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**Testimony of Rep. Chris Caiazzo
Before the Joint Standing Committee on Veterans and Legal Affairs
Presenting L.D. 591
An Act Regarding Agency Liquor Store Licensing**

Senator Luchini and distinguished colleagues of the Veterans and Legal Affairs Committee, I am Chris Caiazzo, and I represent House District 28, which consists of the good people of western Scarborough. I am pleased to introduce to you this morning **LD 591, An Act Regarding Agency Liquor Store Licensing**.

In their agency briefing presented to this committee on January 25, 2021, the Bureau of Alcoholic Beverages and Lottery Operations reported a compound annual growth rate of liquor sales of 5.65% between FY 2015 and FY 2020. This includes the period after March 2020, which saw the temporary closure of many restaurants and bars as a response to the growing COVID-19 pandemic. Clearly liquor sales in Maine are robust, and, thanks to the ongoing efforts of the good folks at BABLO, continue to grow at a reasonable and controlled pace.

The 2020 annual report by BABLO received by this committee on February 4 of this year, reported total revenue from the sale of spirits for the 2020 calendar year at more than \$225 million, with a net operating profit of nearly \$61 million. After adjustments, this led to a transfer of \$59.5 million to the Maine Municipal Bond Bank. This is certainly a welcome source of stable revenue for the state in the midst of uncertain economic times.

The bureau continued to breakdown 600 agency liquor stores all across Maine as follows: 342 Independent stores, 117 chain convenience stores, 93 chain grocery stores, 43 pharmacy locations and 5 wholesale clubs. The number I want to draw your attention to is the independent stores. These are the smaller often sole-proprietor locations that are the backbone of the Maine economy, and they account for approximately 57% of all the agency stores in the state.

It is important to know what LD 591 would affect if passed. Currently the State divides the amount of retail liquor licenses available into 9 tiers based on population. LD 591 would simply add one (1) additional license slot to each of the top 4 population tiers with populations above 20,000. Nothing else.

According to the Maine.gov website (<https://www.maine.gov/economist/state/census.html>), which lists the 2010 census data for Maine municipalities, if every new license proposed through LD 591 was to be awarded, a grand total of 8 new licenses would be added to the already existing 600, an increase of .013%. My own home town of Scarborough which lists a 2010 population of just under 19,000 would not currently be eligible for an additional license.



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Equally as important is what LD 591 does not do. This bill makes no adjustments or modifications to the existing licensing process. The current license application process as well as the criteria the department uses to evaluate applicants and award a license would remain exactly as it is now. In addition, this bill does not mandate that the department award a license to an applicant simply because one is available. If the department deems there are no qualified applicants, it is not obligated to issue a license. LD 591 also does not guarantee that a specific type of retailer or a specific applicant will be awarded a license.

So why put this bill in now? Our current population limit is based on 2010 census data. As we are all aware, a new census was completed this year, the results of which will hopefully soon be reported out by our colleagues at the US Census Bureau. If the projected growth rates from 2010 are accurate, then we could see some movement of several towns between tiers. BABLO currently conducts license application reviews in January and July. If passed, this bill would unfortunately not become law in time for licensees to participate in the July proceedings and thus they would be unable to take advantage of the high-volume tourist season. They would however have time to prepare for the following January proceedings. This timetable would give applicants in those growing communities time to prepare a thorough business plan and to prepare an application that will give the bureau the detailed information it needs to fairly and accurately evaluate the applicants, which in turn gives the applicant the best chance for success.

In closing, the Maine Spirits market is robust and growing steadily. This bill will not only allow the state to expand its revenue base through better market penetration, but it will also give more Maine businesses a much-needed stable source of revenue and provide them with the opportunity to thrive and prosper in these turbulent and difficult times. I urge you all to please support LD 591. It's good for the state, it's good for business and it's good for the people.

Thank you for the opportunity to present this bill. I'm happy to answer your questions.