

Three-Tier System of Liquor Distribution in Maine

	Spirits (a “Control State” model)	Wine & Malt Liquor
<p>Tier I manufacturers and importers</p>	<p>Licensed Maine manufacturer (small) distillery, rectifier, bottler</p> <p>Out-of-state spirits supplier (importer) that has a certificate of approval. Out-of-state manufacturer Out-of-state distributor</p>	<p>Licensed Maine manufacturer (small) winery, (small) brewery, bottler</p> <p>Wine or malt liquor importer that has a certificate of approval. Out-of-state brewery or winery Out-of-state wholesaler</p>
<p>Tier II wholesalers</p>	<p>The State The State purchases from Tier I entities all spirits that will eventually be sold to Maine consumers. The State contracts with Pine State Spirits for warehouse, distribution and marketing services.</p>	<p>Wholesale licensees Purchase from Tier I entities all wine & malt liquor that will eventually be sold to Maine consumers by Tier III entities.</p> <p><i>The relationship between Tier I and Tier II entities is highly regulated in Title 28-A.</i></p>
<p>Tier III retailers</p>	<p>Licensed agency liquor stores Must purchase spirits from the State at the wholesale price set by the State. They resell these spirits to consumers for off-premises consumption at the retail price set by the State.</p> <p>Licensed on-premises retailers Must purchase spirits from specially licensed agency liquor stores, called “reselling agents,” at the retail price set by the State. The retailer then sets the price at which it resells these spirits to consumers for on-premises consumption.</p>	<p>Licensed off-premises retailers Must purchase wine and malt liquor from wholesale licensees. The retailer then sets the price at which it resells these products to consumers for off-premises consumption.</p> <p>Licensed on-premises retailers Must purchase wine and malt liquor from wholesale licensees. The retailer then sets the price at which it resells these products to consumers for on-premises consumption.</p> <p>No State control of wholesale/ retail price.</p>

Three-Tier System Prohibitions

- Entities in one tier may not have a financial interest in or the same officers or directors as entities within a different tier.
- Entities in one tier may not engage in the activities of entities in another tier. For example, a manufacturer may not sell to a retailer and a manufacturer or wholesaler may not sell to a consumer.

Some statutory exceptions to these prohibitions:

- **Minor investments:** Entities within one tier may make minor investments in $\leq 1\%$ of the securities of an entity within another tier of the three-tier system. For example, a wholesale licensee may have an investment in $\leq 1\%$ of the securities of a Maine licensed restaurant.

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- **Off-premises sales by Maine manufacturers:** Maine manufacturers may, at their production facilities, sell their products directly to consumers for off-premises consumption (but note that, for spirits, the State is technically still the wholesaler).
 - Small wineries and small distilleries may also make sales for off-premises consumption directly to consumers at 2 additional facilities (beyond the production facility).
- **On-premises sales by Maine manufacturers:** Maine manufacturers may obtain one so-called “chapter 43” license per licensed production facility to sell liquor—both their own products and other products—directly to consumers for on-premises consumption.
- **Small brewery and small winery direct sales to retailers:** Maine small breweries (that produce up to 30,000 barrels/year) and Maine small wineries (that produce up to 50,000 gallons wine/year and up to 3,000 barrels hard cider/year) may choose to sell their products directly to Maine licensed retailers, without using the services of a wholesale licensee.
- **Wine direct shipper permits:** A winery or small winery located in Maine or another state may obtain a “direct shipper” license to sell and ship its own products directly to consumers in Maine.