



WINE SHOP & TASTING LOUNGE

April 16, 2021

Committee on Veterans and Legal Affairs
100 State House Station
Augusta, ME 04333

RE: LD 1093 An Act To Expand the Options for Shipping Wine Directly to Customers

Good morning, Senator Luchini, Representative Caiazzo, and distinguished members of the Veterans and Legal Affairs committee. My name is Lindsey Murray. I am the owner and operator of Grippy Tannins, a wine shop and tasting lounge in Portland, Maine. While the opportunity to ship wine directly to my customers would be a welcome addition to my current services, I write today in opposition to LD 1093 and hope to explain some of the inequities that would arise for Maine retailers with the passing of LD 1093 in its current form.

Since the end of Prohibition, alcohol regulation has been under state control. With that, each state's alcohol regulation, taxation, and pricing structure are different. This means that my experience purchasing wine for my retail shop in Maine is quite different from my prior experience as a buyer for a wine shop in Massachusetts.

Maine based retailers must operate within Maine's three-tier system – we may purchase only from Maine based wholesalers and must comply with Maine's alcohol regulation, taxation, and pricing restrictions.

When I buy wine for Grippy Tannins I must purchase it from a licensed Maine wholesaler, I must pay the case one price that the wholesaler has posted with the state, and I must pay cash on delivery of that wine. It is my understanding that Maine has imposed these regulations in an effort to encourage temperance and to facilitate state and local control over alcohol and it is not my intention to dispute those regulations here today but rather to contrast them with other states to paint a clearer picture of how LD 1093 will negatively impact Maine wine retailers.

My wine buying experience in Maine stands in contrast to my experience in Massachusetts where retailers benefit from purchasing large quantities of wine at discounted prices on credit terms, allowing them to be more price competitive. Massachusetts is just one of the many states that have looser regulations on discounting and payment terms that better position their retailers for a competitive open market such as that proposed in LD 1093.

As an example, let's look at 'Ryan's Red Blend' (this is a made-up name but reflects an actual scenario). In Maine, this wine is posted at \$10 per bottle and \$114 per case (\$9.50 per bottle for a case of 12). Whether I buy 1 case or 5 cases the price in Maine is \$114. In Massachusetts, that same wine is priced at \$112 for the first case, but if you buy 3 cases the price goes down to \$80, and if you buy 5 cases the price goes up to \$88 but they throw in a free case, so the average bottle cost goes down to \$6.11. This is a significant cost advantage that Maine retailers cannot compete with. Additionally, the Massachusetts retailer has 30 days to pay, giving them plenty of time to sell the wine which then pays for itself and lessens the burden of carrying costs on the retailer.

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This alone leaves too much room for out-of-state retailers to undercut local prices and puts Maine retailers at a significant disadvantage. Massachusetts is just one example, there are many states that are less regulated than Maine and thus offer cheaper alcohol options and create a threat to Maine retailers. It is therefore my position that anyone who wishes to join Maine retailers in selling wine to Maine consumers should face the same regulations and constraints that Maine retailers do.

LD 1093 not only creates an unlevel playing field for Maine retailers and puts Maine businesses at a disadvantage, but it also creates a sizeable hole in the three-tier system by proposing that both in-state and out-of-state retailers and distributors can sell wine directly to consumers in Maine.

Sincerely,

Lindsey Murray, Owner
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