

Craig V. Hickman Senator, District 14

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# Testimony of Senator Craig V. Hickman introducing LD 1376, "An Act to Increase the Acceptable Level of Alcohol in a Low-alcohol Spirits Product and to Increase Availability of Those Products,"

Before the Joint Standing Committee on Veterans and Legal Affairs Wednesday, April 9, 2025

Representative Supica and honorable colleagues on the Joint Standing Committee on Veterans and Legal Affairs, my name is Craig Hickman, and I am proud to represent Senate District 14, twelve municipalities in southern Kennebec County including my beloved hometown of Winthrop. Thank you for the opportunity to introduce <u>LD 1376</u>, "An Act to Increase the Acceptable Level of Alcohol in a Low-alcohol Spirits Product and to Increase Availability of Those Products."

A sponsor's amendment to the original bill will be forthcoming. The amendment will propose to create in statute a definition of Ready to Drink cocktails, as well as amend statute in the proper places for that definition to be regulated according to the relevant parts of statute. It reflects some of the defined changes from the <u>Stakeholder Group Report on Low Alcohol Spirits Products</u>, <a href="https://legislature.maine.gov/doc/10273">https://legislature.maine.gov/doc/10273</a>.

BABLO was charged by PL 2021, c. 592 (LD 1750) with convening a stakeholder group to consider changes to the current law that would allow retailers licensed to sell malt liquor or wine for onpremises or off-premises consumption that are not agency liquor stores to sell spirits products containing 8% and 15% alcohol by volume (ABV). Changes to be considered included amending the definition of "low-alcohol spirits products" and creating a new category of spirits product that includes products commonly known as "ready-to-drink" cocktails (RTDs).

The definition of "low-alcohol spirits products" was established in 1992 with an ABV threshold of 4%. The threshold was increased over the years to 8%, where it remains currently. The objective of further increasing the threshold through this bill is to move those products containing spirits below the new ABV threshold from the State's distribution system to the beer and wine distribution system.

All spirits products with an ABV of greater than 8% are listed for sale by BABLO with the approval of the State Liquor and Lottery Commission and brought to market through Maine's network of Agency Liquor Stores.

The Stakeholder Group Report on Low-Alcohol Spirits Products was received by the VLA committee in October 2023. Due to this off-session timing, there was no legislative vehicle to address the recommendations. LD 1376 as amended will allow for that policy review.

According to the report, consensus was achieved on two points:

- "The increase to 15% ABV should only apply to single serving, small format containers 355ml/12oz or below. This would require a definition of spirits-based RTDs to be codified."
- "The bottle redemption for spirits based RTD products should be \$0.05."

This bill does not address the consideration of beverage deposit values, as that issue is best reviewed by the Environmental and Natural Resources Committee.

LD 1376 as originally drafted would amend the current Low-Alcohol Spirits Products definition by increasing the ABV. The proposed amendment will create a new definition of this product category-Spirits Cocktail Beverage/Product, with a maximum ABV of 15%. It clarifies who may produce the product, who may sell and distribute the product, and establishes the tax rate for the product:

Spirits cocktail beverage/product means a Ready To Drink (RTD) product containing spirits that has more than 1/2 of 1% of alcohol by volume but no more than 15% of alcohol by volume; is subject to the excise tax under chapter 65.

## Who may manufacture the product:

A bottler or rectifier, a distillery or small distillery may produce spirits cocktail beverages/products.

# Who may sell the product:

Notwithstanding any other provision of this Title to the contrary, spirits cocktail beverages/products may be sold by any person licensed to sell malt liquor or wine for on-premises and off-premises consumption.

### Who may distribute the product:

Notwithstanding any other provision of this Title to the contrary, a person licensed under Section 1401 as an in-state wholesaler of malt liquor or wine may also sell and distribute spirits cocktail beverages/products.

#### How are the products taxed:

Spirits cocktail beverages/products are taxed as distilled spirits at \$1.25 proof gallon (premium tax)

Thank you for allowing me the opportunity to introduce this bill and its amendment. We are lucky to have one of the bill's authors here with us, Cheryl Timberlake, who will follow my testimony and can answer questions in my stead.

Craig V. Hickman State Senator, District 14