

MAINE STATE LEGISLATURE

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STATE OF MAINE
HOUSE OF REPRESENTATIVES
115TH LEGISLATURE
FIRST REGULAR SESSION

COMMITTEE AMENDMENT "A" to H.P. 1264, L.D. 1833, Bill, "An Act to Amend the Liquor Laws"

Amend the bill by striking out all of sections 1 and 2 and inserting in their place the following:

Sec. 1. 28-A MRSA §2, sub-§16-A is enacted to read:

16-A. Low-alcohol spirits product. "Low-alcohol spirits product" means a product containing spirits that has an alcohol content of not more than 4% by volume.

Sec. 2. 28-A MRSA §2, sub-§31, as enacted by PL 1987, c. 45, Pt. A, §4, is amended to read:

31. Spirits. "Spirits" means any liquor produced by distillation or, if produced by any other process, strengthened or fortified by the addition of distilled spirits of any kind, including low-alcohol spirits products. "Spirits" includes fortified wine.

Sec. 3. 28-A MRSA §13 is enacted to read:

§13. Low-alcohol spirits product sold by wine licensees

Notwithstanding any provision of this Title, a person licensed to sell wine for consumption on or off the premises may also sell low-alcohol spirits products. All provisions of this Title applicable to wine, except chapters 65 and 67, apply to low-alcohol spirits products when sold by persons licensed to sell wine for consumption on or off the premises.'

Further amend the bill by inserting after section 3 the following:

2 'Sec. 4. 28-A MRSa §1364, sub-§4 is enacted to read:

4 4. Reports of low-alcohol spirits products. Each
6 certificate of approval holder that manufactures low-alcohol
8 spirits products shall submit to the commission, on or before the
10 10th day of each calendar month, a form specifying the number of
 gallons of low-alcohol spirits product sold to wholesale
 licensees in the State with a copy of each invoice relating to
 each such sale.

12 Sec. 5. 28-A MRSa §1365 is enacted to read:

14 §1365. Low-alcohol spirits product tax

16 In addition to any tax or premium paid under section 1652 or
18 section 1703, each certificate of approval holder that
20 manufactures low-alcohol spirits products shall pay a tax of 30¢
22 on each gallon of low-alcohol spirits product sold to a wholesale
24 licensee in the State. In addition to the forms filed pursuant
26 to section 1364, a certificate of approval holder that
 manufactures low-alcohol spirits products shall file with the
 commission a monthly report on the number of gallons of
 low-alcohol spirits product sold to wholesale licensees in the
 State. The certificate of approval holder must enclose payment
 for the tax due under this section on the reported sales.

28 Sec. 6. 28-A MRSa §1652, sub-§1-A is enacted to read:

30 1-A. Excise tax on low-alcohol spirits products. An excise
32 tax is imposed on the privilege of manufacturing and selling
34 low-alcohol spirits products in the State. The Maine
36 manufacturer or importing wholesale licensee shall pay an excise
 tax of \$1 per gallon on all low-alcohol spirits products
 manufactured in or imported into the State.'

38 Further amend the bill by inserting after section 4 the
 following:

40 'Sec. 5. 28-A MRSa §1703, sub-§2, as enacted by PL 1987, c.
42 45, Pt. A, §4, is amended to read:

44 2. Malt liquor, wine and low-alcohol spirits products. In
46 addition to any other tax or charge imposed under state or
48 federal law, a premium shall must be imposed on all malt liquor
 and wine sold in the State and on all low-alcohol spirits
 products sold in the State by persons licensed to sell wine for
 consumption on or off the premises. The premium shall must be in
 the amount specified in subsection 3.

- 2 A. The commission shall open a premium account with all
- 4 manufacturers and importing wholesalers.
- 6 B. Premiums shall must be collected in the same manner
- 8 provided for the collection of excise taxes under sections
- 10 1404 and 1405.
- 12 C. Premiums shall must be paid to the commission by the
- 14 Maine manufacturer or importing wholesaler.
- 16 D. The duties, prohibitions and liabilities under this
- 18 subsection of licensees and certificate of approval holders
- 20 are the same as those under sections 1361, 1364, 1404 and
- 22 1405.
- 24 E. The commission shall grant credits and make adjustments
- 26 under this subsection on the same terms and conditions as
- 28 provided in section 1652.

20 **Sec. 6. 28-A MRSA §1703, sub-§3, ¶C, as enacted by PL 1987, c.**
22 **45, Pt. A, §4, is amended to read:**

24 C. Twenty-four cents per gallon on all sparkling wine sold
26 in the State and all low-alcohol spirits products sold by a
 28 person licensed to sell wine for consumption on or off the
 30 premises; and'

32 Further amend the bill by renumbering the sections to read
34 consecutively.

36 Further amend the bill by adding at the end before the
38 statement of fact the following:

FISCAL NOTE

	1991-92	1992-93
REVENUES		
General Fund	\$150,000	\$125,000

42 Allowing the sale of low-alcohol spirits by licensees who
44 are permitted to sell wine will increase General Fund revenue by
46 \$150,000 in fiscal year 1991-92 and \$125,000 in fiscal year
48 1992-93 from the collection of the additional excise and premium
 taxes.'

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STATEMENT OF FACT

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The amendment retains portions of the bill granting an excise tax and premium credit for malt liquor and table wine sold to airlines, permitting agency stores to establish an escrow account for purchases from the State Liquor Commission and permitting enforcement mechanisms for purchasers who pass bad checks in purchasing liquor. The amendment rewords the provisions permitting low-alcohol content spirits drinks to be sold by the same licensees and in the same way as wine is sold. The amendment defines the product as a "low-alcohol spirits product" that may not contain more than 4% alcohol by volume. The amendment provides that the product be treated as wine for all purposes except taxation. The excise tax and premium on the product will be at the same level as sparkling wine, which is \$1 per gallon for excise tax and 24¢ per gallon premium. That level is higher than the tax and premium on other wine. The amendment requires manufacturers of the product to pay an additional tax of 30¢ per gallon for the privilege of selling the product to wholesale licensees in the State. The amendment also permits state and agency stores to continue to sell the product. When sold by state or agency stores, the product must be treated and taxed as spirits, not as wine.

Reported by the Committee on Legal Affairs
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