



July 3, 2017

Mr. Orland G. McPherson, Chair
State of Maine Liquor & Lottery Commission
8 State House Station
Augusta, ME 04333-0008

Re: Comments on BABLO Proposal to Delist 50 Milliliter Products

Dear Mr. McPherson:

These comments regarding the Bureau of Alcoholic Beverages and Lottery Operations (BABLO) proposal to delist all 50 milliliter products in the state of Maine are submitted on behalf of the Distilled Spirits Council and the Wine and Spirits Wholesalers of America, national trade associations representing producers, marketers and distributors of distilled spirits sold in the United States.

During the legislative process, the Distilled Spirits Council was involved in educating legislators and expressing our opposition to eliminating the long-standing exemption of 50 milliliter bottles from Maine's returnable bottle statute. As you are aware, there are many taxes and fees applied to spirits sold in Maine, which, when coupled with fees at the local level, represent more than half the price paid by consumers for a typical bottle of distilled spirits sold at retail. This results in the margin on a 50 milliliter product being very low. Increasing this cost with the additional expense of the application of a deposit sticker, as well as the additional labor and handling costs for redemption, would adversely affect our member companies.

We strongly opposed LD56 during the legislative session and were disappointed when the Legislature voted to override Governor LePage's veto of the bill. The Governor understood that the application of more fees and costs on a low-margin product that accounts for a small percentage of sales would have negative financial consequences for businesses and consumers alike.

In light of the Legislature's action, BABLO has initiated the process to delist 50 milliliter products. As a matter of principle, the Council opposes the delisting of spirits products according to bottle size; in this case, the widely accepted 50 milliliter "mini bottle." If the members of the Liquor & Lottery Commission concur with the BABLO recommendation,

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however, we would respectfully ask for the following:

1. All 50 milliliter products should continue to be listed and sold under current rules, terms and practices until June 30, 2018;
2. Effective July 1, 2018, no new 50 milliliter products could be listed and no new inventory could be brought into the state;
3. Between July 1, 2018, and December 31, 2018, all 50 milliliter products could be depleted from agency store inventory in the course of normal and ordinary sales;
4. As of the close of business December 31, 2018, all 50 milliliter products remaining in inventory at agency stores would be dealt with as specified by BABLO and the DEP regarding imposition of the deposit requirements of LD56 until all 50 milliliter products are sold.

As you know, suppliers, brokers and distributors are proficient and skillful at inventory management and the timeline we have suggested above should enable all parties, including BABLO and Pine State, to efficiently manage inventory and ensure that there would be a very limited number of 50 milliliter products on shelves on December 31, 2018.

If the Commission decides not to delist 50 milliliter products and the requirements as specified by LD56 are implemented on January 1, 2019, our member companies will comply with the statute. It is also possible that in some cases suppliers may opt to simply remove their products from the Maine marketplace. In either case, it is unfortunate that the action by the legislature may deny Maine consumers the opportunity to purchase spirits products readily available in neighboring states.

Thank you for your consideration of our comments.

Sincerely,



Jay M. Hibbard
Vice President Government Relations
Distilled Spirits Council



Heather Calio
Director, State Affairs
Wine & Spirits Wholesalers of America

cc: Members of the Liquor & Lottery Commission