

# MAINE STATE LEGISLATURE

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L.D. 1985

(Filing No. H-786)

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STATE OF MAINE  
HOUSE OF REPRESENTATIVES  
115TH LEGISLATURE  
SECOND SPECIAL SESSION

HOUSE AMENDMENT "D" to H.P. 1402, L.D. 1985, Bill, "An Act to Make Supplemental Appropriations and Allocations for the Expenditures of State Government for the Fiscal Years Ending June 30, 1992 and June 30, 1993 and to Change Certain Provisions of Law"

Amend the bill in Part A by striking out all of sections 6 and 7 and inserting in their place the following:

'Sec. A-6. Allocation; State Liquor Commission. In order to provide for the necessary expenses of operation and administration of the Department of Finance, Bureau of Alcoholic Beverages and the State Liquor Commission, the following amounts, or as much as may be necessary, are allocated from the revenues derived from operations of the State Alcoholic Beverages Fund.

1991-92

FINANCE, DEPARTMENT OF

Alcoholic Beverages - General  
Operation

Positions - Legislative Count (-16.0)  
All Other (115,821)

Provides for the deallocation of funds through the closing of state liquor stores, reduced data processing costs and the elimination of 16 Retail Store Manager positions effective May 1, 1992. Approximately 16 state liquor stores will be closed on or before May 1, 1992.

DEPARTMENT OF FINANCE  
TOTAL

(115,821)

2

**TOTAL ALLOCATIONS**

4

**SECTION A-6**

(115,821)

6

**Sec. A-7. Allocation; State Lottery Fund.** In order to provide for the necessary expenses of operation and administration of the Department of Finance, Bureau of Lottery, the following amounts, or as much as may be necessary, are allocated from the revenues derived from operations of the State Lottery Fund.

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1991-92

14

**FINANCE, DEPARTMENT OF**

16

**Lottery Operations**

18

Positions - Legislative Count

(-1.0)

20

Personal Services

(40,475)

22

Provides for the deallocation of funds through the elimination of one Marketing Manager position.

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26

**Lottery Operations**

28

All Other

(250,000)

30

Provides for the deallocation of funds through the reduction of nonstate professional services and advertising expenses. This will result in an increase of General Fund undedicated revenue of \$250,000 in fiscal year 1991-92.

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**DEPARTMENT OF FINANCE**

**TOTAL**

(290,475)

40

42

**TOTAL ALLOCATIONS**

**SECTION A-7**

(290,475)

44

46

Further amend the bill in Part K by striking out all of section 3 and inserting in its place the following:

2           'Sec. K-3. 28-A MRSA §453, sub-§2-A is enacted to read:

4           2-A. Replacement of state liquor stores closed in fiscal  
6           year 1991-92. The commission may replace a state liquor store  
          closed after July 1, 1990 with 3 agency liquor stores if:

8           A. The agency stores are within a 10-mile radius of the  
          location of the closed state liquor store; and

10           B. The commission does not issue to a person or corporation  
12           more than 2 of the 3 licenses issued to replace a state  
14           liquor store. For purposes of this restriction, each  
16           partner of a partnership, each corporation that owns an  
          interest in another corporation and each person who owns 20%  
18           or more of the shares or other interest in a corporation is  
          deemed to own a license granted to the partnership or  
          corporation.

20           Sec. K-4. 28-A MRSA §453, sub-§4, as amended by PL 1989, c.  
22           502, Pt. B, §§26 to 28, is repealed.

24           Sec. K-5. 28-A MRSA §453, sub-§5, as enacted by PL 1987, c.  
          45, Pt. A, §4, is repealed.

26           Sec. K-6. 28-A MRSA §§453-A and 453-B are enacted to read:

28           §453-A. Issuance of agency liquor store license

30           The commission shall issue a license for an agency liquor  
32           store within a municipality or unincorporated place by the  
          following procedure.

34           1. Bidding. The commission shall solicit bids from the  
36           general public for each agency liquor store license to be  
          issued. For licenses to replace an existing store, the  
38           commission may not accept a bid lower than 1% of the taxable  
          retail sales of the store being replaced, determined for the  
40           fiscal year that ended immediately before the closure of the  
          store.

42           2. Public notice and solicitation of bids. The commission  
44           shall, in accordance with the Maine Administrative Procedure Act,  
          give public notice that an agency liquor store may be established  
46           in a particular municipality or unincorporated place. The  
          commission shall summarize in the public notice the bidding  
48           requirements for the agency store license, including the minimum  
          bid required. The commission shall request all parties in the  
50           municipality or unincorporated place interested in bidding on a  
          license to establish an agency liquor store there to submit bids  
52           and applications to the commission.

2 3. Information to applicants. The commission shall provide  
all applicants with the necessary information for the  
4 establishment of an agency liquor store.

