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THE MAINE SENATE
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LD 1456, "An Act to Expand the Number of On-premises Retail Liquor Licenses a Liquor Manufacturer May Be Issued."

Veterans and Legal Affairs Committee

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Good morning, Senator Hickman, Representative Supica and colleagues of the Joint Standing Committee on Veterans and Legal Affairs: My name is Jeff Timberlake and I represent the people of Senate District 17. I am before you today as a co-sponsor of LD 1456, "An Act to Expand the Number of On-premises Retail Liquor Licenses a Liquor Manufacturer May Be Issued."

I am also here as a farmer and owner of Ricker Hill Cidery and Winery, which is a federally licensed manufacturer of hard and soft ciders, which we serve and sell on-premise through three locations and sell off-premise across the state. We are also a member of the Maine Winery Guild.

LD 1456 makes some important changes to our liquor licensing laws that could help our state's wonderful beer and wine industries. First, let me explain what most of the language of this bill does for manufacturers covered by Title 28-A.

You'll see the terms tenant breweries and tenant wineries being added throughout the language. These are what we call alternating proprietorships where a brewery or winery leases space and equipment to another brewery or winery. The so-called "tenant" then produces their own beer or wine using their own ingredients according to their own recipes and processes. The space and equipment are then turned back over to the host company upon completion of the batch.

As separate companies, these tenant breweries and wineries would have to be duly licensed and comply with all state and federal laws – especially brewers – and operate independently from the host companies.

Such arrangements are beneficial for both parties. Some breweries and wineries have spare capacity when their equipment is idle; and this is a chance to use that equipment's spare

capacity to earn revenue. For the tenant companies, especially startups, this allows them to craft their processes, test recipes and ultimately make their product before investing in the space and equipment needed to enter the industry.

We added tenant breweries to the Title 28-A licensing statutes through LD 1548 in the 126th Legislature and tenant wineries two years later through LD 616 in the 127th Legislature. Yet both were never added to the upper sections of the same subsection, §1355-A. Therefore, much of this bill makes the necessary technical corrections to those omissions.

More importantly, and as you heard from the bill's sponsor, LD 1456 also expands the number of on-premises retail liquor licenses from one to three if you produce less than 1,000 barrels of liquor per year and up to six if you produce more. It incentivizes production, which in turn produces additional tax revenue for the state and a healthier industry overall.

We don't define production minimums in our statutes when it comes to the Chapter 43 licensing process. This bill helps do that by requiring those who don't craft much product to be limited in the number of licenses they can hold. In the end, more product equals more dollars, and everyone wins.

Finally, this bill also corrects the omission of tenant breweries and wineries from the Title 36 sales tax collection statutes. It makes you wonder if they have been collecting them all this time without the force of law to do so.

I ask that you support LD 1456 and I'm happy to answer any questions, certainly about our production.