

MAINE STATE LEGISLATURE

The following document is provided by the
LAW AND LEGISLATIVE DIGITAL LIBRARY
at the Maine State Law and Legislative Reference Library
<http://legislature.maine.gov/lawlib>



Reproduced from combination of electronic originals
and scanned originals with text recognition applied
(electronic original may include minor formatting differences from printed original;
searchable text in scanned originals may contain some errors and/or omissions)

**STATE OF MAINE
120TH LEGISLATURE
FIRST REGULAR SESSION**

**Interim Report
of the**

**COMMISSION TO DEVELOP A PLAN TO
IMPLEMENT THE CLOSURE OF THE STATE
LIQUOR STORES**

February 2002

Members:

**Sen. Beverly C. Daggett, Chair
Rep. John L. Tuttle, Jr., Chair
Sen. Mary E. Small
Rep. Arthur F. Mayo, III
Lynn Cayford
Paul Klotzel
Eben Marsh
Jack Weisman
Peter Welch**

Staff:

**Danielle Fox, Legislative Analyst
Office of Policy & Legal Analysis
Maine Legislature
(207) 287-1670**

TABLE OF CONTENTS

	<u>Page</u>
EXECUTIVE SUMMARY	i
I. INTRODUCTION.....	1
II. CURRENT STATE SPIRITS DISTRIBUTION SYSTEM.....	1
III. CLOSURE OF STATE LIQUOR STORES	4
IV. DISTRIBUTION MODELS CONSIDERED.....	4
V. FISCAL PROJECTIONS.....	7
VI. RECOMMENDATIONS	8

APPENDICES

- A. Public Law 2001, c. 358, Part V**
- B. List of Members of the Commission to Develop a Plan to Implement the Closure of the State Liquor Stores**
- C. Meeting Agendas**
- D. Agent Survey**
- E. Fiscal Projections**
- F. Agent Spirits Distribution Information**
- G. Proposed Legislation**

Executive Summary

The Commission to Develop a Plan to Implement the Closure of the State Liquor Stores held a total of six meetings from August 2001 to January 2002. The commission consisted of two senators, two members of the House of Representatives, two members representing licensed agents, one member representing state liquor store employees and representatives from the Department of Administrative and Financial Services, Bureau of Alcoholic Beverages and Lottery Operations and the Department of Public Safety, Bureau of Liquor Enforcement. The commission was charged with developing an effective state-wide spirits distribution system in the wake of the closure of 14 of the 27 state liquor stores and consider strategies for moving to a distribution system that includes no state liquor stores.

Over the course of its meetings, the commission considered how the distribution of spirits without state stores would impact existing liquor agents and licensees, general fund revenue, consumers of spirits in the state and state liquor store employees. The commission narrowed its focus to three spirits distribution model options.

Option 1:

- Close all 19 remaining state stores
- License private agents to replace closed state stores
- Expand warehouse operations to include “picking” – *distribution of less than full cases*
- Make necessary adjustments to trucking operation

Option 2:

- Close 6 more state stores between June 1, 2002 and December 31, 2002 pursuant to Public Law 2001, Chapter 358, Part V
- Maintain 13 stores as wholesale and retail establishments
- License private agents to replace closed state stores
- No expansion of operations at the warehouse*

Option 3:

- Close no more state stores
- Maintain remaining 19 state stores
- License private agents to replace closed state stores
- No expansion of operations at the warehouse

After consideration of the feasibility and fiscal implications of each distribution model the commission makes the following recommendations:

- 1. The Bureau of Alcoholic Beverages and Lottery Operations shall continue to operate the remaining 19 state liquor stores.**

- 2. The Bureau of Alcoholic Beverages and Lottery Operations shall report annually to the Joint Standing Committee having jurisdiction over alcoholic beverages regarding the effectiveness and administrative costs of the state's spirits distribution system.**
- 3. Amend current law to repeal the 3.5-mile radius requirement for the location of agency liquor stores.**
- 4. Amend current law to require all private agents licensed to replace a closed state store to obtain a Federal Wholesale Stamp in order to sell spirits at the list price to licensees on behalf of the state.**
- 5. Amend current law to require that all spirits be sold at the list price established by the Bureau of Alcoholic Beverages and Lottery Operations.**
- 6. The Joint Standing Committee having jurisdiction over alcoholic beverages should address the issue of transferring agency licenses from one person to another and the time period within which agents must pay the Bureau of Alcoholic Beverages and Lottery Operations for the purchase of their spirits inventory.**
- 7. Staffing levels within the Bureau of Liquor Enforcement should be addressed.**

I. Introduction

The Commission to Develop a Plan to Implement the Closure of State Liquor Stores was created pursuant to Public Law 2001, Chapter 358, Part V, Section V-5 during the First Regular Session of the 120th Legislature. The Commission was charged with developing a plan to effectuate an appropriate statewide liquor distribution system. In developing this plan, the Commission was directed to consider the effects on wholesale distribution and sales of closing state liquor stores and consider strategies for moving to a system that relies on agency stores for all retail sales. The law required the Commission to report its findings and recommendations to the Second Regular Session of the 120th Legislature by January 31, 2002.

The Commission's membership consisted of two Senators, two members of the House of Representatives, one representative of state liquor store employees, two owners of agency liquor stores, one representative of the Department of Administrative and Financial Services, Bureau of Alcoholic Beverages and Lottery Operations and one representative of the Department of Public Safety, Bureau of Liquor Enforcement.

The Commission held a total of six meetings. Steps the Commission took in order to gather the information necessary to report findings and make recommendations include: review of the state's current spirits distribution system; solicitation of input from the warehouse and trucking company that are currently contracted to distribute spirits throughout the state; surveying agency liquor stores concerning changes to the current distribution system; receiving presentations from the state health benefits and retirement system administrators regarding displaced state liquor store employees; and studying fiscal projections for a variety of spirits distribution systems.

II. Current State Spirits Distribution System

Maine is a "control" state with regard to the sale of spirits, meaning that, Maine has a monopoly on the distribution and sale of spirits in the state. Spirits are warehoused by the manufacturers at a bailment warehouse contracted by the state and then sold wholesale by the Bureau of Alcoholic Beverages and Lottery Operations (BABLO) to private agents licensed by the Bureau of Liquor Enforcement. State-run liquor stores sell liquor as a wholesale outlet directly to agents and licensees and to the consumer as a retail outlet. Beer and wine is wholesaled and distributed by private companies who hold both state and federal licenses. These distributors wholesale those products to licensed establishments who sell beer and wine for off-premise or on-premise consumption. This report deals only with the distribution and sale of spirits and fortified wine distributed by the state.

Spirits are distributed to *licensees* (bars, hotels and restaurants), who sell spirits to be consumed on the premises and to *agents* (retail establishments), who sell spirits to be consumed off of the premises. Agents either get their supply of spirits (in full cases only) from the bailment warehouse in Portland via the state-contracted trucking company or from any of the state-run liquor stores (in full cases or by the bottle). An agent may have their shipment transported from the warehouse by the state contracted trucking company if they order 10 full cases or more. Some agents rely completely on regional state stores for their inventory of spirits. Other agents use both the warehouse/trucking option for whole cases and the state stores for brands of limited demand or

to replace depleted stock in between deliveries from the warehouse. Agents may purchase split cases from the regional state stores. The fact that only full cases may be purchased by agents from the warehouse is a central issue, as this report will indicate. Licensees get their supply of spirits from the state stores or from agents who have a federal wholesale stamp which permits them to sell spirits to on-premise licensees on behalf of the state. Licensed agency liquor stores are prohibited from selling spirits to other licensed agency liquor stores.

Agents buy spirits from the state at a discount of the retail price ranging from 9% to 12% based on the price of the bottle. Agents sell those spirits based on the list price set by the Bureau of Alcoholic Beverages and Lottery Operations. An outline of the current spirits distribution system is provided in the table on page 3.

CURRENT SPIRITS DISTRIBUTION SYSTEM		
	On-Premise Licensees (Bars and Restaurants)	Off-Premise Agents
How they get their spirits product	<ul style="list-style-type: none"> ▪ Regional state store – pick-up ▪ Agents with a Federal Wholesale Stamp – pick-up or delivery (depending on agent) 	<ul style="list-style-type: none"> ▪ Trucking delivery ▪ Regional state Store – pick-up ▪ Fore River Warehouse – pick-up (currently, this option is rarely used) <p><i>Agents may not wholesale to other off-premise agents</i></p>
Costs/Fees for delivery	<ul style="list-style-type: none"> ▪ No costs associated with other delivery mechanisms unless agent with a Federal wholesale stamp opts to charge a flat fee for delivery 	<ul style="list-style-type: none"> ▪ State absorbs cost for trucking delivery
Order minimums and splits	<ul style="list-style-type: none"> ▪ Truck delivery from Fore River Warehouse: <i>10 case minimum with no split cases permitted</i> ▪ State store pick-up: <i>no minimum, can purchase wholesale by the case or by the bottle</i> ▪ Agent with a Federal Wholesale Stamp: <i>order and split criteria determined agent by agent</i> 	<ul style="list-style-type: none"> ▪ Truck delivery from Fore River Warehouse: <i>10 case minimum with no split cases permitted</i> ▪ State store pick-up: <i>no minimum, can purchase wholesale by the case or by the bottle</i>
Trucking delivery schedule	<ul style="list-style-type: none"> ▪ Varies...mostly weekly, some bi-weekly 	<ul style="list-style-type: none"> ▪ Larger agents may receive twice weekly deliveries if convenient to I-95, most deliveries are weekly, some bi-weekly
Minimum number of labels required in stock		<ul style="list-style-type: none"> ▪ Agents located in a town with less than 6,000 population must carry a minimum of 100 labels ▪ Agents located in a town with a population greater than 6,000 must maintain \$10,000 in inventory
Wholesale discount available	<ul style="list-style-type: none"> ▪ Licensees pay the same price as the retail consumer whether product comes from the state store/warehouse or from an agent with a Federal Wholesale Stamp 	<p>Sliding scale based on bottle value when purchasing wholesale</p> <ul style="list-style-type: none"> ▪ 9% discount for bottles \$14.99 and under ▪ 10% discount for bottles \$15.00 to 24.99 ▪ 12% discount for bottles \$25.00 and above <p><i>(An agency liquor store may not sell spirits and fortified wine to on-premise licensees for less than 103% of the list price.)</i></p>

III. Closure of State Liquor Stores

After prohibition was repealed in 1934, spirits were sold in Maine for off-premise consumption only from state-run liquor stores. At one time the state operated as many as 70 liquor stores. By 1987, the liquor laws were amended to permit retail establishments to sell spirits

on behalf of the state. Over time, the number of state stores began to decrease and the number of private licensed agents increased. Immediately prior to the enactment of PL 2001, Chapter 358, part V, which created this study commission and directed the Bureau of Alcoholic beverages to close 14 state liquor stores by the end of 2002, the state continued to operate 27 liquor stores. A copy of this law can be found in Appendix A of this report.

Chapter 358, part V mandated the closure of eight state stores by December 31st 2001 and six more stores between June 1st 2002 and December 31st 2002. Under this law, the Bureau of Liquor Enforcement is authorized to license up to six private agents in a municipality with a population over 20,000 and up to three in other municipalities where one state store was closed. Municipalities with a population over 20,000 would typically have two state liquor stores. Thus, the ratio for state store replacement would be three private agents for each state store closed. This provision was intended to provide for enough private retail outlets to compensate for the loss of sales made at the closed state Stores in order maintain the level of revenue to the General Fund from the sale of spirits. State stores recognize a greater profit from the sale of spirits than agents because they get their spirits inventory at the wholesale price. Agents get their spirits inventory from the state at a discount of the retail price. Thus, it will take, on average, three private licensed agents providing revenue to the General Fund to equal one state Store.

