# MAINE STATE LEGISLATURE

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1 2	FIRST REGULAR SESSION
3 4	ONE HUNDRED AND ELEVENTH LEGISLATURE
5 <b>6</b>	Legislative Document No. 1549
7	S.P. 526 In Senate, May 3, 1983
8 9	Referred to the Committee on Appropriations and Financial Affairs. Sent down for concurrence and ordered printed.
)	JOY J. O'BRIEN, Secretary of the Senate
	Presented by Senator Najarian of Cumberland.  Cosponsors: Representative McCollister of Canton, Representative Lehoux of Biddeford and Senator Brown of Washington.
	STATE OF MAINE
	IN THE YEAR OF OUR LORD NINETEEN HUNDRED AND EIGHTY-THREE
	AN ACT to Restructure State Involvement in Liquor Sales and Enforcement.
	Be it enacted by the People of the State of Maine as follows:
	<pre>Sec. 1. 28 MRSA §53, as enacted by PL 1981, c. 366, §§1 and 2, is amended to read:</pre>
	§53. Powers of the State Liquor Commission
	The State Liquor Commission shall establish the policy, and rules and regulations pertaining to the administration and enforcement of the liquor laws. The commission shall have the following powers and duties:
	1. Supervision of the Bureau of Alcoholic Beverages. To supervise and direct the Director of the Bureau of Alcoholic Beverages relating to all phases

of the merchandising of liquor through state stores and special agency stores-;

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- 2. General supervision; rules. To have general supervision of manufacturing, importing, storing, transporting and sale of all liquors and to make such rules and regulations as they deem necessary for such purposes and to make rules and regulations for the administration, clarification, carrying out, enforcing and preventing violation of all laws pertaining to liquor, which rules and regulations shall have the force and effect of law, unless and until set aside by some court of competent jurisdiction or revoked by the commission;
- To adopt rules, and requirements and regulations not inconsistent with this Title or other laws of the State, the observance of which shall conditions precedent to the granting of any license to sell liquor, including malt liquor or table wine. issuing or renewing licenses, consideration shall be given to the character of any applicant, the location of the place of business, the manner in which it has been operated and to whether the operation endangered the safety of persons in or on areas surrounding the place of business. The commission, municipal officers or county commissioners, as the case may be, may refuse to issue licenses to corporations when any of its officers, directors or holders do not possess the qualifications required of unincorporated persons under this section-;
- Purchase, transportation and sale of alcohol. To have control and supervision of the wholesale purimportation, transportation and sale of alcohol by manufacturers, retail licensees and licensed establishments; and to make rules and regulations for such purchase, importation, transportation and sale of same to any industrial establishment in this State for industrial uses, or schools, colleges and state institutions for laboratory use only, or to hospitals use therein only, or to any licensed for medicinal pharmacist in this State for use in the compounding of prescriptions and other medicinal use but not for sale by such pharmacists unless compounded with mixed with other substances, or to any physician, surgeon, osteopath, chiropractor, optometrist, tist or veterinarian for medicinal use only-;

5. Wine and spirits for sale. To buy and have in their possession wine, except table wine, and spirits for sale to the public and to retail licensees. Such wine and spirits shall be purchased by the commission directly and not through the State Purchasing Agent and shall be free from adulteration and misbranding. The commission shall in their its purchases of liquors give priority, wherever feasible, to those products manufactured or bottled in this State;

- 6. Notice to delist or stop purchases. Before any item listed by the commission is discontinued or delisted or before the commission issues any order to stop purchases of any item listed, they shall give the vendor of such items reasonable notice in writing of their intention to so delist or stop purchase of such items;
- 7. Sell at retail. To sell at retail in state stores in original packages and for eash, either over the counter or by shipment to points within the State, wine, except table wine, and spirits of all kinds for consumption off the premises at state stores to be operated under the direction of the commission. Wholesale merchandising. To set uniform statewide prices for all items listed for sale to retail licensees and licensed establishments, which prices shall incorporate the costs to the Bureau of Alcoholic Beverages of transporting liquor and wine, except table wine, to the premises of retail licensees;
- 8. <u>Licensing</u>. To issue and renew all licenses when provided for by this Title and to hold hearings thereon. Prospective licensees who have been granted a license, effective at a future date, may, on approval of the commission, order liquor in advance of the effective date of the license and may advertise such effective date;
- 9. Prevent sale to minors and others. To prevent the sale by licensees of wine and spirits to miners persons under the age of 20 years, persons under the influence of liquor or to an interdicted person;
- 10. Act as review board. To act as a review board and on all appeals from the decisions of munic-

