

MAINE STATE LEGISLATURE

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1 (After Deadline)

2 FIRST REGULAR SESSION
3

4 ONE HUNDRED AND ELEVENTH LEGISLATURE
5

6 Legislative Document

No. 1791

8 H.P. 1355

House of Representatives, June 23, 1983

9 Reference to the Committee on Legal Affairs is suggested. Sent up for
10 concurrence and ordered printed.

11 Approved for introduction by a majority of the Legislative Council
pursuant to Joint Rule 27.

Presented by Representative Nadeau of Lewiston. EDWIN H. PERT, Clerk

12 Cosponsors: Senator Charette of Androscoggin, Representative Handy of
Lewiston and Representative Dillenback of Cumberland.

13 STATE OF MAINE
14

15 IN THE YEAR OF OUR LORD
16 NINETEEN HUNDRED AND EIGHTY-THREE
17

18 AN ACT to Revise the Markup Percentage
19 for Maine Produced Products Under the Liquor
20 Law.
21

22 Be it enacted by the People of the State of Maine as
23 follows:

24 28 MRSA §451, first ¶, as amended by PL 1979, c.
25 161, is further amended to read:

26 All spirits and wines, except table wines, shall
27 be sold by the commission at a price to be determined
28 by the commission which will produce a state liquor
29 tax of not less than 75% based on the less carload
30 cost ~~f-e-b-~~ F.O.B., State Liquor Commission ware-
31 house, and in addition thereto there shall be levied
32 and imposed an excise tax of 75¢ per gallon, or its
33 metric equivalent, on wines containing more than
34 14% alcohol by volume; except that spirits and wines
35 sold at wholesale under section 204 may be sold at

1 wholesale prices established pursuant to the provi-
2 sions thereof. Prices for sale of spirits and wines
3 bought by the commission from Maine licensees ~~to~~ who
4 manufacture liquor under section 501 shall be sold by
5 the commission at a price to be determined by the
6 commission, which will produce a state liquor tax of
7 not less than 72% on or after July 1, 1984; not less
8 than 69% on or after July 1, 1985; and not less than
9 65% on or after July 1, 1986 based on minimum truck
10 load delivery prices ~~f-o-b~~ F.O.B. warehouse as the
11 same are filed with the Public Utilities Commission.
12 Special orders by the commission for unstocked mer-
13 chandise shall be priced at not less than 75% over
14 actual cost delivered ~~f-o-b~~ F.O.B. warehouse. In
15 all cases the commission is authorized to round off
16 costs to the next highest 5 ~~cents~~ 5¢. Any increased
17 federal taxes levied on or after November 1, 1941,
18 shall be added to the established price without mark-
19 up. All net revenue derived from ~~such~~ that tax shall
20 be deposited to the credit of the General Fund of the
21 State. Notwithstanding the other provisions of this
22 section, the commission, with approval of the Commis-
23 sioner of Finance and Administration, may reduce the
24 price of discontinued items of liquor. The reduced
25 price shall not be less than the actual cost of the
26 discontinued liquor items and no item shall may be
27 discontinued by the commission for a period of at
28 least 6 months after ~~such~~ that item has been listed
29 and on sale in state stores. Notwithstanding the
30 other provisions of this section, the commission,
31 with the approval of the Commissioner of Finance and
32 Administration, may reduce the price of liquor in one
33 store, and licensees permitted to purchase liquor at
34 a discount under section 204 may purchase liquor for
35 resale from that store at the same price they are
36 permitted to purchase liquor for resale from any
37 state store which does not offer a retail discount.

38 FISCAL NOTE

39 The Legislative Finance Office projects a loss of
40 revenue of \$252,345 from enactment of this bill. The
41 bill also phases in the reduction in markup over a
42 3-year period so that the loss of revenues would be:
43 1984-85, \$75,203; 1985-86, \$151,406; and 1986-87,
44 \$252,345.

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STATEMENT OF FACT

2 The purpose of this bill is to restore the com-
3 petitive position of Maine liquor manufacturers by
4 reducing the percentage markup by the State Liquor
5 Commission from 75% minimum to 72% on or after July
6 1, 1984; not less than 69% on or after July 1, 1985;
7 and not less than 65% on or after July 1, 1986.
8 This competitive position was harmed unintentionally
9 by the enactment of legislation allowing the ware-
10 housing of liquor in Maine. By warehousing liquor in
11 Maine, out-of-state competitors of Maine liquor manu-
12 facturers can lower the amount their product is
13 marked by the commission and thereby sell their
14 product at a lower price. Further, this bill allows
15 the State to better compete for the jobs attendant to
16 liquor manufacturing. The State of New Hampshire,
17 for example, offers domestic liquor manufacturers a
18 significantly lower markup than that which is appli-
19 cable to out-of-state manufacturers who sell in New
20 Hampshire.

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