Public Law 2001, Chapter 358, Part V mandates that the Department of Administrative and Financial Affairs, Bureau of Alcoholic Beverages and Lottery Operations:

- Close 8 state stores by December 31, 2001
- Close 6 state stores not before June 1, 2002 but before December 31, 2002

Public Law 2001, Chapter 358, Part V authorizes the Bureau of Liquor Enforcement to license agents to replace closed state stores as follows:

- In municipalities with a population of 20,000 or more where a state store is closed, the bureau may license up to 6 replacement agency stores
- In other municipalities where 1 state store is closed, the bureau may license up to 3 replacement agency stores

IV. Distribution Models Considered

Recognizing that many licensed agents rely upon the regional state liquor stores for all or some of their spirits inventory, significant adjustments to the distribution system currently in place would be necessary in the wake of the closure of all state stores. Closing only some of the state stores, leaving the rest to serve as wholesale/retail outlets may only require minor adjustments to the state's current spirits distribution system. The commission looked at many factors when considering models for a revised spirits distribution system, including: impact on General Fund revenue; increased capital and inventory requirements for agents; adequacy of distribution to agents (particularly rural agents); ability to license enough replacement agency stores;

displacement of state liquor store employees; availability of product and specialty items; and the cost of offering split cases from the warehouse.

Many agents are not able to purchase their inventory in full-cases because of the lack of storage space, capital or because the demand for a particular brand that they stock is limited. Thus, they must rely on the state stores where they can purchase a split case or an individual bottle of product. The requirement that an agent purchase a minimum of 10 full cases in order to receive delivery from the warehouse via the state contracted trucking company also proves to be problematic for many smaller agents primarily because of the up-front capital needed to make such a purchase and storage space requirements. In order for agents to operate in a system without state stores, the commission concluded that it would be necessary to alter the operation at the Fore River warehouse to allow for the purchase of split cases of spirits product. Thus, agents or licensees could purchase what they can stock and sell rather than a full case of product. No conclusion was reached with regard to the need to reduce the 10 case minimum required by the warehouse for shipping to agents.

Changes to the warehouse distribution system would greatly increase the cost of operation at Fore River. A significant investment would be necessary if the warehouse were to split cases of spirits for distribution – known as a “picking.” These costs would be passed on to the state through its contract with Fore River. The commission agreed that the additional costs incurred due to expanding warehouse operations to include picking should not be borne by the agents through fees or delivery charges but instead should be assumed by BABLO. Fore River’s representative also indicated to the commission that they would have to take into consideration the length of the contract offered by the state, which is currently three years. If the warehouse were to undertake a picking operation and distribute split cases of spirits, a change in the term of the contract with Fore River might also be necessary. The commission determined that going forward with a split case operation at the warehouse would not make good business sense if BABLO continued to operate state stores as wholesale outlets that provide split cases to agents. The expense of operating state stores while paying for a picking operation through the warehouse contract would be counterproductive. Also, the representative from Fore River stated to the commission that they would be hesitant to invest in a picking operation if they were not the exclusive distributor of split cases to agents.

Frequency of delivery also emerged as an issue as the commission looked at potential distribution models that were based on all of the state stores being closed. Commission members were unable to determine what a delivery schedule would look like if all of the state stores were closed. Trucking company representatives told the commission that it would be difficult to predict the frequency of delivery to agents because it is unknown how many replacement agents would ultimately be licensed, where those agents would be located and how much product new and existing agents would need to be transported. Those representing agents shared with the commission that many agents have limited inventory space and may not have enough up-front capital to satisfy the 10-case minimum. Thus, bi-weekly or even weekly deliveries might not be feasible for them. It was unclear from the information gathered, if agents that are located far from the major transportation route of Interstate 95 could sustain their spirits sales having only weekly deliveries from the warehouse under a system that included no state stores. Some commission members voiced their concerns about the effect a complete reliance on truck deliveries from the warehouse would have on agents’ business, particularly those agents located far from the Interstate

95 corridor. Based on anecdotal evidence and results from a survey sent to licensed agents by the commission, agents' business would suffer if state stores were no longer available to them as wholesale outlets and they were forced to rely solely on receiving shipments from the warehouse by truck. Believing that a distribution system without state stores would negatively impact small businesses with agency licenses, some members expressed their concern about the subsequent impact on General Fund revenue.

All members agreed that, in order to make up for the sales lost by closing the state stores, existing privately-owned agency stores need to stay in business and available licenses for new agents must be filled by successful retailers of spirits. Licensing agents to replace closed stores will place a significant burden on the Bureau of Liquor Enforcement. In addition to its enforcement responsibilities, the bureau is responsible for licensing establishments to sell spirits, malt liquor, wine and fortified wine for on-premise or off-premise consumption as well as wholesale distributors of beer and wine, farm wineries and small-breweries in the state. In order to provide the administrative and enforcement services necessary to implement the closure of state liquor stores, the Bureau of Liquor Enforcement will require additional staff.

After identifying the primary factors necessary to consider the development of a new statewide spirits distribution system, the commission deliberated over the following three options:

Option 1:

- Close all 19 remaining state stores
- License private agents to replace closed state stores
- Expand warehouse operations to include "picking"
- Make necessary adjustments to trucking operation

Option 2:

- Close 6 more state stores between June 1, 2002 and December 31, 2002 pursuant to Public Law 2001, Chapter 358, Part V
- Maintain 13 stores as wholesale and retail establishments
- License private agents to replace closed state stores
- No expansion of operations at the warehouse*

Option 3:

- Close no more state stores
- Maintain remaining 19 state stores
- License private agents to replace closed state stores
- No expansion of operations at the warehouse

V. Fiscal Projections

During its December meeting the commission looked at fiscal projections for the three distribution models. The Legislature's Office of Fiscal and Program Review presented a financial analysis that projected the impact that each distribution model would have on the General Fund. The projections extended to the 2005 fiscal year. Detailed information on these projections can be found in Appendix E of this report.

In summary, each of the three distributions models would have an impact on the General Fund as follows:

Distribution Model	Fiscal Projections
<p>OPTION 1 Close all state stores and replace with private agents Splits at the warehouse Increased trucking operations</p>	<p>Overall level of GF revenue will increase from 2002 levels. Transfers to GF will steadily increase more than options 2 and 3. GF will see a significant jump after FY 2003 when the separation from the state stores is complete.</p>
<p>OPTION 2 Current law – amended to stop closures after next round Close additional six stores leaving 13 No splits at the warehouse</p>	<p>Overall level of GF revenue will increase from 2002 levels. Transfers to the GF will increase less than option 1 but more than option 3. Transfers will flatten out after FY 2005 and then decrease as the cost of state store operations goes up.</p>
<p>OPTION 3 Amend current law to stop closures now Maintain remaining 19 stores No splits at the warehouse</p>	<p>Overall level of General Fund revenue will increase from 2002 levels, but less than options 1 and 2. Transfers will continue to decrease as the cost of state store operation goes up.</p> <p>Eventual loss to the General Fund will be greater than with Option 2 because of the operation of additional 6 state stores.</p>

VI. Recommendations

The Commission to Develop a Plan to Implement the Closure of State Liquor Stores makes the following recommendations:

- 1. The Bureau of Alcoholic Beverages and Lottery Operations shall continue to operate the remaining 19 state liquor stores.** A majority of the commission support maintaining the 19 state stores currently in operation after the closures implemented in 2001. Because of current spirits sales trends, any option considered by the commission would result in an increase from 2002 General Fund transfers. Compared to the other options maintaining 19 stores is the most expensive, but it is unclear at this time whether or not a distribution system with fewer than 19 stores will satisfy the needs of agents and licensees in the state. As a control state, Maine is obligated to ensure that its residents from North to South have access to spirits. With 19 state stores as wholesale/retail outlets, the impact on existing agents should be minimal. Thus, the state's obligation to ensure access to spirits will continue to be met. Instituting a distribution system without state stores too quickly could potentially result in a loss of agents that sell spirits. Investing in a "picking" operation at the Fore River warehouse is premature until there is a better understanding how the spirits distribution system will need to change factoring the increasing number of licensed private agents and the reduced number of state stores.
- 2. The Bureau of Alcoholic Beverages and Lottery Operations shall report annually to the Joint Standing Committee having jurisdiction over alcoholic beverages regarding the effectiveness and administrative costs of the state's spirits distribution system.** After one year with 19 state stores more information will be available to consider closing the remaining stores and revising the current spirits distribution system. BABLO will be able to report on warehouse and state store operations as wholesale outlets, current spirits sales, and the costs of running state stores. This information will be necessary if the next Legislature chooses to consider closing the remaining state stores.
- 3. Amend current law to repeal the 3.5-mile radius requirement for the location of agency liquor stores.** In order to maintain the current level of General Fund revenue from the sale of spirits, enough private agents must be licensed to make up for the sales lost from the 8 closed state stores. The Bureau of Liquor Enforcement is unable to license the necessary amount of agents under the current 3.5-mile provision.
- 4. Amend current law to require all private agents licensed to replace a closed state store to obtain a Federal Wholesale Stamp in order to sell spirits at the list price to licensees on behalf of the state.** With the closure of 8 state stores it is important to ensure that licensees (bars, restaurants, hotels) are able to easily access spirits to sell to their customers for on-premise consumption. Requiring agents that will be licensed to replace closed state stores be re-selling agents will ensure that licensees get the product they need and should be only a minor expense to the agent.
- 5. Amend current law to require that all spirits be sold at the list price.** BABLO establishes the list price at which all spirits must be sold. Current law states that an agent

may not sell spirits for less than 103% of the price they paid for the spirits at wholesale and that they may not sell spirits for more than the list price set by BABLO except to on-premise licensees. Thus, an agent may sell to a license for a higher price than what regular customer of the agent would pay. The price of spirits is established to maintain a consistent revenue stream to the General Fund. In order for the system of spirits sales to be successful in maintaining that revenue, the price that BABLO sets should be the price that spirits are sold for without exception and regardless of to whom they are sold.

- 6. The Joint Standing Committee having jurisdiction over alcoholic beverages should address the issue of transferring agency licenses from one person to another and the time period within which agents must pay the BABLO for the purchase of their spirits inventory.** Commission members representing private agents expressed their concerns about current law governing the transfer of agency licenses in the event of the death of an agent or when an agent wants to sell his or her business. In addition, those representing agents suggested that the law that requires agents to submit payment to BABLO within 3 days of receipt of their spirits inventory be amended to allow up to 10 days for payment . The commission supports a thorough review of these issues but agreed that these issues are beyond the scope of the commission’s current charge.

- 7. Staffing levels within the Bureau of Liquor Enforcement should be addressed. The** commission agrees that the current level of staffing at the Bureau of Liquor Enforcement is inadequate to perform its administrative and enforcement duties in the wake of the closure of state liquor stores. The commission recognizes that the state’s current fiscal situation is not conducive to increasing the number of positions within a state agency. However, the commission recommends that the Joint Standing Committee having jurisdiction over Liquor Enforcement should address the issue of staffing recognizing the level of available state resources.

* Commission agreed that picking would be necessary to service new and existing private agents if only 13 state stores were open. However, warehouse representatives would be unlikely to expend operations if they were not exclusive distributor of split cases.

APPENDIX A

Public Law 2001, Chapter 358, Part V

PUBLIC LAWS 2001, CHAPTER 358, PART V

PART V

Sec. V-1. 28-A MRSA §403, as amended by PL 1997, c. 755, §1, is repealed.

Sec. V-2. 28-A MRSA §453-B, as repealed and replaced by PL 1993, c. 509, §5, is repealed and the following enacted in its place:

§453-B. License fees

The initial license fee for an agency liquor store is \$2,000 and the renewal fee for an annual license is \$300.

Sec. V-3. Closure of 14 state liquor stores. Notwithstanding any other provision of law, the Department of Administrative and Financial Services, Bureau of Alcoholic Beverages and Lottery Operations is directed to implement the closure of 8 state liquor stores by December 31, 2001. No sooner than June 1, 2002, but not later than December 31, 2002, the department is directed to close an additional 6 state liquor stores and to close additional stores based on the recommendations of the Commission to Develop a Plan to Implement the Closure of State Liquor Stores.

Sec. V-4. State liquor stores to be closed.

