownership interests in breweries, wineries, distilleries, and all other licensees subject to the liquor laws. The current liquor laws require disclosure of all ownership interests and any other "interest" in a licensee, and L.D. 2069 would require the disclosure of ownership interests of 5% or more in a licensee, which would be a critical modernization to the current liquor laws.

As for important issues, the most notable one is that the proposed definition of "interest" is too broad which, in turn, could be misinterpreted very easily. The bill defines the term "interest" as an ownership interest or "any other type of financial interest or involvement, including, but not limited to, being an investor or serving in a management position," but none of these terms are defined: "financial interest," "involvement," "being an investor," or "serving in a management position". The term "being an investor" is already covered by the disclosure of ownership interests.

As for concrete examples, under the current law, which requires the disclosure of the "entire ownership" and "any interest" in a licensee, BABLO has taken the position that food trucks stationed inside or outside of a brewery have a "financial interest or involvement" with the brewery, despite no ownership interest or any money changing hands whatsoever between the brewery and the food truck, simply because the brewery's customers might purchase food from the food truck and the food truck's customers might purchase beer from the brewery. It is unclear – under this very broad interpretation of "financial interest or involvement" under the current law – whether a landlord, lender, supplier of raw materials, or any other third party might also have a "financial interest or involvement" in a brewery or any other licensee.

In addition, we also suggest that L.D. 2069 require BABLO to update the relevant regulations, specifically, C.M.R., Ch. 101, Section 1(A) – by referring to the disclosure of ownership interests

of 5% or more and deleting the requirement that "all persons owning, and/or operating with a financial interest in the operation to be named as licensees, except for bona fide employees," which is outside the scope of Section 651.

We look forward to working with the analyst to develop an amendment to clarify that the disclosure required on the application is related only to ownership interests and not every kind of ancillary business relationship that a brewery might have in the ordinary course of business.

Thank you for considering our testimony, and we would be happy to discuss these issues with you further at any time.