ipal officers, and, except as provided by section 403, the decisions of the commission shall be final. All decisions of the commission acting as a review board must be approved by at least 2 members;

- 11. Hearings. A single commissioner may conduct hearings in any matter pending before the commission. He shall, after holding the hearing, file with the commission all papers connected with the case, a transcript of all the testimony and a report of his findings. The commission shall review the evidence and examine all papers and the findings of the single commissioner before rendering their decision;
  - 12. Oaths; subpoenas; witnesses. Any member of the commission may administer oaths and issue subpoenas for witnesses and subpoenas duces tecum to compel the production of books and papers relating to any question in dispute before them or to any matter involved in a hearing. Witness fees in all proceedings shall be the same as for witnesses before the Superior Court. Whoever, having been summoned as a witness by any member of the commission to appear before the commission, without reasonable cause fails to appear at the time and place designated in the subpoena or summons shall be punished, on complaint or indictment, by a fine of not more than \$100 or by imprisonment for less than one year; and
- Food servicing organizations. To rules, and requirements and regulations permitting food servicing organizations catering to passengers on international flights to purchase wine beverages from wholesale outlets or distributors, providing such wine and malt beverages are resold for consumption during international travel.
- Food servicing organizations shall include ship chandlers, provided the malt beverages and table wines are resold to vessels of foreign registry for consumption after those vessels have left port.
- Food servicing organizations shall not be subject to section 2, subsection 14.
- 40 Sec. 2. 28 MRSA §56, as amended by PL 1981, c. 41 607, §§1 and 2, is further amended to read:

### §56. Working capital

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net profits of the commission shall be general revenue of the State. The commission is authorized to keep and have on hand a stock of except table wines, and spirits for sale to retail the value of which, when priced licensees, resale, shall be computed on less carload price quotations F.O.B. warehouse filed by liquor and wine The commission is authorized to make retail sales to the public of spirits and wines, except table wines, from one special discount state store at a price established in accordance with section 451. The inventory value shall be based upon actual cost for which payment may be due and shall not time exceed the amount of working capital authorized. and spirits shall not be considered in the inventory until payment has been made therefor. maximum permanent working capital of the commission is established at \$5,000,000 and permanent advances up to this amount may be authorized by the Governor upon recommendation of the commission with approval of the Commissioner of Finance and Administration. The permanent working capital of the commission may be supplemented by temporary loans other state funds upon recommendation of the commission and by approval of the Commissioner of Finance and Administration and the Governor.

At the end of each fiscal year, the State Controller is authorized to transfer from the Unappropriated Surplus of the General Fund an amount not to exceed the excess of the actual revenues received over the budgeted estimated revenues resulting from the sales of alcoholic beverages until the total working capital advance of \$5,000,000 is achieved. Notwithstanding this section, the total General Fund revenues from all sources must exceed the budgeted estimated revenues each year by at least the excess revenues produced by the sale of alcoholic beverages for this transfer to be implemented.

40 Sec. 3. 28 MRSA §59, as repealed and replaced by 41 PL 1977, c. 86, is repealed.

Sec. 4. 28 MRSA §101, sub-§1, as repealed and replaced by PL 1977, c. 630, §2, is repealed as follows:

- 1. Shall state stores for the sale of liquor be operated by permission of theState Liquor Commission in this city or town? (State Liquor Store)
- 4 Sec. 5. 28 MRSA §101, sub-§§2 and 5, as repealed 5 and replaced by PL 1977, c. 630, §2, are amended to 6 read:
- Shall licenses be granted by the State Liquor in this city or town for the sale herein 8 9 of spirituous and vinous liquor to be consumed on the 10 premises of establishments qualified to sell spirituous and vinous liquor for consumption on the premises?
- 13 Shall state stores and special agency stores 14 for the sale of liquor be operated by permission 15 State Liquor Commission in this city, or town on 16 Sunday? (State Liquer Stere)
- 17 Sec. 6. 28 MRSA §151 is amended to read:
  - §151. Location of facilities

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19 The commission is authorized to lease and equip 20 in the name of the State, such stores, warehouses and other merchandising facilities for the sale wholesale 21 22 marketing of liquor to retail licensees and for 23 retail sales from one special discount store under 24 section 56 as are necessary to earry out this Title 25 but any lease or contract made pursuant hereto shall 26 approved by the Attorney General before becoming 27 The state warehouses and wholesale stores effective. 28 shall be located in places designated by the commismay be for seasonal occupancy. 29 Leases 30 leases for state stores with the exception of 31 special discount store shall be terminated by January 32 1, 1984, subject to section 151-B.

- 33 §151-A, as enacted by PL 1981, Sec. 7. 28 MRSA 34 c. 128, is repealed.
- 35 Sec. 8. 28 MRSA §151-B is enacted to read:
- 36 §151-B. Notice prior to terminating state store 37 leases

- 1. Notice. At least 30 days prior to terminat-1 2 ing a lease for a state store under section 151, 3 commission shall notify in writing:
- 4 The municipal officers of the affected munic-5 ipality; and
- 6 В. The lessor.
- 7 2. Contents of notice. The notice shall identify the expected date for termination of the lease 8 9 and shall conform to any contract requirements in the 10 lease not inconsistent with the requirements of this 11 section.
- 12 Sec. 9. 28 MRSA §153, as amended by PL 1981, 13 555, is repealed.
- 14 Sec. 10. 28 MRSA §153-A is enacted to read:
- 15 §153-A. Special agency stores
- 16 The State Liquor Commission may license and regu-17 late, in cities, towns, plantations and unorganized 18 territories which have voted in favor of granting retail licenses for the sale of liquor and wine under 19 20 local option provisions and where there are no state stores, retailers as special agency stores on an annual, seasonal or temporary basis for the purpose 21 22 of selling liquor in sealed bottles, containers or 23 24 original packages for consumption off the premises. 25 The liquor shall be sold by the commission to 26 agency stores pursuant to section 204.
- 27 1. Fees for agency store retail licenses. The 28 fee for a full-year license for the retail sale of liquor and wine, except table wine, shall be \$1,200. The fee for a seasonal license for the retail sale of 29 30 31 liquor and wine, except table wine, shall be \$600. The fee for a temporary license for the retail sale 32 33 of liquor and wine, except table wine, shall be pro-34 rated at the rate of \$100 per month of the license 35 period. Applications for agency store retail 36 licenses shall be to the provisions of sections 201 37 to 203.

2. Rules for selection and operation. The State Liquor Commission shall establish rules for the selection and operation of the agency retail stores. These rules shall include, but are not limited to, the location of the agency retail store, storage facilities for alcoholic beverages, handling and sale of alcoholic beverages, hours of operation, segregation of intoxicating liquors from other goods in the agency stores, size and nature of the facilities of agency stores for different quantities of intoxicating beverages to be sold, and any other rules that the commission deems necessary to carry out the purposes of this section, provided that the commission shall have no authority to regulate retail prices set by agency retail stores.

- Notice; investigation. The State Liquor Commission shall, in accordance with Title 5, section 2351, give public notice that an agency retail store may be established in a particular city, town or unorganized territory. The commission shall request all interested parties in the city, town, plantation or unorganized territory to notify the commission in establishment of each such agency regard to the store. retail The commission shall provide applicants with the necessary information for the establishment of an agency retail store. Upon receipt of all applications for an agency store in a municipality or plantation, the commission shall notify the municipal officers of that municipality or plantation of the proposed location of each applicant at least 15 days prior to the final selection of an applicant or applicants by the commission. The commission shall conduct an investigation to determine the most feasible location and type of facility for the agency store. Any applicant denied a permit shall be given reasons for the permit refusal.
- 4. Appeal. Any applicant aggrieved by a decision made by the State Liquor Commission may appeal the decision to the Administrative Court by means of filing a complaint with the Administrative Court Judge and serving a copy of the complaint upon the commission, within 15 days of mailing of the decision of the commission by certified mail to the mailing address given by the applicant in his application for a special agency store permit. If any person, firm,

