



Maine Grocers &
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IN OPPOSITION - LD 1754 'An Act to Provide for the Direct Shipment of Spirits to Consumers'

Dear Senator Hickman - Chair, Representative Supica - Chair, and the Committee on Veterans and Legal Affairs,

My name is Christine Cummings and I am the Executive Director of the Maine Grocers & Food Producers Association (MGFPA). The Maine Grocers & Food Producers Association is a business trade association representing Maine's food community; Main Street businesses, including independently owned and operated grocery stores and supermarkets, food and beverage producers and processors, manufacturers, wholesalers, distributors, and supportive service companies. MGFPA represents approximately 30% of Maine's agency stores.

Our retailers are opposed to out-of-state manufacturers/distillers shipping their product directly to consumers in the state of Maine. Direct shipment of spirits in Maine creates winners and losers. While the model offers a potential new sales channel, the reality is that it opens the door to significantly more out-of-state competition than it creates opportunity for local Maine producers. In addition, Maine's agency liquor stores also face lost sales and reduced foot traffic, threatening a long-established system that supports local jobs and community access.

We retain our position that this new policy would sidestep our state's retailers who are *the* responsible partners and backbone of the state's three-tier system. There are only eight other states plus Washington D.C. that have DtC shipment of spirits (of those states, Alaska (a unique model) and New Hampshire are the only control model states). Maine is a targeted pilot project for this effort and we stand opposed to being the test ground for the framework.

Maine's retailers have made capital investments to serve as the avenue for the sale of spirits, wine and malt beverages. They pay significant property taxes, employ their communities' residents, and many are participants in the bottle redemption business. Our grocery stores operate on a 1-2% profit margin rely on alcohol sales to remain viable. The state's retail agency stores are the essential partners in the consumer sales portion of Maine spirits. They perform many crucial duties to ensure the product reaches the vetted end-consumer. This includes stocking the shelves, inventory management, age-verification and intoxication screening, ensuring product is maintained and displayed well, while investing in their physical stores, all while maintaining staff to execute the sales.

The number of licensed retailers who are allowed to sell spirits is limited based on municipal population thresholds and we question why we would continue to limit the number of retailers who can sell liquor while allowing for unlimited licenses for those who can ship directly to Maine residents. Our agency stores have committed dedicated shelf space and made financial commitments for the exclusivity to sell spirits and we stand opposed to licensing out of state entities *without* an equivalent investment in the state's spirits economy.

The proposed licensing fee is also quite low (\$50) in comparison the hundreds of dollars agency stores pay for their licenses to sell spirits.

Agency stores source local, Maine spirits and take pride in specialty customer orders. We have heard specifically from the bureau that they work with stakeholders to ensure products are reaching consumers and that they assist with unique fulfillment requests. If the intent is for small boutique brands to enter the Maine market, then we ask the Committee to consider reviewing the listing and brokering process. If it's market access that is the problem, then we as stakeholders, are happy to engage in conversations and policy that eases the system in which we operate.

This proposed policy creates significant concern that small-batch or limited product will bypass the listing process and be sold directly to consumers (bypassing retailer). At times, it is these elusive and sought after products that drive consumers into the store. We question what would trigger or force an out of state producer to actually list the product with limited enforcement capacity.

Within the *Direct To Consumer (DTC) Shipping Assessment of State DTC Laws, Scope of Enforcement by States, Participation in Beverage Container Laws, and Input from Maine Stakeholders Report (April 1, 2023)* there is consensus amongst stakeholders that "BABLO needs greater enforcement and oversight capacity." As noted in the report's conclusion, "Many states express concern that they have limited capacity to be able to adequately oversee DtC shipping in their states in addition to their other oversight responsibilities." It is premature for Maine to move forward without adequate capacity both human and technological to fully monitor and understand the impact on both underage access and illegal business within the state.

While this bill frames itself as support for small distillers and consumer convenience, in practice, it opens the floodgates for major online players and large out-of-state distilleries to enter the Maine market without the same investment, oversight, or commitment to local community well-being.

Thank you for the opportunity to provide testimony.



Christine Cummings
Executive Director