



April 29, 2025

The Honorable Craig Hickman, Senate Chair
The Honorable Laura Supica, House Chair
Maine Joint Committee on Veterans and Legal Affairs Committee
State House, Room 437

Re: L.D. 1754, Bill to Provide for the Direct Shipment of Spirits to Consumers

Dear Chair Hickman and Chair Supica,

I am writing on behalf of the American Craft Spirits Association (ACSA) to submit comments regarding L.D. 1754 presented by Representative Cloutier, which provides for the direct shipments of spirits to consumers. This letter is a follow-up to oral comments by Michael Walker, a policy advisor to ACSA, at the public hearing on Wednesday April 23, 2025.

ACSA is the only registered national nonprofit trade group representing the U.S. craft spirits industry. About 700 small businesses nationwide comprise ACSA's membership, with its mission to elevate and advocate for the community of craft spirits producers.

Direct-to-Consumer (DtC) Shipping is a Win, Win, Win Policy

ACSA fully and strongly supports legislation to enact direct-to-consumer (DtC) shipping in Maine and throughout the country. We applaud the state for its modernization efforts. DtC is a significant step forward in the evolution of the spirits marketplace for all distillers but especially for craft distillers and brands in Maine and throughout the country.

- **Direct Shipping is a Win Especially for Craft Distilleries Who Cannot Get Products to Market**
Craft distillers currently face multiple challenges operating in a complex and consolidating marketplace that makes it difficult to get their products to market. According to the 2024 Craft Spirits Data Project, there are over 3,000 craft distillers nationwide. Despite the large number of craft distilleries, craft distillers make up less than 8% of all spirits sales on a dollar basis and less than 5% of spirits sales on a volume basis. Last year was the first year in 10 years of reporting that craft spirits sales decreased.

At the same time craft spirits sales are declining, the distribution channel continues to consolidate and market share of the largest wholesalers continues to increase. This makes it very difficult for craft distillers to find distribution. According to the April 2024 Shanks Impact Newsletter, the top 10 wholesalers now account for over 80% of the market. This, along with the fact that up to 90% of all craft spirits sales are within a home state of a distillery, requires additional routes to market for craft distillers to reach consumers beyond their tasting rooms. Direct shipping is a vital tool to help improve market access for distillers in Maine and across the country.

- **Direct Shipping is a Win for Customers Who Want Laws Changed**
85% of craft spirit consumers support direct to consumer shipping according to the 2024 *Direct-to-Consumer Spirits Shipping Report* ACSA developed in partnership with Sovos ShipCompliant. The

poll was independently conducted by Harris, one of the longest running consumer polls in the US. The report also concludes over 80% of craft consumers and over 65% of all consumers would like to see laws changed to allow direct-to-consumer shipping. The report further indicates just over 80% of all consumers would be willing to try new products if they could get them shipped, so DtC provides the opportunity to build brands by engaging directly with consumers who demand it.

- **Direct Shipping is a Win for Wholesaler and Retailers as well as Local Agriculture and Tourism**
Today's consumers do not buy products exclusively in one sales channel, requiring manufacturers to engage with consumers on multiple fronts. The most recent *Direct to Consumer Spirits Shipping Report* indicates 92% of consumers would likely look at retail for brands enjoyed via DtC. This is one example of how DtC enhances not replaces the traditional 3-tier system.

Many craft manufacturers in Maine and throughout the country incorporate local agriculture and ingredients in their products. Enacting DtC will showcase Maine agriculture throughout the state and beyond. In addition to adding value to Maine agriculture, DtC will help build upon Maine's agritourism industry by allowing people who visit Maine distilleries to buy spirits when they return home. The *2024 Direct-to Consumer Spirits Shipping Report* indicates 77% of craft distiller consumers tried a distilled spirits while traveling and they would like to get it shipped to their home.

Considerations for L.D. 1754 Work Session

Generally, we support the policy framework for DtC of spirits contained in L.D. 1754 including allowing all distillers inside and outside the state to ship to consumer in Maine and the ability to utilize common carriers. ACSA members stand ready to comply with many of the provisions in the bill.

There are a few provisions we respectfully urge you and the committee to consider as you work on the bill including:

1. Treating in-state shippers versus out-of-state shippers differently on which products they can ship.

Section 1 part 6 of the bill provides in-state shippers can only ship products currently listed for sale by the state, whereas, out-of-state shippers can only sell products not listed for sale in the state. As a national trade association, this seems to set a harmful precedent and we do not see a justification to limit sales based on whether a product is listed or not for sale in the state.

In addition, we question the requirement that once an out-of-state distiller sells 10 case equivalents within a 12-month period, they must request products to be listed by commission. We would like to understand the justification for this provision and how this would impact consumers who may not be able to receive their favorite products from distillers who would have to discontinue shipping once reaching the 10-case threshold.

2. Establishing a price for DtC shipped products.

Section 1 part 10 outlines pricing that would apply for instate and out-of-state DtC licenses. While we appreciate the pricing provisions are better than previous iterations of the bill, it is unclear how pricing will be applied for instate shippers versus out-of-state shippers. We would

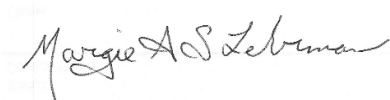
recommend pricing for in-state and out-of-state shipments be treated as in-state distillers and receive the in-state discount as they were being sold in the state.

3. Incorporating DtC Shipments into the Maine Deposit Program

Section 1 part 17 of the bill requires spirits shipped through DtC be subject to the state's bottle deposit program. While we do not object to direct shippers being included in the bottle deposit program and would be generally supportive of this provision, it is unclear how out of state distillers can comply with Maine's deposit program. We would recommend language be included instructing the Maine Department of Environmental Protection to include craft distillers in the rulemaking process.

Thank you for the opportunity to comment on L.D. 1754 and feel free to contact me as we would welcome the opportunity to serve as a resource to you and all policymakers on this bill moving forward.

Sincerely,

A handwritten signature in black ink that reads "Marge A.S. Lehrman". The signature is written in a cursive, flowing style.

Marge A.S. Lehrman
Chief Executive Officer
American Craft Spirits Association