



Testimony of Three of Strong Spirits
In Support Of
L.D. 1358, *An Act To Provide for the Direct Shipment of Spirits to Consumers*
April 16, 2021

Senator Luchini, Representative Caiazzo, and members of the Veterans and Legal Affairs Committee, my name is Dave McConnell, and I am providing testimony in support of LD 1358 on behalf of Three of Strong Spirits (“Three of Strong”), a small distillery in Portland.

We support this direct to consumer (“DTC”) legislation for a several reasons:

It is Fair and it is Safe.

Like a number of other states, Maine already permits wineries to ship directly to consumers in our state. There are no special hazards associated with the shipping of spirits in consumer packaging as compared to the shipment of wine. Common carrier shipments have both tracking and proof of age documentation. In fact, DTC delivery has even more documentation and protection than over the counter sales, making it an even better way to prevent underage drinking.

It is a win for consumers and for the State.

Maine consumers should be allowed to legally purchase distilled spirits of their choosing and to choose how they want those spirits to be delivered. Folks who live in the Greater Portland area have a wide variety of choices when it comes to distilled spirits, but people who live in the more rural parts of our state often do not. If a local liquor store cannot find room on the shelf for a bottle of small batch rum made by a tiny Portland distillery like ours, then the people in that area who might otherwise want to try our rum won’t get that opportunity. This bill would give folks in Eagle Lake just as many options when it comes to spirits as the people who live in Portland.

As noted above, the state already has a system in place to track and collect tax from winery DTC sales, so it would not be difficult to replicate the system for distilleries. Furthermore, increased access to the diverse range of unique offerings from small distilleries will bring increased tax revenue to the State.

It is a win for small distilleries.

Despite the good intentions behind the DTC legislation that was enacted earlier this session, because of reciprocity provisions in the DTC laws of many other states, Maine distilleries will be unable to take advantage of the growing wave of DTC laws around the country until Maine allows inbound DTC sales.

DTC would be a gamechanger for Maine's small distilleries. Maine's food and beverage culture is central to Maine's "brand" as a tourist destination. A critical part to the tourist experience is the ability to be able to visit a distillery and purchase products direct from the producer. However, in many cases the inconvenience of having to physically carry away a purchase (think of air travel for instance) or the legal inability to purchase directly from the distiller, significantly hinders both the hospitality experience for the customer and the economic benefits for the distillery – and the larger Maine economy. Allowing consumers to receive spirits at their location of choice permits the consumer to continue the relationship even after a return home, perhaps extending the experience by introducing the product to family or friends.

DTC sales will help Maine distilleries with visibility in and out of our state, creating a cost-effective way to generate the kind of product attention that is critical for attracting and supporting wholesale distributors. The dramatic increase in distilled spirit manufactures over the last decade (from less than 50 to now more than 1900), combined with a natural limit to how many products any one distributor can represent, has put a severe strain on a distribution system that was not built for so many small brands. Most small distilleries in Maine produce less than 500 cases per year, and it is increasingly difficult—in many cases impossible—to secure distribution at that volume. DTC is the only viable path for most small distilleries to grow their sales to a level that would become attractive to a state, regional, or national distributor. Without DTC, small distilleries have no path to distributors. Without distributors, small distilleries have no path to retail.

Thank you for your consideration. For all of these reasons, I urge the Committee to vote LD 1358 "Ought to Pass."