



Maine Beverage Distributors Association

February 17, 2026

LD 2155, An Act to Clarify Certain Laws Governing Licenses for the Sale of Liquor by Manufacturers (EMERGENCY)

Thank you for the opportunity to submit written comments following up on my verbal testimony during the public hearing.

The Maine Beverage Distributors Association (MBDA) are local family-owned independent distributors, many of whom have been in operation for more than 80 years. They provide distribution of beer, wine and non-alcoholic beverages to EVERY retail account including bars, restaurants and grocery stores located throughout the state.

Our Association is committed to the laws and regulations governing the sales and distribution of alcoholic beverages and strongly supports the three-tier system of alcohol regulation. MBDA is concerned that LD 2155 threatens our current system by enabling the re-emergence of the “tied house” provisions with devastating effects on public health and consumer choice.

To consider this threat, we need to understand the history of our alcohol industry. By the end of the nineteenth century, the U.S. alcohol industry had evolved into a vertically integrated enterprise where most retailers were tied to one of a few suppliers who wielded their significant financial strength and political influence to proceed virtually unrepressed in pressuring their own retailers to increase alcohol sales, and consequently, alcohol consumption, through whatever means and at whatever the social cost.

Without the three-tier system, the natural tendency historically has been for the supplier tier to integrate vertically. With vertical integration, a supplier takes control of the manufacturer, distribution, and retailing of alcoholic beverages, from top to bottom. The result is that individual retail establishments become tied to a particular supplier. When so tied, the retailer takes its orders from the supplier who controls them, including naturally the supplier’s mandate to maximize sales. A further consequence is a suppression of competition as the retailer favors the brands of the supplier to which the retailer is tied to the exclusion of other suppliers’ brands.

The tied house “results in a push to maximize sales and stifle competition” that runs counter to the goal of temperance. The three-tier system was implemented to counteract all these tendencies. The alcoholic beverage control system and its emphasis on restricting

vertical integration within the industry is more relevant today than ever before and critical to ensuring the continuation of a healthy and prosperous marketplace for our independent distributors and the Maine craft breweries.

The proponents of LD 2155 seek to significantly change the industry landscape for the three-tier system by suggesting that the industry proposal from last session, which had no opposition, allow for a grandfather clause for those licensees with cross-tier ownership conflicts to now be exempt from provision of the new law.

Prior to 2024, a small in-state manufacturer was eligible for one license for on-premises consumption (often called a chapter 43 license) per manufacturing facility, provided both establishments have the same majority ownership. This applies to small breweries, small wineries, and small distilleries that are licensed under 28-A MRS §1355-A.

This is a general exception to the three-tier system which prohibits cross-tier ownership; it is a manufacturing privilege.

LD 1456 increased the allowable number of chapter 43 on-premises licenses to three per manufacturing facility. It also placed a cap on the total number of on-premises licenses owned by a person to six and established production thresholds of at least 1000 barrels of liquor per year.

MBDA has repeatedly expressed concerns with the lack of statutory language addressing contract brewing and establishing a minimum volume that a small brewery must produce (on-site). The lack of minimal production requirements has created an environment where individuals and entities can call themselves a brewery and then use the law to open a brewpub without really manufacturing - to obtain the manufacturers **privilege of selling directly** to consumers for on-premise consumption. This lack of production minimums has been a source of disagreement and discussion within the distributor and brewing industry for many years. LD 1456 put into law a production number and defined parameters for licensing Chapter 43 entities.

Maine craft breweries have noted more establishments holding themselves out as Maine Craft Breweries while producing minimal actual product for public consumption and taking full advantage of the ability to open an often-lucrative brewpub. This cross-tier ownership is vertical integration. The three-tier system must not allow tied house to return to Maine.

Accordingly, MBDA encourages legislators to oppose LD 2155 as it would enable increased opportunities for vertical integration, common ownership interests, or the exertion of influence over the market.

I appreciate your consideration of our concerns. Thank you.