- corporation or association is aggrieved by the decision of the Administrative Court Judge, he may appeal the decision to the Superior Court in accordance with the Maine Administrative Procedure Act Title 5, chapter 375.
  - 5. Premises previously occupied by state liquor stores. Any agency store occupying premises previously occupied by a state store shall, within 72 hours of opening for business, remove all signs on the premises of that store which identify those premises as a state store.
  - Sec. 11. 28 MRSA §§153-B, 153-C, 153-D and 153-E are enacted to read:
- 14 §153-B. Applications

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- All applicants for a retail liquor store license shall be required to file applications in such form as the commission requires. All the applications shall be in addition to any other application filed by the applicants with the Bureau of Alcoholic Beverages concerning other liquor licensing privileges.
- 21 §153-C. Eligibility

2.2 In addition to the eligibility requirement of section 201, the commission may issue a license to 23 operate a retail liquor store to an applicant only 24 25 upon a finding that the applicant is of sound judgment and good character, subscribes to sound business 26 27 principles and meets all requirements of financial responsibility. For purposes of this chapter, unless otherwise indicated, the term "applicant" means the individual, if a natural person. If the applicant is 28 29 30 a partnership, the term "applicant" means each person with an interest therein; if the applicant is a cor-31 32 poration, the term "applicant" means the officers or 33 directors thereof or shareholders with a controlling 34 interest therein. In the case of a publicly-owned 35 corporation, "controlling interest" means direct or 36 indirect ownership of more than 50% of the share of 37 38 the corporation. Finding of any of the following 39 shall be prima facie ground for denial:

- 1 <u>1. Conviction of crime. Conviction of a Class</u>
  2 <u>A, Class B or Class C crime, or any crime of moral</u>
  3 turpitude;
  - 2. Conviction of violation of tax laws. Conviction of any local, state or federal tax law; or
  - 3. Career offender. Identification of the applicant or any shareholder, in the case of a corporation, as a career offender or a member of a career offender cartel, or an associate of a career offender or career offender cartel, in such a manner which creates a reasonable belief that the association is of such a nature as to be inimical to the policy of this chapter. For purposes of this section, "career offender" means any person whose behavior is pursued in an occupational manner or context for the purpose of economic gain, utilizing such methods as are deemed criminal violations of the public policy of this State. A "career cartel" means any group of persons who operate together as career offenders.

#### §153-D. Bond required

Every retail liquor store licensee shall furnish a bond with a surety to the commission prior to conducting any business under the license. The amount of the bond shall be determined by the commission, but may not exceed the amount of \$100,000. The purpose of the bond shall be to insure the licensee's financial responsibility and to assure that sufficient funds are available to satisfy any penalty assessed under this chapter.

If a licensee holds more than one license, the commission may determine that only one bond be required, provided that it covers all of the licensed operations of the licensee.

# §153-E. Issuance of licenses

Licenses for sale and distribution of wine, except table wine, and spirits in retail liquor stores may be issued by the commission upon application and under such regulations as the commission may prescribe. No person licensed under this section may sell any liquor for consumption on the premises where sold.

Licenses in an unincorporated place, where no local option vote is taken under section 103, shall require the approval of the majority of the county commissioners of the county.

Any license issued by the commission shall apply only to the applicant and the premises designated on the application, unless transferred pursuant to section 203, subsection 1.

9 Sec. 12. 28 MRSA §154, first ¶, as repealed and 10 replaced by PL 1975, c. 741, §11, is amended to read:

State retail liquer stores and state agency Agency stores may be open for the sale and delivery of liquor between the hours of 9 a.m. and midnight in municipalities, plantations and unincorporated places which have voted affirmatively on section 101, subsection 1. The State Liquor Commission shall establish the hours of operation of each state retail liquer store and state agency store.