1. Replacement of state liquor stores. The Department of Administrative and Financial Services, Bureau of Alcoholic Beverages and Lottery Operations may license up to 6 agency stores in a municipality with a population over 20,000 where a state liquor store has been closed and up to 3 agency stores in a municipality where a state liquor store has been closed. The Department of Administrative and Financial Services, Bureau of Alcoholic Beverages and Lottery Operations shall establish monthly discounts for all agency stores. The issuance of an agency liquor store license and the operation of agency liquor stores licensed pursuant to this Part are governed by the Maine Revised Statutes, Title 28-A, chapter 19.

2. Requirement of at least one replacement agency liquor store before closing. A state liquor store may not be closed unless at least one replacement agency liquor store with a federal wholesale registration and licensed as a reselling agent has been licensed within 10 miles of the state store being closed or unless the Director of the Bureau of Alcoholic Beverages and Lottery Operations within the Department of Administrative and Financial Services determines that reasonable alternative access is available to persons who previously purchased spirits from the state liquor store being closed.

3. Assistance to employees. The State shall provide assistance within existing programs to employees who are laid off as a result of the closing of state liquor stores. This assistance may include, but is not limited to, retraining, career planning and assistance in obtaining other employment and may be provided before or after an employee leaves state employment.

4. Funding employee assistance. Notwithstanding any other provision of law, the State Budget Officer is authorized to transfer by financial order upon approval of the Governor amounts between line categories within the Alcoholic Beverages - General Operations program during fiscal year 2001-02 to provide up to \$450,000 to fund employee assistance costs for full-time and part-time state liquor store employees for whom reasonable alternative state government employment is not available or can not be found, and the Department of Administrative and Financial Services, Bureau of Employee Relations shall negotiate with the applicable bargaining agent regarding the assistance provided as well as the eligibility criteria for assistance. The State Budget Officer shall provide quarterly status reports to the joint standing committees of the Legislature having jurisdiction over appropriations and financial affairs and legal and veterans affairs beginning April 30, 2001. The report must include an update on the implementation of this section and all transfers from the General Fund Salary Plan program.

Sec. V-5. Commission to Develop a Plan to Implement the Closure of State Liquor Stores. The Commission to Develop a Plan to Implement the Closure of State Liquor Stores is established in accordance with the following.

1. Membership. The commission consists of the following members:

- A. Two Senators, appointed by the President of the Senate;
- B. Two members of the House of Representatives, appointed by the Speaker of the House;
- C. One member representing the employees of state liquor stores, appointed jointly by the President of the Senate and the Speaker of the House;
- D. Two owners of agency liquor stores, appointed jointly by the President of the Senate and the Speaker of the House;
- E. One representative of the Department of Administrative and Financial Services, Bureau of Alcoholic Beverages and Lottery Operations, appointed by the Governor; and
- F. One representative of the Department of Public Safety, Bureau of Liquor Enforcement, appointed by the Governor.

2. Appointments; meetings. Appointments must be made no later than 30 days after the effective date of this Act. The first named Senate member is the Senate chair; the first named House member is the House chair. The appointing authorities shall notify the Executive Director of the Legislative Council once the appointments have been made. The Executive Director of the Legislative Council shall notify the chairs when all appointments have been made. The chairs of the commission shall call and convene the first meeting of the commission any time after the effective date of this Act.

3. Duties. The commission shall develop a plan to effectuate an appropriate statewide liquor distribution system. In developing its plan, the commission shall consider the effects on wholesale distribution and sales of closing state liquor stores and consider strategies for moving to a system that relies on agency stores for all retail sales to the extent that does not negatively affect state revenue.

4. Report. The commission shall submit its report, together with legislation necessitated by the closing of state liquor stores, to the Second Regular Session of the

120th Legislature no later than January 31, 2002. If the commission requires an extension of time to make its report, it may apply to the Legislative Council, which may grant the extension.

5. Staff assistance. Upon approval of the Legislative Council, the Office of Policy and Legal Analysis shall provide staffing assistance to the commission.

6. Compensation. The members of the commission who are Legislators are entitled to receive the legislative per diem, as defined in the Maine Revised Statutes, Title 3, section 2, and reimbursement for travel and other necessary expenses related to their attendance at authorized meetings of the commission. Other members of the commission who are not compensated by their employers or other entities that they represent are entitled to receive reimbursement for travel and other necessary expenses related to their attendance at authorized meetings.

7. Budget. The chairs of the commission, with assistance from the commission staff, shall administer the commission's budget. The commission may not incur expenses exceeding its approved budget. Upon request from the commission, the Executive Director of the Legislative Council shall promptly provide the commission and its staff with a status report on the commission's budget, expenditures incurred and remaining available funds.

Sec. V-6. Appropriation. The following funds are appropriated from the General Fund to carry out the purposes of this Part.

2001-02

LEGISLATURE

Commission to Develop a Plan to Implement the Closure of State Liquor Stores

Personal Services \$1,320
All Other 2,600

Provides funds for the per diem and expenses of legislative members and other eligible members of the Commission to Develop a Plan to Implement the Closure of State Liquor Stores and to print the required report.

LEGISLATURE _____

TOTAL \$3,920

Sec. V-7. Allocation. The following funds are allocated from the Alcoholic Beverage Fund to carry out the purposes of this Part.

2001-02 2002-03

ADMINISTRATIVE AND FINANCIAL SERVICES, DEPARTMENT OF Alcoholic Beverages - General Operation

Unallocated (\$100,684) (\$1,998,640)

Deallocates funds from savings that result from closing 8 state liquor stores by December 31, 2001, the elimination of discount store provisions and closing an additional 6 state liquor stores by December 31, 2002 but no earlier than June 1, 2002.

Sec. V-8. Calculation and transfer. Notwithstanding the Maine Revised Statutes, Title 5, section 1585, in fiscal year 2001-02 and 2002-03 the State Budget Officer shall calculate the amounts in section 7 of this Part that apply against each affected line category based on information submitted by the Department of Administrative and Financial Services, Bureau of Alcoholic Beverages and Lottery Operations and shall transfer the calculated amounts by financial order upon the approval of the Governor. These transfers must be considered adjustments to allocations in fiscal years 2001-02 and 2002-03. The State Budget Officer shall provide the joint standing committee of the Legislature having jurisdiction over appropriations and financial affairs and the joint standing committee of the Legislature having jurisdiction over legal and veterans affairs with a report of the transferred amounts no later than September 30, 2002.

APPENDIX B

Commission Membership

**COMMISSION TO DEVELOP A PLAN TO IMPLEMENT THE CLOSURE OF
STATE LIQUOR STORES**

PL 2001, Ch. 358, Part V

As Of Wednesday, February 06, 2002

Appointment(s) by the Governor

Lynn Cayford
87 State House Station
Bureau of Alcoholic Beverages & Lottery
Augusta, Maine 04333-0001
Representing the Bureau of Liquor Enforcement

Eben Marsh, Director
Bureau of Alcoholic Beverages & Lottery
8 State House Station
Augusta, Maine 04333-0001
Representing the Bureau of Alcoholic Beverages

Appointment(s) by the President

Sen. Beverly C. Daggett **Chair** Senate Member
16 Pine Street
Augusta, ME 04330
(207)-622-9053

Sen. Mary E. Small Senate Member
175 Oak Street
Bath, ME 04530
(207)-443-2220

Appointment(s) by the Speaker

Rep. John L. Tuttle, Jr. **Chair** House Member
176 Cottage Street
Sanford, ME 04073
(207)-324-5964

Rep. Arthur Mayo House Member
83 Green Street
Bath, ME 04530
(207)-442-8053

Joint Appointment(s)

Agent Paul Klotzle Representing Owners of Agency Liquor Stores
Bayside Liquors
53 Main Street
Bar Harbor, ME 04609

Jack Weisman Representing Employees of State Liquor Stores
Manager, No. Windham Store
9 East Chestnut Street
Mechanic Falls, ME 04699

Peter Welch Representing Owners of Agency Liquor Stores
RSVP
887 Forest Avenue
Portland, ME 04103

APPENDIX C

Meeting Agendas

**COMMISSION TO DEVELOP A PLAN TO IMPLEMENT THE CLOSURE OF THE
STATE LIQUOR STORES**

FIRST MEETING – WEDNESDAY, AUGUST 15, 2001

A G E N D A

- I. Welcome and Introductions
- II. Review of Public Law that Created the Study
 - Part I Budget with Amendments
 - Part II Budget minor changes
 - Study Committee's Duties
- III. For Discussion – Models for Spirits Distribution After Mandated Closure of 14 Stores by June of 2002
 - See handout
- IV. Planning for Future Meetings
 - Scheduling
 - Information Requests
- V. Adjourn

**COMMISSION TO DEVELOP A PLAN TO IMPLEMENT THE CLOSURE OF THE
STATE LIQUOR STORES**

SECOND MEETING – WEDNESDAY, AUGUST 22, 2001

A G E N D A

- I. Welcome and Introductions
 - Review of Commission charge if necessary
- II. Review of Current Spirits Distribution System
 - On-Premise Licensees – Bars and Restaurants
 - Off-Premise Agents
- III. Potential Models for a New Spirits Distribution System
 - Worksheet Provided
 - Models, possible options and needs for each model and potential issues relative to each model
 - Discussion of Models
 - Representatives from Fore River Warehouse and SPC Trucking available for questions and comment (Fore River Warehouse – Dick McCallum, SPC Trucking – Bryant Zerbato)
- IV. Additional Information from Commission Members
 - BABLO – Eben Marsh
 - Liquor Enforcement – Lynn Cayford
- V. Discussion of Commission Progress to Date
 - Planning for next meeting – Determining fiscal implications of potential distribution models
- VI. Adjourn

COMMISSION TO DEVELOP A PLAN TO IMPLEMENT THE CLOSURE OF THE
STATE LIQUOR STORES

THIRD MEETING – WEDNESDAY, SEPTEMBER 5, 2001

A G E N D A

- I. Welcome and Introductions
- II. Review of Potential Distribution Models

Commission to discuss potential distribution models and potential fiscal implication for each. Grant Pennoyer from OFPR to be available. Some data to be provided (as requested) by BABLO.
- III. Review Draft Questions for Agent Survey
 - See handout, discuss format of survey
- IV. Planning for Future Meetings
 - Scheduling
- V. Adjourn

COMMISSION TO DEVELOP A PLAN TO IMPLEMENT THE CLOSURE OF THE
STATE LIQUOR STORES

THIRD MEETING – WEDNESDAY, SEPTEMBER 5, 2001

A G E N D A

- I. Welcome and Introductions
- II. Fiscal Implications of Potential Distribution Models
 - “Costing out” each model
 - Where would state stores be located in a dual distribution system (recommendations and map)
- III. Agent Survey Results
- IV. Employee Benefits
- V. Commission Recommendation for Spirits Distribution Plan
- VI. Planning for Future Meetings
 - Next meeting: If final recommendation made, review draft report?
- VII. Adjourn

**COMMISSION TO DEVELOP A PLAN TO IMPLEMENT THE CLOSURE OF THE
STATE LIQUOR STORES**

WEDNESDAY, DECEMBER 5, 2001

A G E N D A

- I. Welcome and Introductions
- II. Employee Benefits
Tanya Dennis, Health Benefits Administrator - DAFS
- III. Fiscal Implications of Potential Distribution Models
Spirits revenue projections (current law – 8 stores closed)
“Costing out” each model
Grant Pennoyer, Director – OFPR
- IV. Agent Survey Results
- V. Commission Recommendation for Spirits Distribution Plan
Discuss necessary amendments to the liquor statutes.
- VI. Planning for Future Meetings
Next meeting: If final recommendation made, review draft report?
- VII. Adjourn

