



Maine Beverage Distributors Association

April 9, 2025

Good morning, Sen. Hickman, Rep. Supica and members of the VLA committee. My name is Cheryl Timberlake, I am a resident of Mt. Vernon. I am the Exc. VP of the Maine Beverage Distributors Association (MBDA). We strongly support LD 1376 and offer an amendment attached to my testimony, to replace the original bill.

Maine has a low alcohol spirits definition, where products under 8% alcohol by volume (ABV) are distributed by the beer/wine distribution channel. Products with an ABV greater than 8% are required to be listed and distributed under the state Bureau of Alcoholic Beverages and Lottery Operations (BABLO) Commission control system. This requires a retailer to have an additional agency Liquor License.

The amendment creates a definition of **READY TO DRINK (RTD) SPIRITS COCKTAILS with an ABV of 15% or less**. The proposal more accurately defines the characterization of this beverage category and was a recommendation of the stakeholder process created by the VLA committee that preceded you.

Maine has been a leader in ensuring retailers and consumers have access to the newest alcohol/adult beverages while ensuring healthy competition and orderly markets.

The independent beverage distributors provide efficient access to the market for all beer and wine brands, including low-alcohol spirits, to licensed retailers throughout the state. We are committed to policies that support economic growth, job creation and consumer choice.

MBDA supports a change to update to the existing law to allow greater access and availability to recognize the new consumer demands for cocktails to go that are premade and packaged, Ready to Drink (RTD) spirits cocktail beverages.

The proposed amendment will define RTD spirits cocktails, the licensees who may sell these products, the distribution channel and the taxes.

Without the increase in ABV%, Maine retailers, both on and off-premises, and consumers lose out on the RTD spirits products that are available in other licensed jurisdictions since the state system does not carry a majority of these products. There are at least five other control states (Iowa, Idaho, Ohio, Michigan and Vermont) with an ABV% greater than Maine's existing 8% ABV.

As the committee reviews this proposal there are two issues to be addressed. The timing for the implementation and the economics.

BABLO has opposed this change in the past. You may hear about these product lines and competition. Currently, there are RTD spirits cocktails in distribution in other states but not here in Maine. BABLO does not list/carry all the possible SKUs for these product lines. The distributors and retailers are interested in the

business potential and are here today to request the opportunity to build this category and generate more sales/revenues and increased excise tax for the state.

You may also hear about a possible decline in state revenues due to this bill/proposed amendment. What are the products impacted? How many SKU's fit the new RTD spirits cocktail 15% ABV definition? Does any possible fiscal note take into consideration the growth to be realized by diversified sales through the beer and wine retailers? With increased existing product availability and more new products made available in the market through the beer and wine distribution network any potential fiscal note would be offset.

The timing for implementation will need to be defined. This has been accomplished with the transition of fortified wines from BABLO to the distributors without significant complexity.

Redemption center confusion on the party responsible for the recycling of the empty container will be addressed. Currently there are suppliers selling products with similar packaging but different ABV%. The 8% ABV are in the distribution network and those with higher ABV are with the state distribution partner. The sorting and accounting for these units that look exactly alike is challenging of our redemption centers.

MBDA requests your support for expanding consumer choice. Maine needs to have healthy competition and brand diversity.

We appreciate the committee's time and consideration. I am happy to answer any questions.

LD 1376 PROPOSED AMENDMENT

Define product category:

Spirits cocktail beverage/product means a Ready To Drink (RTD) product containing spirits that has more than $\frac{1}{2}$ 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 beverage/products.

Who may sell the product:

Notwithstanding any other provision of this Title to the contrary, **spirits cocktail beverage/product** 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 product taxes:

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