



## **Testimony in Opposition to**

### **LD 1093**

### **RE: An Act to Allow Wine to Be Shipped Directly to Customers**

**April 16, 2021**

Good morning:

Senator Luchini, Representative Caiazzo and distinguished members of the Joint Standing Committee on Veterans and Legal Affairs: My name is Mike Barriault, I am a resident of Auburn and I am the President (and a 4<sup>th</sup> generation shareholder) of Central Distributors in Lewiston, a local family operated beverage distributor and member of the Maine Beer & Wine Distributors. Our company also operates Aroostook Beverage Co. in Presque Isle. We employ approximately 150 Maine people (including 20 in Aroostook County). I am here today to testify in opposition to this bill as it will have a negative impact on my family's future, the legacy of our 4<sup>th</sup> generation family business, and all of our employees.

Central Distributors was founded by my great-grandfather in 1934, 87 years ago. Interestingly, this was shortly after the repeal of the 18<sup>th</sup> Amendment, which brought the end of Prohibition. This illustrates how our family business was created, and remains to be supported, by the very regulations that are threatened by this policy change heard here today. Our family has worked incredibly hard and has invested long hours and countless dollars back into our business, our people, our infrastructure, and our communities. I work side-by-side with my cousin Amy and my sister Renee – who have also poured their lives into this business for it to become what it is today - AND we have done this by adhering to the rules of an appropriately regulated system.

We oppose this bill since it puts Maine businesses at a distinct disadvantage to out-of-state interests. This bill erodes our otherwise robust liquor laws that are meant to protect our communities and prevent unwanted outcomes such as youth access and unsafe / unregulated products. After all, we are not talking about shipping regular consumer products (like toothpaste or paper goods) – we are talking about intoxicating liquors.

**Below are 5 clear and simple reasons this is a bad bill for Maine:**

### **1. Advantage to OUT OF STATE retailers and wholesalers**

Maine distributors and retailers follow the rules and are accountable to state liquor enforcement. Distributors are generally the collection point for state excise taxes, and BABLO does a good job to ensure that taxes are paid in full as products are received into our warehouses. BABLO is able to monitor our operational activities, sales representatives, and delivery drivers to ensure products are delivered responsibly to licensed retailers. In addition, Maine distributors are generally responsible for costly adherence to Maine's bottle deposit / redemption laws. This bill unfairly allows out-of-state interests to simply evade these aspects. Why would Maine want to give out of state interests a competitive edge over local Maine businesses?

### **2. Wine is ALREADY allowed to be direct shipped from wineries**

In 2008, LD 1987 "An Act To Allow Direct-to-consumer Wine Sales" was passed to allow for wine to be shipped to Maine consumers directly from wineries. The argument was made that many wines were not available in Maine (despite there being *THOUSANDS* of labels available by several Maine distributors). The current bill is therefore a solution to a problem that does not exist. As a side note, the sponsors of the 2008 bill promised distributors that they would find a way to solve for the unfairness of carving these circumvented sales out of the bottle deposit system. They never did, and it is clear that Maine distributors are bearing the burden and cost of recycling these containers that are currently being shipped in from out-of-state.

### **3. Impossible for State to ENFORCE**

The clear intent of Title 28-A is to ensure the responsible sale of alcohol products. This is achieved, in part, by the independence of each of the "three tiers" of the system (manufacturers, distributors, and retailers). Each one of these is licensed and regulated by BABLO. BABLO may (and does) inspect our facilities, products, people and processes. If every manufacturer, wholesaler, and retailer in the country were able to ship alcohol directly to consumers, BABLO would be unable to fulfill their duty to keep an orderly marketplace for the sale of alcohol products. There is no way to ensure the collection of state sales taxes, excise taxes, and bottle deposit funds. It would be virtually impossible for BABLO to ensure compliance with our state laws – therefore compromising public safety.

#### 4. High risk of YOUTH ACCESS / COUNTERFEIT alcohol

We must remember that these are special products that, when abused, can cause serious harm. This is why many states have robust liquor laws to prevent unwanted issues including youth access and counterfeit alcohol. These are significant problems in other countries where liquor laws are NOT as robust – and people get hurt. Maine’s current laws promote face-to-face transactions for alcohol products where an ID can be confirmed. It is **my** responsibility as a parent of 3 young children to prevent a world where alcohol products are left on door-steps or delivered directly to dorm rooms. Maine distributors live in the communities where they serve. We therefore have a vested interest in keeping our communities safe. Out-of-state interests do not have that same investment and responsibility in the state of Maine.

#### 5. Negative impact on MAINE JOBS

Central Distributors employs 150 among the **THOUSANDS** of Maine people who are employed by Maine distributors and retailers. We employ material handlers, order selectors, delivery drivers, sales representatives, and other support staff and administrative professionals. These are all good paying jobs with benefits. These are Maine jobs that buy groceries and other goods and services from other Maine businesses. Our employees support families, pay rent, and buy cars and houses. We are a Maine business that pays Maine taxes, and our employees pay Maine taxes as well.

Every bottle of wine that is sold into Maine that circumvents Maine distributors and our Maine retail partners must be considered a **direct threat** to Maine jobs and the Maine economy!

I appreciate this opportunity to address the Committee, and I would be pleased to respond to any questions you may have.

- Thank you.



“... today’s regulatory system and **orderly** market allows Americans to enjoy the **safest, most robust** alcohol marketplace in the world. Eroding this time-tested system could not only limit consumer **choice**, but it would also **harm Main Street businesses rooted in their communities** – businesses that have **worked hard and played by the rules....**” (NBWA Craig Purser, Supreme Court arguments 2019-01)