COMMISSION TO DEVELOP A PLAN TO IMPLEMENT THE CLOSURE OF THE
STATE LIQUOR STORES

JANUARY 11TH MEETING

A G E N D A

- I. Review fiscal implication of 3 distribution options (attached)
 - A. 19 stores remaining – no splits at warehouse
 - B. 13 stores remaining – splits at warehouse/no splits at warehouse
 - C. All stores closed
- II. Commission recommendations
- III. Statutory language changes
 - A. 3.5 mile radius (draft attached for discussion)
 - B. Denial of license based on proximity to existing agent (draft attached for discussion)
 - C. Other changes necessitated by Commission recommendations
- IV. Other issues to be addressed in commission report
 - A. Transfer of license?
 - B. Method of payment – spirits?
 - C. Other ?
- V. Set meeting date for review of report
assuming recommendations are made at today's meeting

APPENDIX D

Agent Survey

LICENSED AGENTS SURVEY

Commission to Develop a Plan to Implement the Closure of State Liquor Stores

1. Please tell us the name of your licensed agency store and the town/city where it is located.

2. What percentage of your spirits inventory do you receive from the Fore River Warehouse via SPC Trucking?

<input type="checkbox"/> None	<input type="checkbox"/> 31- 40%	<input type="checkbox"/> 71- 80%
<input type="checkbox"/> 1 - 10%	<input type="checkbox"/> 41 - 50%	<input type="checkbox"/> 81- 90%
<input type="checkbox"/> 11- 20%	<input type="checkbox"/> 51 - 60%	<input type="checkbox"/> 91- 100%
<input type="checkbox"/> 21- 30%	<input type="checkbox"/> 61- 70%	

3. How frequently do you receive a delivery?

<input type="checkbox"/> More than once per week	<input type="checkbox"/> At least once every 2 weeks
<input type="checkbox"/> At least weekly	<input type="checkbox"/> I do not receive warehouse deliveries

4. If your delivery schedule is inadequate please tell us why.

5. What percentage of your spirits inventory do you get from a state liquor store?

<input type="checkbox"/> None	<input type="checkbox"/> 31- 40%	<input type="checkbox"/> 71- 80%
<input type="checkbox"/> 1 - 10%	<input type="checkbox"/> 41 - 50%	<input type="checkbox"/> 81- 90%
<input type="checkbox"/> 11- 20%	<input type="checkbox"/> 51 - 60%	<input type="checkbox"/> 91- 100%
<input type="checkbox"/> 21- 30%	<input type="checkbox"/> 61- 70%	

6. Do you utilize the state store mainly for splits on certain products? yes no

7. How often do you visit a state store to purchase wholesale product?
 every day four times a week two times a week once a week
 less often never

8. What is the distance from your agency location to the nearest state store (in miles)?

9. Do you have a federal wholesale stamp that enables you to sell spirits to bars/restaurants? yes no

10. How many codes of spirits do you ordinarily stock?

11. If a greater discount on spirits were available, how likely would you be to purchase that product in a full case if you normally only purchase that product as a split case?
 very likely somewhat likely no change somewhat unlikely
 very unlikely

12. Please share with the commission any additional comments you may have regarding the distribution of spirits to licensed agents and your thoughts on the closure of state liquor stores.

LICENSED AGENTS SURVEY—Response Sheet
Commission to Develop a Plan to Implement the Closure of State Liquor Stores
(64% response rate—199 Surveys sent. 128 Surveys returned.)

2. What percentage of your spirits inventory do you receive from the Fore River Warehouse via SPC Trucking? **126 Responses**

	(#)	(%)		(#)	(%)
<u>A</u> None	(77)	(61%)	<u>G</u> 51 - 60%	(7)	(6%)
<u>B</u> 1 - 10%	(2)	(2%)	<u>H</u> 61 - 70%	(4)	(3%)
<u>C</u> 11 - 20%	(0)	(0%)	<u>I</u> 71 - 80%	(4)	(3%)
<u>D</u> 21 - 30%	(1)	(1%)	<u>J</u> 81 - 90%	(7)	(3%)
<u>E</u> 31 - 40%	(0)	(0%)	<u>K</u> 91 - 100%	(23)	(18%)
<u>F</u> 41 - 50%	(1)	(1%)			

3. How frequently do you receive a delivery? **113 Responses**

	(#)	(%)
<u>A</u> More than once per week	(9)	(8%)
<u>B</u> At least weekly	(27)	(24%)
<u>C</u> At least once every 2 weeks	(21)	(19%)
<u>D</u> I do not receive warehouse deliveries	(56)	(49%)

5. What percentage of your spirits inventory do you get from a state liquor store? **128 Responses**

	(#)	(%)		(#)	(%)
<u>A</u> None	(14)	(11%)	<u>G</u> 51 - 60%	(2)	(2%)
<u>B</u> 1 - 10%	(14)	(11%)	<u>H</u> 61 - 70%	(1)	(1%)
<u>C</u> 11 - 20%	(6)	(5%)	<u>I</u> 71 - 80%	(0)	(0%)
<u>D</u> 21 - 30%	(3)	(2%)	<u>J</u> 81 - 90%	(0)	(0%)
<u>E</u> 31 - 40%	(5)	(4%)	<u>K</u> 91 - 100%	(79)	(62%)
<u>F</u> 41 - 50%	(4)	(3%)			

6. Do you utilize the state store mainly for splits on certain products? **116 Responses**

	(#)	(%)		(#)	(%)
<u>Yes</u>	(63)	(54%)	<u>No</u>	(53)	(46%)

7. How often do you visit a state store to purchase wholesale product? **126 Responses**

	(#)	(%)		(#)	(%)
<u>A</u> every day	(1)	(1%)	<u>D</u> once a week	(59)	(47%)
<u>B</u> four times a week	(8)	(6%)	<u>E</u> less often	(17)	(14%)
<u>C</u> two times a week	(28)	(22%)	<u>F</u> never	(13)	(10%)

9. Do you have a federal wholesale stamp that enables you to sell spirits to bars/restaurants? **127 Responses**

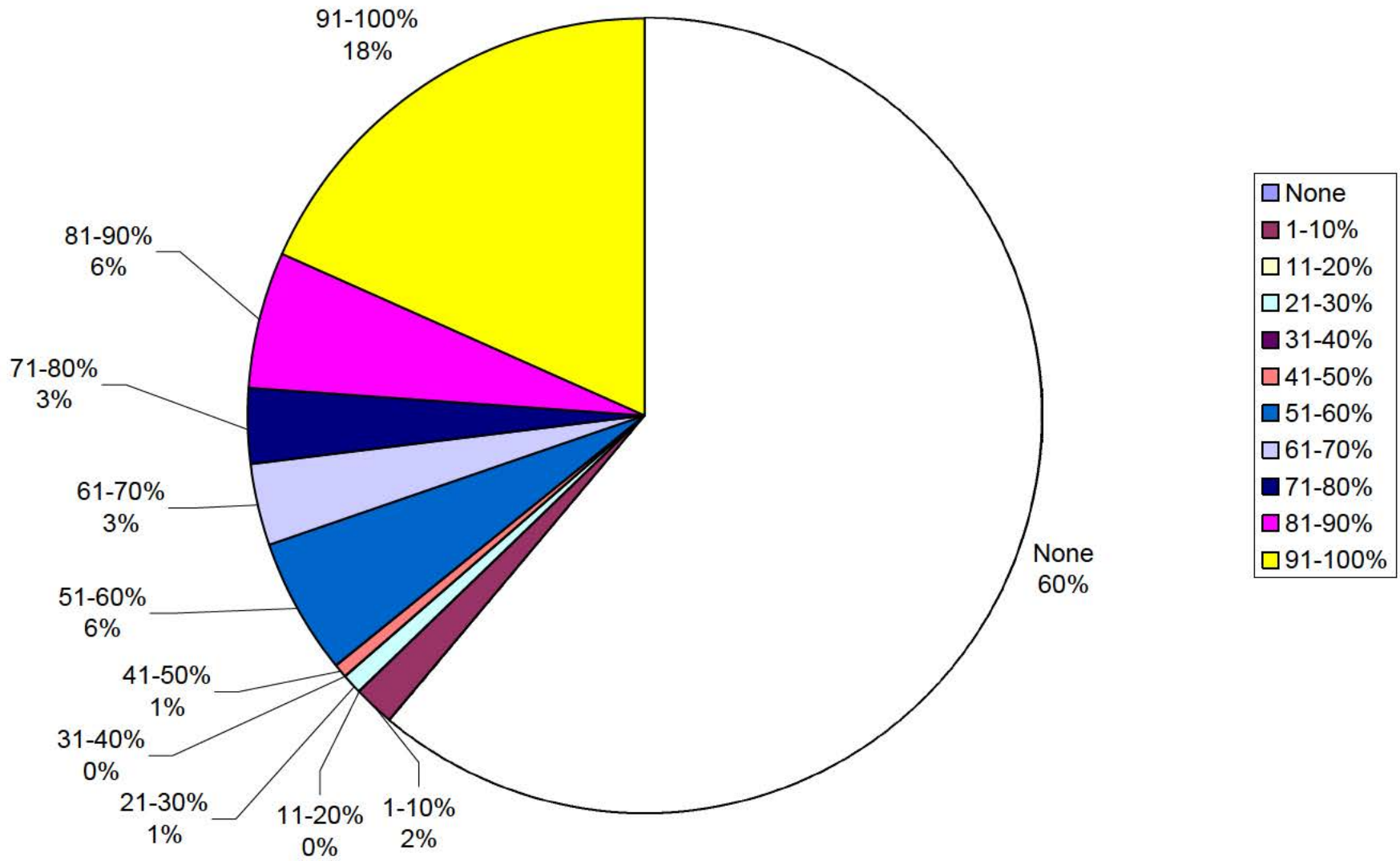
	(#)	(%)		(#)	(%)
<u>Yes</u>	(38)	(30%)	<u>No</u>	(89)	(70%)

11. If a greater discount on spirits were available, how likely would you be to purchase that product in a full case if you normally only purchase that product as a split case? **118 Responses**

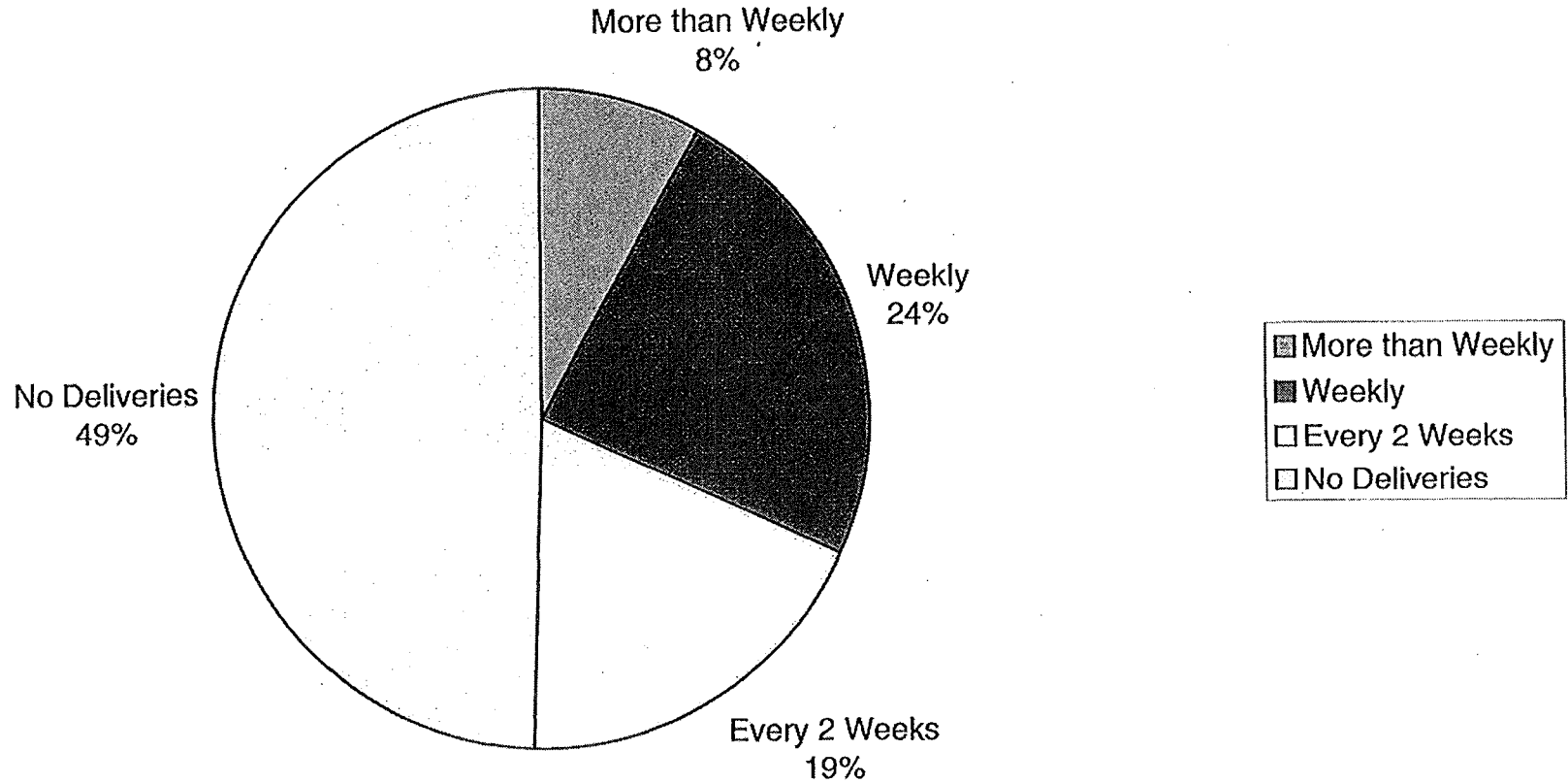
	(#)	(%)		(#)	(%)
<u>A</u> very likely	(43)	(36%)	<u>D</u> somewhat unlikely	(7)	(6%)
<u>B</u> somewhat likely	(34)	(29%)	<u>E</u> very unlikely	(13)	(11%)
<u>C</u> no change	(21)	(18%)			

NOTE: Percentage totals may not equal 100% due to rounding.

Q2 What % of your spirits do you receive from Fore River Warehouse via SPC Trucking?



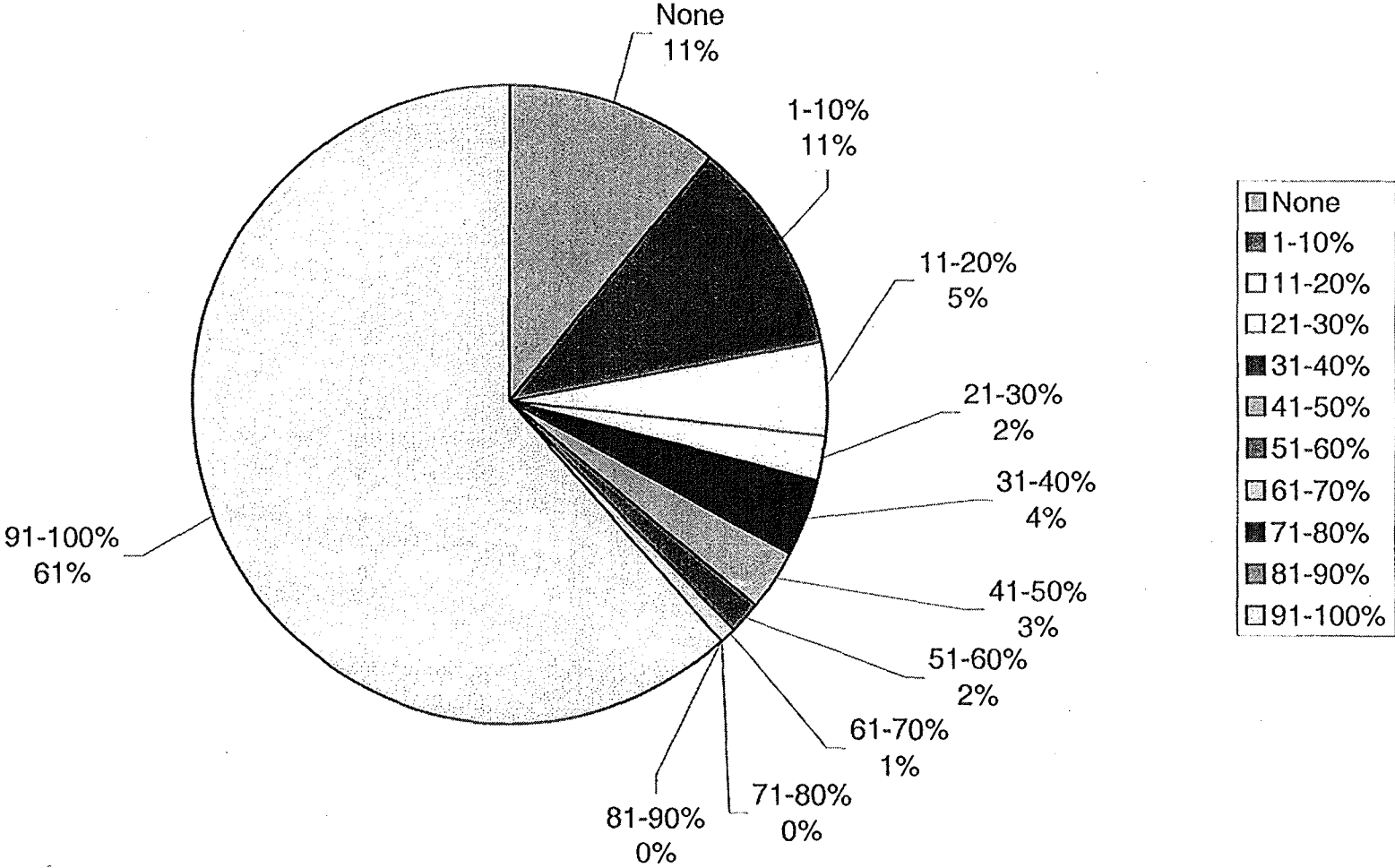
Q3 How frequently do you receive a delivery?



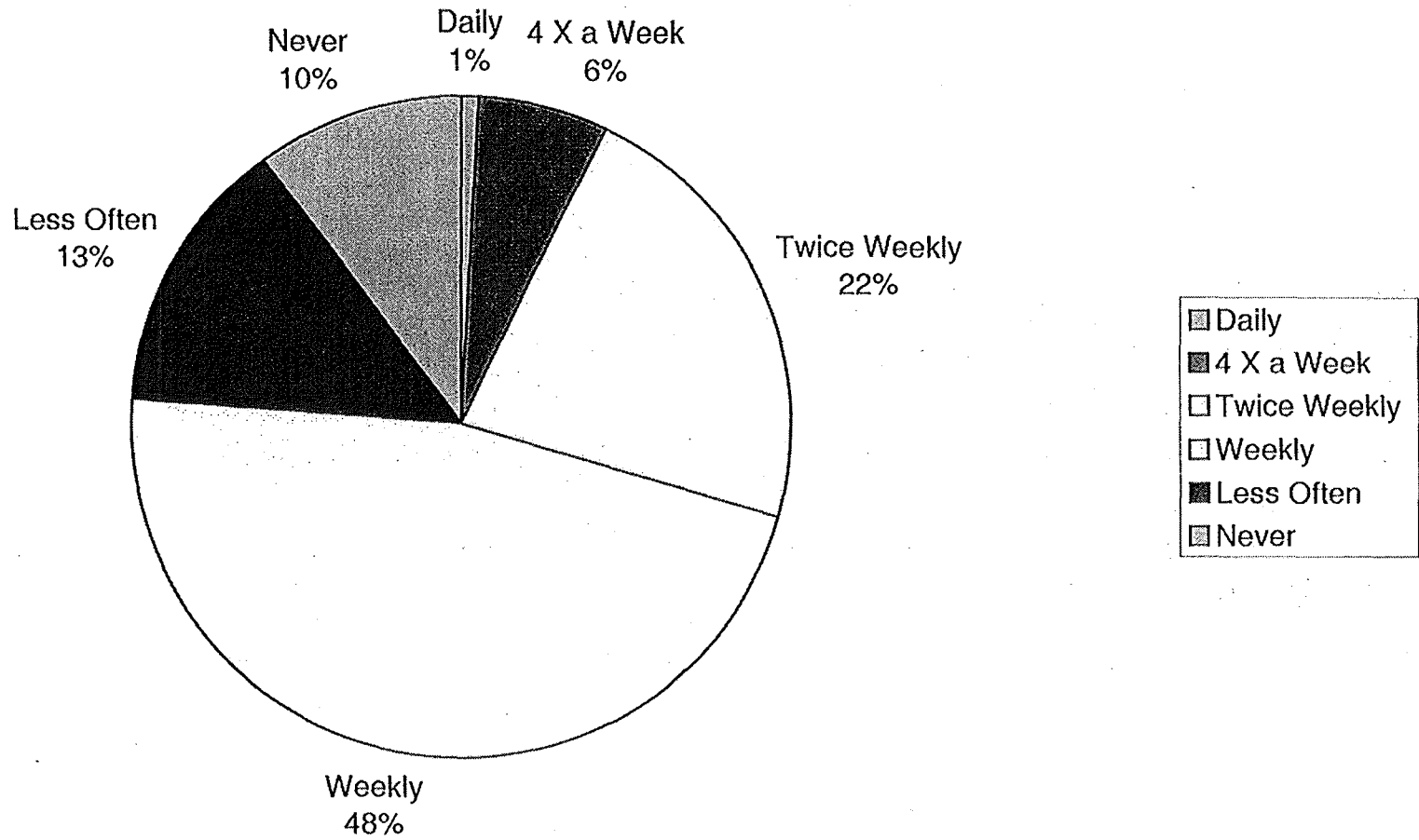
Q4 Is Your Delivery Schedule Inadequate?

Store #	Response
A103	N
A104	Y--too far
A118	N
A151	N
A157	N
A159	Y--too long from order to delivery
A162	N
A164	Y--See #12.
A171	Pickup our own.
A181	N
A186	Y--too many cases in one delivery.
A200	Y--See #12.
A201	Y--See #12.
A219	Y--See #12.
A230	Y--See #12.
A243	Y--need delivery time.
A250	Y--See #12.
A255	Y--timing inconvenient.
A274	Y--need 2nd delivery in summer months.
A277	Y--timing inconsistent.
A278	Y--should be weekly, min.10 cases.
A280	Y--timing inconsistent/inconvenient.
A281	Pickup our own.
A297	N
A298	Pickup our own.
A310	Pickup our own.
A311	N
A313	Y--timing inconvenient.

