

MAINE STATE LEGISLATURE

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129th MAINE LEGISLATURE

SECOND REGULAR SESSION-2020

Legislative Document

No. 2088

S.P. 737

In Senate, January 28, 2020

**An Act To Clarify the Laws Governing Financial Relationships
between Entities within the Three-tier System for Distribution of
Alcohol**

Reported by Senator LUCHINI of Hancock for the Joint Standing Committee on Veterans and Legal Affairs pursuant to Resolve 2019, chapter 15, section 3.

Reference to the Committee on Veterans and Legal Affairs suggested and ordered printed pursuant to Joint Rule 218.

A handwritten signature in black ink, appearing to read 'D M Grant'.

DAREK M. GRANT
Secretary of the Senate

1 **Be it enacted by the People of the State of Maine as follows:**

2 **Sec. 1. 28-A MRSA §707, sub-§1**, as amended by PL 1997, c. 373, §68, is
3 further amended to read:

4 **1. Licensee not indebted.** Except as provided by ~~section 1363~~ in subsection 7, the
5 bureau may not issue any license to or renew the license of a person who is indebted in
6 any manner, directly or indirectly:

7 A. To any other person for liquor;

8 B. To the State for any tax, other than property tax, assessed and considered final
9 under Title 36 that the State Tax Assessor certifies, in accordance with Title 36,
10 section 172, as remaining unpaid in an amount exceeding \$1,000 for a period greater
11 than 60 days after the applicant or licensee has received notice of the finality of that
12 tax; or

13 C. For any contributions assessed and considered final under Title 26, section 1225,
14 when the Director of Unemployment Compensation certifies that the amount remains
15 unpaid for a period greater than 60 days, after the applicant or licensee has received
16 notice of the finality of that tax.

17 **Sec. 2. 28-A MRSA §707, sub-§3**, as amended by PL 2011, c. 629, §9, is
18 repealed.

19 **Sec. 3. 28-A MRSA §707, sub-§3-A** is enacted to read:

20 **3-A. Retailer; prohibited financial interests.** Except as authorized in sections
21 707-A and 1355-A, a retailer may not have any financial interest, direct or indirect, in
22 any:

23 A. Licensed Maine manufacturer, out-of-state manufacturer of spirits whose
24 products are listed by the commission for sale in the State or out-of-state
25 manufacturer of malt liquor or wine who has been issued a certificate of approval; or

26 B. Wholesale licensee, out-of-state spirits wholesaler or out-of-state wholesaler of
27 malt liquor or wine who has been issued a certificate of approval.

28 **Sec. 4. 28-A MRSA §707, sub-§4**, as amended by PL 2011, c. 629, §10, is
29 repealed.

30 **Sec. 5. 28-A MRSA §707, sub-§4-A** is enacted to read:

31 **4-A. Manufacturer; prohibited financial interests.** Except as authorized in
32 subsection 7 and sections 707-A and 1355-A, a licensed Maine manufacturer, out-of-state
33 manufacturer of spirits whose products are listed by the commission for sale in the State
34 or out-of-state manufacturer of malt liquor or wine who has been issued a certificate of
35 approval may not have any financial interest, direct or indirect, in any:

36 A. Wholesale licensee, out-of-state spirits wholesaler or out-of-state wholesaler of
37 malt liquor or wine who has been issued a certificate of approval; or

1 B. Retailer.

2 **Sec. 6. 28-A MRSA §707, sub-§5**, as repealed and replaced by PL 1987, c. 342,
3 §42, is repealed.

4 **Sec. 7. 28-A MRSA §707, sub-§5-A** is enacted to read:

5 **5-A. Wholesaler; prohibited financial interests.** Except as authorized in
6 subsection 7, the following financial interests are prohibited.

7 A. A wholesale licensee, out-of-state spirits wholesaler or out-of-state wholesaler of
8 malt liquor or wine who has been issued a certificate of approval may not have any
9 financial interest, direct or indirect, in any:

10 (1) Licensed Maine manufacturer, out-of-state manufacturer of spirits whose
11 products are listed by the commission for sale in the State or out-of-state
12 manufacturer of malt liquor or wine who has been issued a certificate of
13 approval; or

14 (2) Retailer.

15 B. An out-of-state wholesaler of malt liquor or wine who has been issued a
16 certificate of approval may not have any financial interest, direct or indirect, in any
17 wholesale licensee. A wholesale licensee may not have any financial interest, direct
18 or indirect, in any out-of-state wholesaler of malt liquor or wine.

19 **Sec. 8. 28-A MRSA §707, sub-§6**, as enacted by PL 1987, c. 342, §43, is
20 amended to read:

21 **6. Minor investment Directors, officers, members and securities.** ~~Minor~~ The
22 financial interests prohibited in subsections 3-A, 4-A and 5-A include, but are not limited
23 to, circumstances in which an officer, director, member or holder of the securities of a
24 business entity is also a director, officer, member or holder of the securities of another
25 business entity, except that a minor investment in less than 1% of the securities of a
26 corporation engaged in liquor business not amounting to more than 1% shall not be held
27 to be an interest forbidden entity does not constitute a financial interest prohibited by this
28 subsection subsections 3-A, 4-A and 5-A.

29 **Sec. 9. 28-A MRSA §707, sub-§7**, as enacted by PL 1987, c. 342, §43, is
30 amended to read:

31 **7. Application Exceptions.** This section does not prohibit a wholesale licensee from
32 receiving normal credits for the purchase of malt liquor or wine from the manufacturer
33 located within or without the State.;

34 A. A manufacturer or out-of-state wholesaler from extending the usual and
35 customary credit to a wholesale licensee for the purchase of malt liquor or wine; or

36 B. A manufacturer or out-of-state wholesaler from furnishing materials and
37 equipment for the use of a wholesale licensee or the wholesale licensee's employees,
38 including:

