



MAINE BEVERAGE ASSOCIATION

**Testimony of Newell Augur
Director**

Before the Joint Standing Committee on Housing and Economic Development

In Opposition to LD 1894, An Act to Address Consumer Grocery Pricing Fairness

May 12, 2025

Good afternoon, Senator Curry, Representative Gere and members of the Joint Standing Committee on Housing and Economic Development, my name is Newell Augur. I am a resident of Yarmouth and a lawyer with Pierce Atwood. I represent the members of the Maine Beverage Association, your local distributors of a variety of refreshing non-alcoholic products including diet soda, soda, juices, sports drinks and, increasingly, water. I am here to testify in opposition to LD 1894, An Act to Address Consumer Grocery Pricing Fairness.

This bill is well-intentioned and the goal of supporting local businesses is especially important in these current times as we all adjust to increased food and beverage prices. We always embrace efforts to strengthen our local retailers. We work with them every day, making deliveries to their stores and stocking their shelves. They are an integral part of our product distribution network, not just for the beverages we distribute but for all food and beverages.

Regrettably, though, we must oppose this bill. In concept, the idea of providing a statutory enhancement to local businesses over larger multi-national ones is relatively simple. But LD 1894 is not simple. It introduces a series of complicated definitions and procedures that likely will add costs to the members in our association. And it dramatically expands government control over grocery pricing thereby conflicting with existing federal law, which is specific to price discrimination that harms competition.

Our distribution and pricing are rooted in the many varieties of stores where our products are sold. There are differences in the scale and mix of those stores that drive any difference in strategy. Generally, large retailers use an everyday low-pricing strategy throughout the year. They have a low margin, high volume business model and they get consistent pricing from us. Smaller retailers are different. They tend to follow a higher margin, lower volume business model. They will periodically run sales on certain beverages and we support them with special

pricing for those sales. We service stores differently as well. For some, we stock their shelves, set up product displays at the end of an aisle, and occasionally provide printed advertising.

We value both the large and small retailers. We need both to be financially successful. Service and delivery frequencies are matched for optimal operating efficiency to provide the lowest cost possible to our customers.

Generally, our members divide their business into large and small format units, with separate sets of employees calling on multiple stores within those units. LD 1894 could result in our members committing inadvertent violations, because sales associates working within one unit are not always aware of the various pricing arrangements that sales associates in the other unit are offering to their customers. The provision in Section 2 (B), which requires suppliers to disclose contract terms with any dominant retailer upon request from any other retailer is similarly concerning. Although the bill suggests that the terms of the contract would be "anonymized," Maine is small and sales territories are well-worn. It would not be difficult for other market participants to ascertain the specific price a specific supplier is offering to a specific retailer. That is not healthy for retail competition, nor is it healthy for competition between the members of our association.

Instead of imposing rigid and costly mandates, we would recommend that the Legislature focus on solutions that protect competition and lower prices, like supporting small retailers through flexibility, tax relief and regulatory reform. We can address monopolistic practices and encourage free-market competition and innovation to keep grocery prices low, without harming competitive pricing.

Thank you for the opportunity to testify. I'd be happy to answer any questions that you may have.