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VETERANS AND LEGAL AFFAIRS

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STATE OF MAINE
SENATE
129TH LEGISLATURE
FIRST REGULAR SESSION

COMMITTEE AMENDMENT " " to S.P. 294, L.D. 1015, Bill, "An Act To Support Maine Craft Distillers"

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, this Act increases the discount rate for licensed small distilleries located in Maine that do not send their products through the State's spirits warehouse and distribution system and instead sell their products directly to consumers; and

Whereas, in order to allow small distilleries to take advantage of this change in time for the summer, this change is scheduled to take place July 1, 2019; 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 public 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 §606, sub-§4-B is enacted to read:

4-B. Discount rate for small distilleries. Beginning July 1, 2019, the bureau shall set the price of spirits produced by a small distillery licensed under section 1355-A, subsection 5, paragraph B and retained by that small distillery for sale under section 1355-A, subsection 5, paragraph G or H at a discount of 22.75% of the list price.

Sec. 2. 28-A MRSA §1355-A, sub-§2, ¶C, as enacted by PL 2011, c. 629, §22, is amended to read:

C. A licensee under this section may sell to nonlicensees during regular business hours from the licensed premises where liquor is produced by the licensee liquor

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1 produced by the bottle, by the case or in bulk for consumption off the licensed
2 premises. Spirits sold by distillers ~~and small distillers~~ in accordance with this
3 paragraph must be first sold to the State, subject to the listing, pricing and distribution
4 provisions of this Title.

5 **Sec. 3. 28-A MRSA §1355-A, sub-§5, ¶G**, as amended by PL 2015, c. 440, §1,
6 is further amended to read:

7 G. Notwithstanding paragraph D, a holder of a small distillery license ~~licensed under~~
8 ~~paragraph B, subparagraph (3) to operate a retail location for~~ that sells its products
9 directly to consumers for off-premises consumption under paragraph B, subparagraph
10 (3) or subsection 2, paragraph C, D or E may pay the bureau the difference between
11 the distillery's price charged to the bureau and the discounted list price charged by the
12 bureau ~~when a distillery purchases its own spirits to be sold at retail from its off-~~
13 ~~premises location under section 606, subsection 4-B.~~ A small distillery is not
14 required to transport spirits that will be sold for off-premises consumption ~~under~~
15 ~~paragraph B, subparagraph (3) as described in this paragraph~~ to a warehouse operated
16 by the bureau or by a wholesaler contracted by the bureau under section 90 ~~for~~
17 ~~distribution to the location where the small distillery is authorized to sell spirits~~
18 ~~produced by the small distillery for off-premises consumption.~~ A holder of a small
19 distillery license shall record the quantity of spirits sold for off-premises consumption
20 that were not transported to a warehouse as described in this paragraph and submit
21 monthly reports of this information, along with the full amount of state liquor tax due
22 as prescribed by chapter 65, to the bureau in a manner prescribed by the bureau.

23 **Sec. 4. 28-A MRSA §1355-A, sub-§5, ¶H**, as enacted by PL 2015, c. 440, §2, is
24 amended to read:

25 H. Notwithstanding paragraph D, a holder of a small distillery license ~~licensed under~~
26 ~~paragraph E to operate a location licensed under chapter 43~~ that sells its products
27 directly to consumers for on-premises consumption under paragraph E or subsection
28 2, paragraph B, E or F may pay the bureau the difference between the distillery's
29 price charged to the bureau and the discounted list price charged by the bureau ~~when~~
30 ~~a distillery purchases its own spirits to be sold at its on-premises location under~~
31 ~~section 606, subsection 4-B.~~ A small distillery is not required to transport spirits that
32 will be sold for on-premises consumption ~~under paragraph E as described in this~~
33 ~~paragraph~~ to a warehouse operated by the bureau or by a wholesaler contracted by the
34 bureau under section 90 ~~for distribution to the location where the small distillery is~~
35 ~~authorized to sell spirits produced by the small distillery for on-premises~~
36 ~~consumption.~~ A holder of a small distillery license shall record the quantity of spirits
37 sold for on-premises consumption that were not transported to a warehouse as
38 described in this paragraph and submit monthly reports of this information, along
39 with the full amount of state liquor tax due as prescribed by chapter 65, to the bureau
40 in a manner prescribed by the bureau.

41 **Emergency clause.** In view of the emergency cited in the preamble, this
42 legislation takes effect when approved.'

43 Amend the bill by relettering or renumbering any nonconsecutive Part letter or
44 section number to read consecutively.

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SUMMARY

This amendment strikes and replaces the bill and adds an emergency preamble and emergency clause. The amendment provides that the Department of Administrative and Financial Services, Bureau of Alcoholic Beverages and Lottery Operations is required to set the price of spirits produced by a licensed Maine small distillery and retained by that small distillery for sale directly to customers at a discount of 22.75% off the list price. This discount rate is greater than the discount that an agency liquor store is given off of the list price when it purchases spirits produced by a small distillery because, unlike spirits purchased by an agency liquor store, the spirits retained by the small distillery are not transported to a warehouse operated by the bureau or by a wholesaler contracted by the bureau and then distributed by that wholesaler to another location.