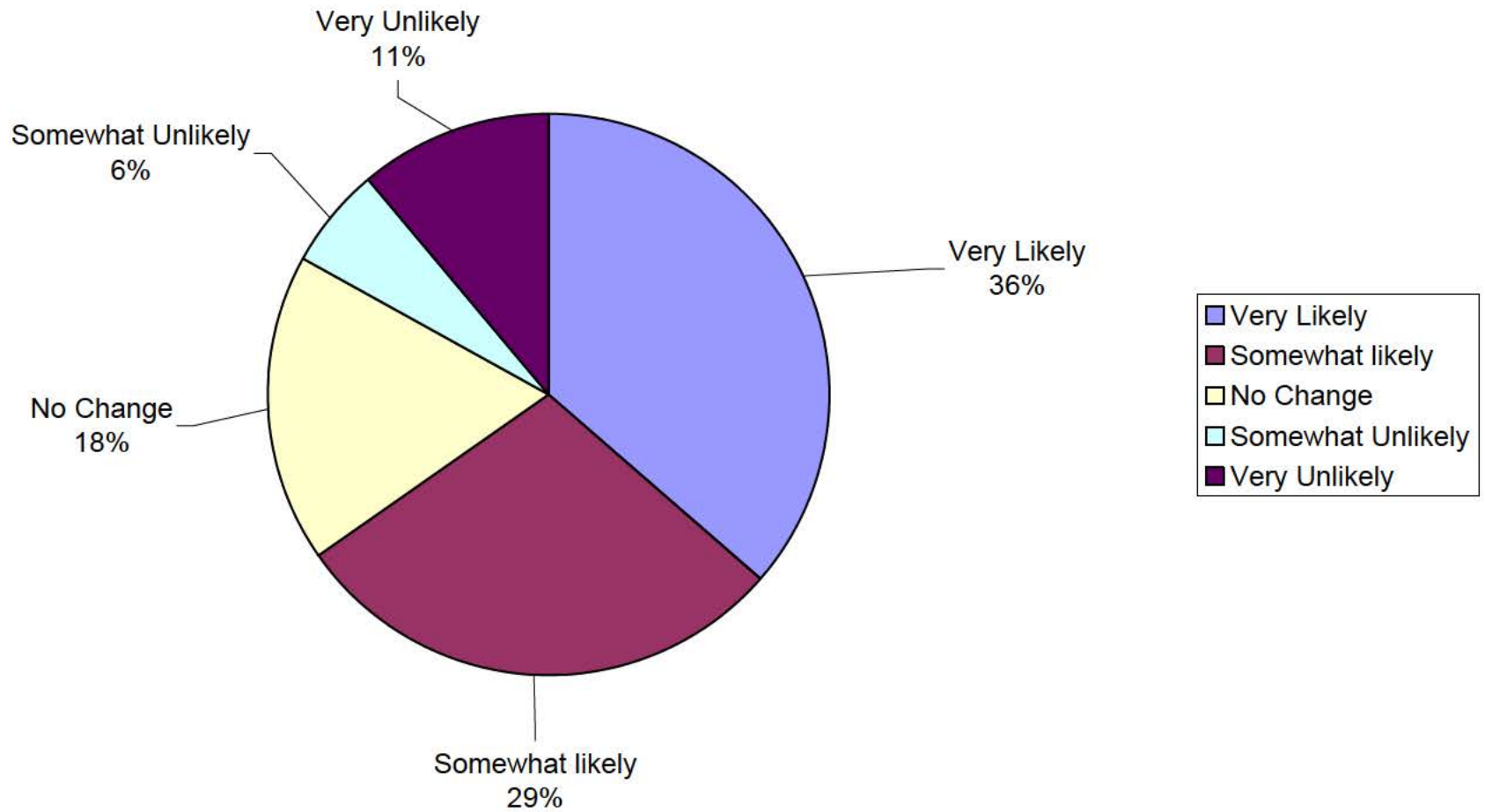
Q5 What % of your spirits do you get from a state liquor store?



Q7 How often do you visit a state store?



Q11 If a greater discount were available, how likely would you be to purchase a full case?



Additional Comments Regarding the Distribution of Spirits and the Closure of State Liquor Stores

Store # ?12

- A103 Not for closing--would have to reduce variety.
- A104 Profit % too low.
- A105 Let wine & beer distributors do liquor.
- A109 Split cases imp. to variety.
- A110 Let agency set price. Keep state stores open.
- A112 Keep some state stores open.
- A115 Profit % too low.
- A118 Lower warehouse prices.
- A120 Not for closing. Profit % too low.
- A129 1/2 cases would help.
- A132 Inconvenient if state stores close.
- A133 Redistribute agents w/same day pickup and next day delivery.
- A134 Let wine & beer distributors do liquor.
- A137 Not for closing.
- A139 Would like split cases.
- A142 Spirits w/vendors decrease control of who gets spirits. State stores convenient.
- A143 Would like split cases.
- A144 Split cases imp. to variety.
- A145 Split cases imp. to variety.
- A146 More inventory control to order and pickup same day.
- A151 Lift set pricing. Limit sale item period. Locate state stores geographically.
- A159 Auction the licenses to distribute to wine and beer dist.
- A162 Profit % too low.
- A163 Inconvenient if state stores close. Don't like ordering ahead--no storage space.
- A164 State holidays--a problem.
- A167 Delay between order and delivery is difficult.
- A169 Not for closing. Profit % too low.
- A171 Convenient to have state stores open.
- A172 Not for closing Ellsworth store.
- A175 Don't open any more agency stores. Need split for over 1/2 of inventory.
- A180 Need delivery. Profit % too low.
- A181 Would buy more if reduced prices were offered. Want split cases.
- A183 Not for closing Waterville store.
- A186 Current changes in the wrong direction.
- A188 Inconvenient if state stores close. Want split cases.
- A194 State stores allow increased variety (can try 2 or 3 bottles.)
- A199 Close the stores as retail and leave some open as regional wholesale stores.
- A200 Delay between order and delivery is difficult. Split cases increase variety.
- A201 Delay between order and delivery is difficult.
- A204 Who will regulate pricing? Tough to coordinate ordering and sales when pricing schedule is late. Profit % too low. Will new agency licenses be issued to others?
Who will be responsible for breakage?
- A207 Closing the Caribou store would be hardship for area. May not renew license. Profit % too low.

Additional Comments Regarding the Distribution of Spirits and the Closure of State Liquor Stores

- A215 Closing state stores will decrease variety without split cases.
- A218 Let wine & beer distributors do liquor. Profit % too low. State stores should close.
- A219 Holiday orders tough. Need split cases. Need smoother credit/return on damaged or missing items. Profit % too low.
- A221 Need to pick up deliveries twice a week for inventory control.
- A222 Let wine & beer distributors do liquor. Need split cases.
- A223 Profit % too low.
- A224 Not for closing state stores. Needs split cases. Profit % too low.
- A225 Need split cases for variety.
- A227 State stores are convenient.
- A228 Let wine & beer distributors do liquor.
- A230 Delay between order and delivery is difficult. Split cases increase variety. Keep state store #7 open.
- A231 Profit % too low.
- A232 Need split cases. Delay between order and delivery is difficult. Let wine & beer distributors do liquor.
- A233 Closing Houlton would decrease variety.
- A234 Would like to buy at wholesale prices.
- A235 State stores are convenient. Warehouse deliveries not convenient.
- A236 Not for closing state stores. Warehouse process not effective for company or customers.
- A240 Closing state stores will affect some more than others. Wants 1/2 cases.
- A242 Need some state stores for variety. Closing state stores will hurt small stores most.
- A243 Close the state stores--more business for us.
- A249 Profit % too low.
- A250 Delay between order and delivery is difficult.
- A251 State stores vital to serve small agents.
- A253 Would like single pack on some items.
- A254 Profit % too low, esp if there's a delivery cost.
- A256 Close state stores. Reapportion savings to agents. Profit % too low. Need split cases. Maybe try private sector split-case warehouse.
- A258 Keep state stores open.
- A272 Would need weekly delivery if state stores closed. Bangor store convenient for split cases or items that aren't delivered when ordered.
- A273 Small agency stores with limited inventory space could not meet the demand from bars and restaurants if state stores closed.
- A277 Profit % too low.
- A281 State store convenient. Allow split cases on some items.
- A282 Need split cases for storage and variety. Closing state stores will help us.
- A287 Need split cases.
- A288 Closing state stores will require more \$ and larger inventory space.
- A290 Locate state stores geographically. Closing state stores will require more \$ and larger inventory space and hurt the small agent.
- A295 Closing state stores puts agency stores at disadvantage for ordering and inventory.
- A296 Need split cases. State stores convenient w/o 16 case minimum order.

Additional Comments Regarding the Distribution of Spirits and the Closure of State Liquor Stores

- A300 State stores increase variety. Need split cases. Closing spate stores hurts small agent. Profit % too low.
 - A301 Need split cases.
 - A302 Need split cases for variety.
 - A304 Auburn state store more convenient than warehouse. Need split cases. Keep Auburn store open.
 - A308 If the local state store closed would not stay in business. Profit % too low.
 - A309 If state stores are closed the state should not be involved. Let wine & beer distributors do liquor.
 - A310 Profit % too low. (Beer and wine % is 18-24% and they deliver.)
 - A311 Rockland store convenient/cooperative for splits and fill in orders but could get by without.
 - A312 Closing state stores will hurt agency stores. Profit % too low. Keep state stores
 - A313 Delay between order and delivery is difficult.
 - A316 Split cases increase variety.
 - A317 If state stores close will more agency stores open?
 - A321 State store is convenient as storage is a problem.
-

A272							30					
A273										30		
A274											15	
A277	50											
A278										50		
A280										4		
A281	8											
A282									1			
A284	8											
A286											42	
A287	10											
A288	20											
A290	16											
A295	6											
A296												10
A297												10
A298								20				
A299	0											
A300	26											
A301	40											
A302	30											
A304	20											
A306	20											
A308	20											
A309	16											
A310	8											
A311										8		
A312	22											
A313	40											
A316												30
A317	20											
A320												1
A321	20											
Total	1718	16	0	13	0	15	88	56	56	183	425	
# Resp	77	2	0	1	0	1	7	4	4	7	23	
Avg	22	8		13		15	13	14	14	26	18	
Min	0	1	0	13	0	15	2	8	1	4	0	
Max	60	15	0	13	0	15	30	20	40	50	60	

Responses for % spirits received from Fore River warehouse via SPC trucking											
Miles	None	1-10%	11-20%	21-30%	31-40%	41-50%	51-60%	61-70%	71-80%	81-90%	91-100%
0 to 10	22	1					3	2	3	1	11
11 to 20	24	1		1		1	2	2		2	6
21 to 30	16						2			1	2
31 to 40	6								1	2	
41 to 50	4									1	3
51 to 60	5										1
# Resp	77	2	0	1	0	1	7	4	4	7	23
Avg	22	8		13		15	13	14	14	26	18
Min	0	1	0	13	0	15	2	8	1	4	0
Max	60	15	0	13	0	15	30	20	40	50	60

APPENDIX E

Fiscal Projections



Commission to Develop a Plan to Implement the Closure of State Liquor Stores
Distribution Models - Preliminary Estimates of the Net Fiscal Impact of Options

	2002	2003	2004	2005
Total Projected Revenue from Operations:				
Current Law *	\$ 24,805,507	\$ 26,290,223	\$ 26,934,677	\$ 27,288,730
Current Law with warehouse expansion in 2003	\$ 24,805,507	\$ 25,796,400	\$ 26,316,666	\$ 26,667,918
Net Increase (Decrease) of Revenue from Current Law	\$ -	\$ (493,823)	\$ (618,012)	\$ (620,811)
Option 1 - Close All State Stores in 2003	\$ 24,805,507	\$ 26,391,039	\$ 27,291,221	\$ 27,687,687
Net Increase (Decrease) of Revenue from Current Law	\$ -	\$ 100,816	\$ 356,544	\$ 398,957
Option 2 - Current Law (w/no warehouse expansion)	\$ 24,805,507	\$ 26,290,223	\$ 26,934,677	\$ 27,288,730
Net Increase (Decrease) of Revenue from Current Law	\$ -	\$ -	\$ -	\$ -
Option 3 - Retain current 19 State Stores	\$ 24,805,507	\$ 26,167,269	\$ 26,378,504	\$ 26,710,553
Net Increase (Decrease) of Revenue from Current Law	\$ -	\$ (122,954)	\$ (556,174)	\$ (578,177)

Note: Estimates are considered preliminary because the revised estimates of revenue based on current law have not been adopted by the Revenue Forecasting Committee

* Current Law does not include any expansion of warehouse activities related to split cases and is the same as Option 2

Commission to Develop a Plan to Implement the Closure of State Liquor Stores

Distribution Models - Summary of Major Assumptions

Sales Assumptions

Sales assumed to grow at in \$ terms due to increase in volume and trading up marketing strategy
Retail sales at remaining state liquor stores assumed to be flat in \$ terms, declining volume
Licensee sales at remaining state liquor stores assumed to be declining volume and in \$ value
Initial loss of 1/2 of Kittery Sales - Recaptured over time
10% loss of sales shifted from State Stores to Agents as a result of reduced product selection
Wholesale Discount is averaged and assumed to be 9.65%
Stores to be closed in 2003 are undesignated - an average of remaining stores is used

Cost of Goods Sold

Current law does not include cost of split cases at warehouse
Trucking costs are not included in Cost of Goods Sold

Other Expenses

Salaries and Benefits - Savings during the first year of closure assumed to be 33% due to separation costs
Store Rents and Leases - Savings are only partially recognized during the fiscal year of the closure due to buyouts
All other costs except Trucking Expenses are recognized on a prorated basis during the year of closure
Stores to be closed in FY03 are undesignated - an average of remaining stores is used

Detail of the assumptions used are presented with the pages presenting the calculations of each of the options

Commission to Develop a Plan to Implement the Closure of State Liquor Stores

Option 1

**Close all 19 remaining state liquor stores
Includes expansion of warehouse operations**

ALCOHOLIC BEVERAGES
Comparative Statement of Operations - History and Projections

	1999	2000	2001	2002	2003	2004	2005
SALES:							
Retail	16,658,687	16,922,256	16,899,903	13,063,449	3,903,228	0	0
Licensee	3,582,310	3,486,446	3,395,226	2,596,235	765,679	746,537	727,874
Wholesale - At List	57,434,387	62,191,902	65,691,561	71,990,697	83,382,939	88,073,404	89,589,029
Less Wholesale Discount	(5,268,312)	(6,001,469)	(6,339,236)	(6,947,102)	(8,046,454)	(8,499,084)	(8,645,341)
Returns	(24,127)	0	0	0	0	0	0
TOTAL SALES	72,382,945	76,599,135	79,647,454	80,703,279	80,005,392	80,320,858	81,671,561
COST OF GOODS SOLD	43,468,961	46,034,337	48,015,612	49,084,213	49,835,994	50,415,654	51,255,772
GROSS INCOME FROM SALES	28,913,984	30,564,798	31,631,842	31,619,065	30,169,398	29,905,204	30,415,789
STORE AND SELLING EXPENSES:							
Store Salaries	3,340,034	3,298,976	3,469,889	3,228,620	1,646,941	0	0
Store Rents	924,085	634,032	756,076	771,198	276,323	0	0
Other Store Operating and Selling Expenses - Other	715,905	1,068,599	490,366	201,825	0	0	0
Store Supervision	185,523	210,365	212,339	216,586	220,917	112,668	114,921
Trucking Expenses	486,283	535,370	608,192	757,011	881,912	955,504	1,036,454
TOTAL - STORE AND SELLING EXPENSES	5,651,830	5,747,342	5,536,862	5,175,240	3,026,093	1,068,171	1,151,375
NET INCOME FROM SALES	23,262,154	24,817,456	26,094,980	26,443,826	27,143,305	28,837,032	29,264,414
OTHER EXPENSES:							
Administrative Expenses	2,064,704	2,038,941	2,055,832	1,638,319	1,552,266	1,545,811	1,576,728
TOTAL EXPENSES	7,716,534	7,786,283	7,592,694	6,813,559	4,578,359	2,613,983	2,728,103
OTHER INCOME:							
Miscellaneous - Reduction of Working Capital	58,503	448,243	192,122	0	800,000	0	0
Premium Tax	1,461,174	1,581,648	1,628,787	1,615,990	1,604,060	1,601,339	1,605,086
TOTAL OTHER INCOME	1,519,677	2,029,891	1,820,909	1,615,990	2,404,060	1,601,339	1,605,086
TOTAL GROSS INCOME	30,433,661	32,594,689	33,452,751	33,235,055	32,573,458	31,506,543	32,020,876
NET INCOME	22,717,127	24,808,406	25,860,057	26,421,496	27,995,099	28,892,560	29,292,773
LESS PREMIUM TAX INCLUDED IN TOTAL SALES	1,461,174	1,581,648	1,628,787	1,615,990	1,604,060	1,601,339	1,605,086
TRANSFERS TO GENERAL FUND	21,255,953	23,226,758	24,231,270	24,805,507	26,391,039	27,291,221	27,687,687
COGS TO TOTAL SALES	60.05%	60.10%	60.29%	60.82%	62.29%	62.77%	62.76%
COGS TO TOTAL SALES (Including Trucking as COGS)	60.73%	60.80%	61.05%	61.76%	63.39%	63.96%	64.03%
EXPENSES TO GROSS INCOME	25.36%	23.89%	22.70%	20.50%	14.06%	8.30%	8.52%
Budgeted Amounts - Revenue Forecasting Committee 11/01				23,121,548	24,611,840	25,304,840	25,317,840
Difference				1,683,959	1,779,199	1,986,381	2,369,847
Premium Tax - Revenue Forecasting Committee 11/01				1,616,716	1,703,259	1,703,259	1,703,259
Difference				(726)	(99,199)	(101,920)	(98,173)

Sales Assumptions

Retail and Licensee Sales - FY01 Base and FY02 Prorating Calculations

Sales Prorate Factor: 64.3%

Retail & Licensee Sales of 8 Stores Closed in 2002	FY01 Retail	FY01 Licensee	FY01 Total Retail	8 Mos. - Retail	8 Mos. - Licensee	FY01 Total Retail
34 Kittery	\$2,190,889	\$184,584	\$2,375,473	\$1,408,742	\$118,688	\$1,527,429
21 Old Orchard Beach	\$258,484	\$61,934	\$320,418	\$166,205	\$39,824	\$206,029
4 Portland	\$607,409	\$135,469	\$742,878	\$390,564	\$87,107	\$477,671
27 Caribou	\$511,922	\$156,310	\$668,232	\$329,166	\$100,507	\$429,673
11 Lewiston	\$612,226	\$238,779	\$851,005	\$393,661	\$153,535	\$547,196
9 Bangor	\$521,787	\$79,711	\$601,498	\$335,509	\$51,254	\$386,763
66 Brewer	\$809,047	\$96,661	\$905,708	\$520,217	\$62,153	\$582,370
85 Mexico	\$454,727	\$185,621	\$640,348	\$292,389	\$119,354	\$411,744
Totals	\$5,966,491	\$1,139,069	\$7,105,560	\$3,836,454	\$732,421	\$4,568,875

Retail & Licensee Sales of 6 Stores Closed in 2003	FY01 Retail	FY01 Licensee	FY01 Total State	8 Mos. - Retail	8 Mos. - Licensee	FY01 Total Retail
Total Retail	\$16,899,903	\$3,395,226	\$20,295,129	\$10,866,638	\$2,183,130	\$13,049,768
Less 8 Stores Closed in 2002	\$5,966,491	\$1,139,069	\$7,105,560	\$3,836,454	\$732,421	\$4,568,875
Net after 1st Closure	\$10,933,412	\$2,256,157	\$13,189,569	\$7,030,184	\$1,450,709	\$8,480,893
Net after 1st Closure - Remaining Sales Base	\$10,933,412	\$2,256,157	\$13,189,569	\$7,030,184	\$1,450,709	\$8,480,893

Retail Sales (No \$ Growth, Declining Volume)

	FY01	FY02	FY03	FY04	FY05
Retail Sales at State Stores Assumed to be flat after price increases and sales shifted to agents	16,899,903	16,899,903	16,899,903	16,899,903	16,899,903
Retail Sales Shifted as a result of Closing 8 Stores in FY02		\$3,836,454	\$5,966,491	\$5,966,491	\$5,966,491
Retail Sales Shifted as a result of Closing 19 Stores in FY03			\$7,030,184	\$10,933,412	\$10,933,412
Total - Base less Retail Sales Shifted to Agents		\$13,063,449	\$3,903,228	\$0	\$0

Licensee Sales

	FY01	FY02	FY03	FY04	FY05
Licensee Sales Base - 2.5% annual decline	3,395,226	\$3,310,345	\$3,227,587	\$3,146,897	\$3,068,225
Licensee Sales Shifted as a result of Closing 8 Stores in FY02		\$714,111	\$1,082,827	\$1,055,757	\$1,029,363
Licensee Sales Shifted as a result of Closing 19 Stores in FY03			\$1,379,080	\$1,344,603	\$1,310,988
Total - Licensee Sales Base less Sales Shifted to Agents		\$2,596,235	\$765,679	\$746,537	\$727,874

Agent Sales

	FY01	FY02	FY03	FY04	FY05
Base Agency Sales assumed growth factor		4.0%	2.0%	2.0%	2.0%
Base Agency Sales - \$ Amounts at List	\$65,691,561	\$68,319,223	\$69,685,607	\$71,079,320	\$72,500,906
# of New Agents Licensed		20	12	-	-
New Agent Initial Purchases - Inventory Effect	Average Initial Inventory Purchase: \$30,000	\$600,000	\$360,000	\$0	\$0
Sales Shifted from State Stores Closed		\$4,550,565	\$15,458,583	\$19,300,263	\$19,240,254
Reduction to account for loss of Kittery Sales - 1/2 of FY01 Sales; recapture 25%/year		\$1,095,445	\$821,584	\$616,188	\$462,141
Loss associated with reduced product selection - 10% of retail sales shifted to Agency		\$383,645	\$1,299,667	\$1,689,990	\$1,689,990
Total - Net Agency Liquor Sales at List Price		\$71,990,697	\$83,382,939	\$88,073,404	\$89,589,029
Total Sales at List Price	\$77,675,384	\$82,600,604	\$85,986,690	\$87,650,381	\$88,051,846
Agency Discount - % of List Price		9.65%	9.65%	9.65%	9.65%
Agency Discount - \$ Value		\$6,947,102	\$8,046,454	\$8,499,084	\$8,645,341

Average Price per bottle (Source: BABLO)	\$10.93	\$11.44	\$11.93	\$12.41	\$12.66	\$12.91	\$13.17
Annual Percentage Change - Price per bottle		4.67%	4.28%	4.0%	2.0%	2.0%	2.0%

Note: 4% growth in 1st year reflects impact of "trading up" strategy, ultimately price is assumed to grow at rate of inflation

G:\OFPR\GENGOVT\LIQLOT\LIQUORHIST.XLS

Updated: 02/11/02

Cost of Goods Sold and Volume Assumptions	FY99	FY00	FY01	FY02	FY03	FY04	FY05
Cost of Goods Sold - Historical and Assumed % from L	55.96%	55.73%	55.84%	56.00%	56.00%	56.00%	56.00%
Picking Fee Calculations							
# of Gallons Sold - All Location	1,731,939	1,759,173	1,778,378	1,796,162	1,796,162	1,796,162	1,796,162
Annual % Change - Gallons Sold		1.57%	1.09%	1.00%	0.00%	0.00%	0.00%
Note: Difference between # of Gallons and # of Bottles annual change reflects higher sales of 1.75 liter size due to promotions - Gallons reduced by same reductions as below							
# of Bottles Sold - All Location Base Number	6,662,000	6,678,000	6,676,000	6,676,000	6,676,000	6,676,000	6,676,000
Annual Change in Base Volume		0.2%	0.0%	0.0%	0.0%	0.0%	0.0%
# of Bottles Reduced from Kittery and Selection Reduction Assumptions				(119,212)	(167,617)	(178,656)	(163,454)
Net # of Bottles Sold	6,662,000	6,678,000	6,676,000	6,556,788	6,508,383	6,497,344	6,512,546
		0.2%	0.0%	-1.8%	-0.7%	-0.2%	0.2%
Agency Sales at List as a Percent of Total Sales at List	73.94%	75.29%	76.40%	82.13%	94.70%	99.16%	99.19%
# of Bottles Sold to Agents			5,100,288	5,385,347	6,163,279	6,442,733	6,460,061
Agency Sales from Warehouse (Full Cases)	\$33,799,957	\$35,565,832	\$38,203,086				
Total All Locations - Agency Sales	\$52,166,076	\$56,190,951	\$59,352,325				
% of Agency Sales in Full Cases	64.8%	63.3%	64.4%				
Remaining Agency Sales assumed to be 80% splits	28.2%	29.4%	28.5%	30.0%	30.0%	30.0%	30.0%
# of bottles picked				1,615,604	1,848,984	1,932,820	1,938,018
Cost per bottle				\$0.38	\$0.38	\$0.35	\$0.35
Picking Fees Calculation @				\$613,930	\$702,614	\$676,487	\$678,306
Prorated in FY 03 for implementation after closure of remaining stores					\$526,960	\$676,487	\$678,306

Store Expense Assumptions

Salaries FY01 Rents FY01 Trucking FY01 Admin. Exp. FY01 Total Store FY01 Other Store Exp. FY01