6 4. Notice to municipality. Upon receipt of all  
applications for an agency liquor store license in a municipality  
and at least 15 days before the final selection of an applicant  
8 or applicants by the commission, the commission shall notify the  
municipal officers of that municipality of the proposed location  
10 of each applicant.

12 5. Licensing decisions. The commission shall conduct an  
investigation to determine the feasibility of the location and  
14 type of facility for the agency liquor store and shall issue the  
license to one or more of the applicants, taking into  
16 consideration the bid offered and any other factors the  
commission considers appropriate.

18 6. Denial of application. The commission shall notify any  
20 applicant denied a license of the reasons for the denial by  
certified mail to the mailing address given by the applicant in  
22 the application for an agency liquor store license.

24 7. Aggrieved applicants. Any applicant aggrieved by a  
decision made by the commission may appeal the decision by filing  
26 a complaint with the Administrative Court and serving a copy of  
the complaint upon the commission. The complaint must be filed  
28 and served within 15 days of the mailing of the commission's  
decision.

30 §453-B. Annual license fee

32 1. Agency liquor store. The annual license fee for an  
34 agency liquor store is \$300. The fee must be paid on renewal of  
the license.

36 2. Seasonal agency liquor stores. The license fee for a  
38 seasonal agency liquor store licensed under section 456 is \$150  
for each 6-month seasonal license.'

40 Further amend the bill in Part K by inserting after section  
42 4 the following:

44 'Sec. K-5. 28-A MRS §606, sub-§1-B is enacted to read:

46 1-B. Price of sales to agency liquor stores. The  
commission shall sell spirits to agency liquor stores for 92% of  
48 the retail sales price set in accordance with chapters 65 and 67.'

Further amend the bill in Part K by striking out all of sections 8 to 10 and inserting in their place the following:

**Sec. K-8. State liquor store closure; agency liquor store replacements.** Notwithstanding the Maine Revised Statutes, Title 28-A, section 401-A, the State Liquor Commission shall close 16 state liquor stores by April 30, 1992. The 16 stores must be among those whose operating costs as a percentage of sales for fiscal year 1990-91 exceeded 13%. The State Liquor Commission shall solicit bids for agency liquor stores to replace all state liquor stores closed after July 1, 1990 in accordance with Title 28-A, sections 453 and 453-A.

**Sec. K-9. State Liquor Commission recommendations.** The State Liquor Commission shall submit recommendations regarding operation of the state and agency liquor store system to the Joint Standing Committee on Legal Affairs by February 15, 1992.

**Sec. K-10. Liquor pricing strategy.** Effective January 1, 1992, the State Liquor Commission shall pursue a more aggressive pricing strategy to increase net income from retail liquor store operations by approximately 1% through June 30, 1992.'

Further amend the bill in Part K by renumbering the sections to read consecutively.

#### FISCAL NOTE

This amendment will result in a net reduction of General Fund revenue of \$298,877 in fiscal year 1991-92. The proposal to increase net income from retail liquor store operations may realize some additional General Fund revenue to reduce the net loss of General Fund revenue. The amount of additional revenue can not be estimated at this time.

#### STATEMENT OF FACT

The amendment replaces the provisions of the budget bill related to the closure of state liquor stores and the merger of the Bureau of Alcoholic Beverages and the Bureau of the Lottery in the Department of Finance.

The amendment requires the State Liquor Commission to close 16 state liquor stores by April 30, 1992, instead of the 35 slated for closure in the bill. The 16 stores must be among the stores with high operating costs as a percentage of sales based on the 1990-91 fiscal year. The amendment also permits the commission to replace each state liquor store closed after July

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1, 1990 with 3 agency liquor stores and establishes a bidding  
2 process for persons who wish to have those agency store  
licenses. No corporation or person would be permitted to have  
4 more than 2 of the 3 licenses issued to replace each state liquor  
store. The amendment also establishes an annual license fee of  
6 \$300 for agency liquor stores, payable on renewal of the license,  
and a fee of \$150 for a seasonal agency store license.

8  
The amendment requires the commission to increase the price  
10 of spirits sold through the state and agency liquor stores and  
codifies the current commission practice of selling spirits to  
12 agency liquor stores at a price 8% below the retail sales price  
in state liquor stores. Finally, the amendment deletes the  
14 provisions of the bill merging the Bureau of the Lottery and the  
Bureau of Alcoholic Beverages and requires the State Liquor  
16 Commission to report recommendations regarding the retail liquor  
sales system to the Joint Standing Committee on Legal Affairs by  
18 February 15, 1992.

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Filed by Rep. Lawrence of Kittery  
Reproduced and distributed under the direction of the Clerk  
of the House.

12/18/91

(Filing No. H-786)