- Sec. 13. 28 MRSA §155 is amended to read:
- 20 §155. Sales to minors or intoxicated persons

No sales shall may be made in any state or agency stores store to miners persons under the age of 20 years or persons under the influence of liquor.

- 24 Sec. 14. 28 MRSA §156, as amended by PL 1969, c. 500, §6, is repealed.
- 26 Sec. 15. 28 MRSA §204, first ¶, as amended by PL 1981, c. 454, §7, is further amended to read:

All persons, except public service corporations operating interstate, licensed to sell spirituous or vinous liquor, except table wine, shall purchase all such liquor from the commission. The commission shall sell to the public and to such these licensees spirituous and vinous liquor, except table wine, fer a price of 10% less than the retail price established for the state retail store where the purchase is made provided that such discount shall not apply to federal taxes levied on and after November 1, 1941 at uniform prices to be set by the commission which

shall be approved by the Governor. The commission may sell spirituous and vinous liquor, except table wine, to approved government instrumentalities within the State at a price to be set by the commission which shall be approved by the Governor. The commission may sell spirituous and vinous liquor not for consumption within the State to airlines and ferry services or their agents as authorized by the biquer Gemmission which shall be approved by the Governor. Nothing is this section may be construed to permit the commission to sell spirituous and vinous liquor without collecting the entire premium assessed under chapter 12.

Sec. 16. 28 MRSA §451, as amended by PL 1979, c.
307, is further amended to read:

#### §451. Consumers' tax

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All spirits and wines, except table wines, be sold by the commission at a price to be determined by the commission which will produce a state liquor tax of not less than 75% based on the less carload cost F.O.B., State Liquor Commission warehouse, and in addition thereto there shall be levied and imposed an excise tax of 75¢ per gallon, or its metric equivalent, on wines containing more then 14% alcohol by volume; except that spirits and wines sold at wholesale under section 204 may be sold at wholesale pursuant established to the provisions prices thereof. Prices for sale of spirits and wines bought by the commission from Maine licensees to manufacture liquor under section 501 shall be based on minimum load delivery prices F.O.B. warehouse as the same are filed with the Public Utilities Commission. Special orders by the commission for unstocked merchandise shall be priced at not less than 75% actual cost delivered F.O.B. warehouse. In all cases the commission is authorized to round off costs to the next highest 5 cents. Any increased federal taxes levied on or after November 1, 1941 shall be added to the established price without markup. All net revenue derived from such tax shall be deposited to credit of the General Fund of the State. Notwithstanding the other provisions of this section, commission, with approval of the Commissioner of

Finance and Administration, may reduce the price of discontinued items of liquor. The reduced price shall not be less than the actual cost of the discon-tinued liquor items and no item shall be discontinued by the commission for a period of at least 6 months after such item has been listed and on sale in state Notwithstanding the other provisions of this steres. section, the commission, with the approval of Commissioner of Finance and Administration, reduce the price of liquor in one special discount state store, and licensees permitted to purchase liq-uer at a discount under section 204 may purchase liq-uor for resale from that store at the same price they are permitted to purchase liquor for resale from any state store which does not offer a retail discount.

 Taxes on spirituous or vinous liquors imposed by the State shall not apply to spirituous or vinous liquors sold by wholesalers, manufacturers, bottlers and rectifiers holding licenses from the commission to any instrumentality of the United States, or to any vessel of foreign registry, or to industrial establishments for use as an ingredient in the manufacture of food products, or for use as an ingredient in the manufacture of commodities which by reason of their nature cannot be used for beverage purposes. The commission is specifically authorized to make such rules and regulations as they deem necessary for carrying out the provisions of this paragraph.

Notwithstanding the other provisions of this section, the commission may, from time to time, establish special prices on certain listed liquor items to be made available to the consumer at all state stores. Such special prices shall not be lower than the price established for the same listed item at the one authorized special discount state store-

Sec. 17. 28 MRSA §1052, sub-§4, as amended by PL
1981, c. 470, Pt. B, §10, is further amended to read:

4. <u>Hospitals</u>. The commission may authorize hospitals and state institutions to import, for medicinal purposes only, liquor made available to them from stocks of liquor seized by the Federal Government.

