

MAINE STATE LEGISLATURE

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122nd MAINE LEGISLATURE

FIRST SPECIAL SESSION-2005

Legislative Document

No. 1641

S.P. 607

In Senate, May 3, 2005

An Act To Create a Small Distillery License

Reference to the Committee on Legal and Veterans Affairs suggested and ordered printed.

A handwritten signature in cursive script that reads "Joy J. O'Brien".

JOY J. O'BRIEN
Secretary of the Senate

Presented by President EDMONDS of Cumberland.
Cosponsored by Speaker RICHARDSON of Brunswick and
Senators: GAGNON of Kennebec, PERRY of Penobscot, Representative: DUNN of Bangor.

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

4 **Sec. 1. 28-A MRSA §2, sub-§29-A** is enacted to read:

6 29-A. Small distillery. "Small distillery" means a
manufacturer that produces distilled spirits in an amount that
does not exceed 30,000 gallons per year.

8 **Sec. 2. 28-A MRSA §1355, sub-§§8 and 9** are enacted to read:

10 8. Small distilleries. The following conditions apply to
12 licenses issued to small distilleries.

14 A. A holder of a small distillery license may produce
16 distilled spirits in an amount not to exceed 30,000 gallons
per year.

18 B. Notwithstanding section 707, subsection 3, a holder of a
20 small distillery license may also hold a Maine retail
license.

22 C. A holder of a small distillery license may sell, for
24 on-premises consumption, liquor produced at the distillery.

26 (1) All on-premises sales by a small distillery must
be recorded by affidavit filed with the Department of
Public Safety.

28 (2) The form of the affidavit must be developed and
30 approved by the Department of Public Safety.

32 (3) Affidavits must include the volume of spirits sold
34 on premises and at connected establishments, the type
of spirits sold and any other information determined
36 necessary by the alcohol bureau to maintain the State's
status as a so-called "control state."

38 (4) Affidavits must be made immediately available for
40 periodic review without notice by the state officials.

42 D. A holder of a small distillery license may apply for up
to 5 licenses for the sale of liquor to be consumed on the
44 premises at a connected establishment.

46 (1) The retail license must be held exclusively by the
holder of the distillery license.

48 (2) The retail license authorizes the sale of products
of the distillery, in addition to other liquor

2 permitted to be sold under the retail license, to be
3 consumed on the premises.

4 (3) All records of the distillery licensee must be
5 kept separate from the records of the retail licensee.

6
7 E. A holder of a small distillery license may sell spirits
8 to the State or the private sector entity who acts as the
9 wholesaler of spirits in the State.

10
11 F. A holder of a small distillery license may not sell
12 spirits directly to Maine retail licensees.

13
14 G. A holder of a small distillery license shall submit a
15 monthly report to its wholesaler detailing sales made
16 directly from the distillery and connected establishments.
17 The wholesaler shall calculate the fees for any bottle
18 deposit and submit an invoice to the distillery for expenses
19 associated with the requirements prescribed in Title 32,
20 chapter 28, including the retailer handling fee, state
21 container deposit and a mutually agreed-upon pick-up fee.
22 The holder of a small distillery license shall keep and
23 maintain complete records on all sales to the retail
24 licensee.

25
26 H. Notwithstanding paragraphs C and D, retail sales of
27 spirits produced by a small distillery must be distributed
28 in accordance with the spirit distribution system prescribed
29 in this Title.

30
31 I. The holder of a small distillery license may permit
32 sampling of the liquor product on the premises:

33 (1) By employees for the purpose of quality control of
34 the product; and

35 (2) By wholesalers for the purpose of determining
36 whether to carry the distillery's product as a
37 wholesale product, as long as the holder of the small
38 distillery license pays the liquor tax on the product
39 sampled according to section 1652.

40
41 J. A holder of a small distillery license may list on a
42 product's label and in its advertising the list of the
43 ingredients and the product's average percentage of the
44 recommended daily allowances of nutritional requirements.

45
46 K. The small distillery must obtain a basic permit for
47 distilling, rectifying, blending and bottling spirits from
48 the federal Department of the Treasury, Bureau of Alcohol,
49
50

2 Tobacco, Firearms and Explosives and must comply with all
3 other federal laws governing the distillation and sale of
4 distilled spirits.

5 L. The small distillery is subject to all inspections and
6 other oversight applied to large distilleries in the State
7 by the State and the Federal Government.

8
9 For purposes of this subsection, a "connected establishment" is a
10 Class A restaurant or Class A restaurant/lounge that is licensed
11 to the holder of a small distillery license.

12
13 9. Small distilleries that exceed production limit; license
14 renewal. The bureau, upon application by the holder of a small
15 distillery license whose distillery has produced distilled
16 spirits in an amount that exceeds 30,000 gallons in one year, may
17 renew that holder's small distillery license for only one
18 additional year.

19 **Sec. 3. 28-A MRSA §1551, sub-§3, ¶¶F and G, as enacted by PL**
20 **1987, c. 342, §114, are amended to read:**

21
22 F. Maine farm winery, includes bottling (one
23 year).....\$50; and

24
25 G. Small Maine brewery, includes bottling (one
26 year).....\$50; and

27
28 **Sec. 4. 28-A MRSA §1551, sub-§3, ¶H is enacted to read:**

29
30 H. Small Maine distillery, includes bottling (one year)
31\$50.

32
33
34 **SUMMARY**

35
36 This bill establishes a small distillery license.