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Testimony of Representative Teresa S. Pierce presenting

LD 714, An Act To Support the Recovery of Maine's Craft Spirits Industry

Before the Joint Standing Committee on Veterans and Legal Affairs

Senator Luchini, Representative Caiazzo and members of the Veterans and Legal Affairs Committee, I am Representative Teresa Pierce, representing House District 44, a part of Falmouth. Thank you for the opportunity to come before you to present **LD 714, An Act To Support the Recovery of Maine's Craft Spirits Industry**.

Today I submit for your consideration an amendment, which would replace the bill in its current form as a concept draft. The proposed language is attached to my testimony.

As members of the committee know, in March, we passed and the Governor signed into law LD 205. Among other provisions, that legislation allows distilleries to produce “to-go” cocktails that include both the distillery’s products as well as other ingredients purchased from a licensed seller. However, LD 205 did not address cocktails sold for on-premises consumption. This has effectively created a two-tiered system, under which distilleries must follow different rules for on-premises cocktails than they do for to-go cocktails.

The amendment I bring you today seeks to solve that problem by bringing the law for on-premises cocktails in line with what the committee and we, the Legislature as a whole, have already decided for to-go products.

To accomplish that, LD 714 would allow distilleries to include wine or spirits not manufactured by them as an ingredient in the cocktails they serve for on-premises consumption. The wine or spirits would, of course, need to be purchased from a licensed seller.

I would also note that the amendment includes the same sunset as LD 205, which is September 10, 2022, as well as an emergency preamble. I believe both are important in order to bring these changes in line with LD 205 so that these small businesses are not forced to navigate two sets of regulations but can instead follow the same guidelines for both on-premises and to-go products.

After a tough year and the challenges of adjusting to operating during a pandemic, Maine businesses can use all the help we can give them. This is a commonsense proposal that will support our craft spirits industry, a vibrant and growing sector that has much to offer as part of Maine's economy.

Thank you for your consideration and for all the good work you have already done on LD 205. I would be happy to answer any questions you may have for me.

A handwritten signature in black ink, reading "Teresa S. Pierce". The signature is written in a cursive, flowing style.

Teresa S. Pierce

Sponsor's Proposed Amendment to LD 714, An Act to Support the Recovery of Maine's Craft Spirits Industry

Amend the bill by inserting after the title and before the enacting clause the following:

Emergency preamble. Whereas, acts and resolves of the Legislature do not become effective until 90 days after adjournment unless enacted as emergencies; and

Whereas, the spread of the novel coronavirus disease referred to as COVID-19 has created a public health emergency; and

Whereas, in response to this public health emergency, the Governor issued an executive order on March 18, 2020 requiring the closure of tasting rooms at Maine distilleries; and

Whereas, due to the ongoing nature of the public health emergency, Maine distilleries were not permitted to re-open their tasting rooms until March 26, 2021, at which time they were only permitted to operate at 50% capacity; and

Whereas, the combined effects of the public health emergency and subsequent public health measures have significantly affected the economic health of Maine distilleries; and

Whereas, in the judgment of the Legislature, these facts create an emergency within the meaning of the Constitution of Maine and require the following legislation as immediately necessary for the preservation of the peace, health and safety; now, therefore,

Amend the bill by striking out everything after the enacting clause and inserting the following:

Sec. 1. 28-A MRSA §1355-A, sub-§5, ¶F-1 is enacted to read:

F-1. A distillery or small distillery may sell to the public for on-premises consumption cocktails containing samples of spirits produced by the distillery or small distillery under the conditions specified in this paragraph.

(1) The cocktail may only be sold at the manufacturing facility where the spirits are produced or at an additional location licensed under paragraph B, subparagraph (3).

(2) The cocktail may not contain wine or spirits not manufactured by the distillery or small distillery unless the distillery or small distillery purchased the wine or spirits from an agency liquor store licensed as a reselling agent.

(3) The cocktail may not contain more than 4 ½ ounces of spirits.

This paragraph is repealed September 10, 2022.

Sec. 2. 28-A MRSA §1355-A, sub-§5, ¶H is amended to read:

H. Notwithstanding paragraph D, a holder of a small distillery license that sells its products directly to consumers for on-premises consumption under paragraph E or F or under subsection 2, paragraph B, E or F may pay the bureau the difference between the distillery's price charged to the bureau and the discounted retail price charged by the bureau under section 606, subsection 4-B. A small distillery is not required to transport spirits that will be sold for on-premises consumption as described in this paragraph to a warehouse operated by the bureau or by a wholesaler contracted by the bureau under section 90. A holder of a small distillery license shall record the quantity of spirits sold for on-premises consumption that were not transported to a warehouse as described in this paragraph and submit monthly reports of this information, along with the full amount of state liquor tax due as prescribed by chapter 65, to the bureau in a manner prescribed by the bureau.

SUMMARY

This amendment replaces the bill, which is a concept draft, and adds an emergency preamble. The amendment temporarily permits, through September 10, 2022, a licensed Maine distillery or small distillery to sell for on-premises consumption cocktails containing samples of its spirits products. The cocktails may only be sold at the facility where the spirits are produced or at a location where the distillery or small distillery is licensed to sell its products for off-premises consumption. The cocktails may not contain more than 4 ½ ounces of spirits. The distillery or small distillery may include wine or spirits not manufactured by the distillery or small distillery as ingredients in the cocktails, if the distillery purchases the wine or spirits from an agency liquor store licensed as a reselling agent.