The commission, in its discretion and by written authorization, may grant permission to hospitals and state institutions for the purchase of liquors for medicinal purposes only, from licensed Maine wholesalers, the special discount state store and state liquor agency stores. Biquors purchased from state liquor stores may be sold at the discount price authorized for licensees in section 204.

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The commission shall have the right and power to prescribe such conditions as it deems necessary or advisable as conditions precedent to granting permission and authority to import spirituous and vinous liquors into this State and to transport the same within this State under subsections 1 to 4 and to make rules and regulations for clarifying and carrying out said subsections and preventing violation of the laws relating to liquor.

Sec. 18. 28 MRSA §1053, sub-§1, as amended by PL
1979, c. 130, §7, is further amended to read:

Intoxicating liquor. No person shall knowingly transport from place to place in this State any intoxicating liquor with intent to sell the same in this State in violation of law, or with intent that the same shall be so sold by any person, or to aid any person in such sale, and no person shall transport or cause to be transported any spirituous or vinous liquor, containing more than 14% alcohol volume, in this State in a greater quantity than 4 quarts, or its metric equivalent, unless such liquor was purchased from a state store or the commission. The commission in its discretion may grant to individual, upon his application, a permit to transport liquor purchased for his own personal use. shall be lawful for common carriers and contract carriers duly authorized as such by the Public Utilities Commission to transport liquor to any state or agency store, to state warehouses, to licensees of the State Liquor Commission, to purchasers of liquor at state steres and from manufacturers state warehouses, state stores state or agency stores and to the state line for transportation outside State; for licensees of the commission to transport liquor from state or agency stores to their places of business; and for manufacturers to transport

- the State to state warehouses and state or agency stores, to persons authorized under section  $\overline{1052}$ the state line for transportation outside the Whoever knowingly violates any of provisions of this subsection shall be punished by a fine of not less than \$100 nor more than \$1,000, costs, and by imprisonment for not less than 2 months nor more than 6 months, and in default of payment of fine and costs, by imprisonment for not less than 2 months nor more than 6 months, additional.
- 11 Sec. 19. 28 MRSA §1054, as amended by PL 1969, 12 c. 360, §31, is further amended to read:

# §1054. Delivery of liquor

No person shall may knowingly transport to or cause to be delivered to any person, other than the commission, unless upon written permission of the commission, any spirituous or vinous liquor containing more than 14% alcohol by volume except liquors purchased from the special discount state store or any agency store or the commission. Any officer of any transportation company, express company, carrier for hire or other person who knowingly transports or delivers liquor contrary to this section shall be punished by a fine of not more than \$500 or by imprisonment for not more than 11 months, or by both.

26 Sec. 20. 28 MRSA §1211, as repealed and replaced by PL 1975, c.741, §31, is amended to read:

## §1211. Disposal of forfeited liquors

All liquors declared forfeited by any court or judge under this Title shall, by order of the court or judge rendering final judgment thereon, be turned over to the State Liquor Commission. Except as hereinafter provided, the commission shall sell such forfeited liquors in the state retail liquore stores throughout the State special discount store established pursuant to section 56 or to licensed agency stores. If any liquor is determined by the court or judge to be unfit or unsatisfactory for consumption or retail sale, the court or judge may order such liquor to be destroyed by any officer competent to serve the process on which it was forfeited and he

shall make the return accordingly to such court or judge. Such liquors shall be destroyed by pouring them upon the ground or into some public sewer.

#### STATEMENT OF FACT

This bill turns the marketing of liquor and wine over to agency stores and closes all state stores except for one discount store. The bill leaves undisturbed the State Liquor Commission's responsibilities for setting wholesale prices, licensing the manufacture and retail sale of liquor and handling licensing disputes. It also leaves undisturbed both the alcohol premium established by the 110th Legislature and the local option referendum process for the granting of retail licenses for the sale of liquor.