Store Salaries

34 Kittery	\$399,642	\$194,105	\$16,884	\$61,360	\$731,718	\$121,087
21 Old Orchard Beach	\$104,738	\$21,870	\$10,797	\$41,318	\$187,832	\$50,427
4 Portland	\$170,138	\$35,976	\$9,102	\$36,006	\$269,888	\$54,672
27 Caribou	\$136,189	\$15,022	\$16,435	\$36,290	\$216,717	\$49,071
11 Lewiston	\$89,866	\$25,478	\$8,305	\$30,181	\$166,591	\$42,942
9 Bangor	\$98,297	\$24,772	\$13,490	\$42,616	\$191,625	\$55,066
66 Brewer	\$122,597	\$23,976	\$7,318	\$23,549	\$190,711	\$36,820
85 Mexico	\$75,541	\$18,470	\$4,656	\$17,894	\$127,110	\$28,443
Totals - 8 Stores Closed in 2002	\$1,197,008	\$359,669	\$86,987	\$289,214	\$2,082,192	\$438,528
Total Store Expenses - All Stores in FY01	\$3,469,889	\$756,076	\$608,194	\$2,055,832	\$5,428,720	\$594,561

Total Store Expenses - After 2002 Closures	\$2,272,881	\$396,407	\$521,207	\$1,766,618	\$3,346,528	\$156,033
Total Store Expenses - After 2002 Closures	\$2,272,881	\$396,407	\$521,207	\$1,766,618	\$3,346,528	\$156,033

Store Expenses

	FY99	FY00	FY01	FY02	FY03	FY04	FY05
Store Salaries - Base	3,340,034	3,298,976	3,469,889	\$3,643,383	\$3,752,685	\$3,865,266	\$3,942,571
Annual Growth Assumption		-1.2%	5.2%	5.0%	3.0%	3.0%	2.0%
Store Salaries - 2002 Stores Closed			1,197,008	1,256,858	1,294,564	1,333,401	1,360,069
Store Salaries - 2003 Stores Closed			2,272,881	2,386,525	2,458,121	2,531,864	2,582,502
Salary Savings from Closures				414,763	2,105,744	3,865,266	3,942,571
Store Salaries - After Closures				3,228,620	1,646,941	0	0
Rents - Base	924,085	1,068,313	756,076				
Rents - Adjusted for Kittery Buyout	924,085	793,313	756,076	\$771,198	\$786,621	\$802,354	\$818,401
Annual Growth Assumption		-14.2%	-4.7%	2.0%	2.0%	2.0%	2.0%
Rents - 2002 Stores Closed			359,669	366,862	374,200	381,684	389,317
Rents - 2003 Stores Closed			396,407	404,335	412,422	420,670	429,084
Rent Savings from Closures					510,299	802,354	818,401
Rents - After Closures				771,198	276,323	0	0
Other Stores Expenses (exc. Trucking and Admin.)	715,905	1,068,599	490,366	\$500,173	\$510,177	\$520,380	\$530,788
Annual Growth Assumption		49.3%	-54.1%	2.0%	2.0%	2.0%	2.0%
Other Store Expenses - 2002 Stores Closed			438,528	447,299	456,245	465,369	474,677
Other Store Expenses - 2003 Stores Closed			156,033	159,154	162,337	165,583	168,895
Other Expense Savings from Closures				298,348	564,523	630,953	643,572
Other Store Expenses - After Closures				201,825	0	0	0

Trucking Costs

Total Trucking Costs	486,283	535,370	608,192	669,011	735,912	809,504	890,454
Annual Growth Assumption		10.1%	13.6%	10.0%	10.0%	10.0%	10.0%
Number of new agents				20	32	32	32
Number of existing agents predominantly using state stores				80	80	80	80
Number of existing agents switching to warehouse purchase				24	41	41	41
Number of new and existing agents with new trucking costs				44	73	73	73
Additional Cost at \$2,000 per year for each new user agency				88,000	146,000	146,000	146,000
Trucking Costs - After Closures				\$757,011	\$881,912	\$955,504	\$1,036,454

G:\OFFPR\GENGOVT\LIQLOT\LIQUORHIST.XLS

Updated: 02/11/02

Commission to Develop a Plan to Implement the Closure of State Liquor Stores

Option 2

**Close all 6 additional state liquor stores in FY03
Does not include expansion of warehouse operations
(Note: Option 2 is the same as current law)**

ALCOHOLIC BEVERAGES
Comparative Statement of Operations - History and Projections

	1999	2000	2001	2002	2003	2004	2005
SALES:							
Retail	16,658,687	16,922,256	16,899,903	13,063,449	8,713,354	7,480,756	7,480,756
Licensee	3,582,310	3,486,446	3,395,226	2,596,235	1,709,260	1,666,529	1,624,866
Wholesale - At List	57,434,387	62,191,902	65,691,561	71,990,697	78,110,244	80,420,733	81,959,357
Less Wholesale Discount	(5,268,312)	(6,001,469)	(6,339,236)	(6,947,102)	(7,537,639)	(7,760,601)	(7,909,078)
Returns	(24,127)	0	0	0	0	0	0
TOTAL SALES	72,382,945	76,599,135	79,647,454	80,703,279	80,995,220	81,807,416	83,155,900
COST OF GOODS SOLD	43,468,961	46,034,337	48,015,612	49,084,213	49,578,401	50,158,090	50,996,388
GROSS INCOME FROM SALES	28,913,984	30,564,798	31,631,842	31,619,065	31,416,819	31,649,327	32,159,512
STORE AND SELLING EXPENSES:							
Store Salaries	3,340,034	3,298,976	3,469,889	3,228,620	2,201,959	1,732,328	1,766,975
Store Rents	924,085	634,032	756,076	771,198	347,303	287,827	293,584
Other Store Operating and Selling Expenses - Other	715,905	1,068,599	490,366	201,825	19,739	2,721	2,776
Store Supervision	185,523	210,365	212,339	216,586	220,917	112,668	114,921
Trucking Expenses	486,283	535,370	608,192	757,011	881,912	955,504	1,036,454
TOTAL - STORE AND SELLING EXPENSES	5,651,830	5,747,342	5,536,862	5,175,240	3,671,830	3,091,048	3,214,709
NET INCOME FROM SALES	23,262,154	24,817,456	26,094,980	26,443,826	27,744,989	28,558,279	28,944,803
OTHER EXPENSES:							
Administrative Expenses	2,064,704	2,038,941	2,055,832	1,638,319	1,654,766	1,623,601	1,656,073
TOTAL EXPENSES	7,716,534	7,786,283	7,592,694	6,813,559	5,326,596	4,714,650	4,870,783
OTHER INCOME:							
Miscellaneous - Reduction of Working Capital	58,503	448,243	192,122	0	200,000	0	0
Premium Tax	1,461,174	1,581,648	1,628,787	1,615,990	1,613,428	1,615,622	1,619,089
TOTAL OTHER INCOME	1,519,677	2,029,891	1,820,909	1,615,990	1,813,428	1,615,622	1,619,089
TOTAL GROSS INCOME	30,433,661	32,594,689	33,452,751	33,235,055	33,230,247	33,264,949	33,778,601
NET INCOME	22,717,127	24,808,406	25,860,057	26,421,496	27,903,651	28,550,300	28,907,819
LESS PREMIUM TAX INCLUDED IN TOTAL SALES	1,461,174	1,581,648	1,628,787	1,615,990	1,613,428	1,615,622	1,619,089
TRANSFERS TO GENERAL FUND	21,255,953	23,226,758	24,231,270	24,805,507	26,290,223	26,934,677	27,288,730
COGS TO TOTAL SALES	60.05%	60.10%	60.29%	60.82%	61.21%	61.31%	61.33%
COGS TO TOTAL SALES (Including Trucking as COGS)	60.73%	60.80%	61.05%	61.76%	62.30%	62.48%	62.57%
EXPENSES TO GROSS INCOME	25.36%	23.89%	22.70%	20.50%	16.03%	14.17%	14.42%
Budgeted Amounts - Revenue Forecasting Committee 11/01				23,121,548	24,611,840	25,304,840	25,317,840
Difference				1,683,959	1,678,383	1,629,837	1,970,890
Premium Tax - Revenue Forecasting Committee 11/01				1,616,716	1,703,259	1,703,259	1,703,259
Difference				(726)	(89,831)	(87,637)	(84,170)

Sales Assumptions

Retail and Licensee Sales - FY01 Base and FY02 Prorating Calculations

Sales Prorate Factor: 64.3%

Retail & Licensee Sales of 8 Stores Closed in 2002	FY01 Retail	FY01 Licensee	FY01 Total Retail	8 Mos. - Retail	8 Mos. - Licensee	FY01 Total Retail
34 Kittery	\$2,190,889	\$184,584	\$2,375,473	\$1,408,742	\$118,688	\$1,527,429
21 Old Orchard Beach	\$258,484	\$61,934	\$320,418	\$166,205	\$39,824	\$206,029
4 Portland	\$607,409	\$135,469	\$742,878	\$390,564	\$87,107	\$477,671
27 Caribou	\$511,922	\$156,310	\$668,232	\$329,166	\$100,507	\$429,673
11 Lewiston	\$612,226	\$238,779	\$851,005	\$393,661	\$153,535	\$547,196
9 Bangor	\$521,787	\$79,711	\$601,498	\$335,509	\$51,254	\$386,763
66 Brewer	\$809,047	\$96,661	\$905,708	\$520,217	\$62,153	\$582,370
85 Mexico	\$454,727	\$185,621	\$640,348	\$292,389	\$119,354	\$411,744
Totals	\$5,966,491	\$1,139,069	\$7,105,560	\$3,836,454	\$732,421	\$4,568,875

Retail & Licensee Sales of 6 Stores Closed in 2003	FY01 Retail	FY01 Licensee	FY01 Total State	8 Mos. - Retail	8 Mos. - Licensee	FY01 Total Retail
Total Retail	\$16,899,903	\$3,395,226	\$20,295,129	\$10,866,638	\$2,183,130	\$13,049,768
Less 8 Stores Closed in 2002	\$5,966,491	\$1,139,069	\$7,105,560	\$3,836,454	\$732,421	\$4,568,875
Net after 1st Closure	\$10,933,412	\$2,256,157	\$13,189,569	\$7,030,184	\$1,450,709	\$8,480,893
Average of 19 Stores times 6	\$3,452,656	\$712,471	\$4,165,127	\$2,220,058	\$458,119	\$2,678,177

Retail Sales (No \$ Growth, Declining Volume)

	FY01	FY02	FY03	FY04	FY05
Retail Sales at State Stores Assumed to be flat after price increases and sales shifted to agents	16,899,903	16,899,903	16,899,903	16,899,903	16,899,903
Retail Sales Shifted as a result of 8 Stores in FY02		\$3,836,454	\$5,966,491	\$5,966,491	\$5,966,491
Retail Sales Shifted as a result of 6 Stores in FY03			\$2,220,058	\$3,452,656	\$3,452,656
Total - Base less Retail Sales Shifted to Agents		\$13,063,449	\$8,713,354	\$7,480,756	\$7,480,756

Licensee Sales

	FY01	FY02	FY03	FY04	FY05
Licensee Sales Base - 2.5% annual decline	3,395,226	\$3,310,345	\$3,227,587	\$3,146,897	\$3,068,225
Licensee Sales Shifted as a result of 8 Stores in FY02		\$714,111	\$1,082,827	\$1,055,757	\$1,029,363
Licensee Sales Shifted as a result of 6 Stores in FY03			\$435,499	\$424,612	\$413,996
Total - Licensee Sales Base less Sales Shifted to Agents		\$2,596,235	\$1,709,260	\$1,666,529	\$1,624,866

Agent Sales

	FY01	FY02	FY03	FY04	FY05
Base Agency Sales assumed growth factor		4.0%	2.0%	2.0%	2.0%
Base Agency Sales - \$ Amounts at List	\$65,691,561	\$68,319,223	\$69,685,607	\$71,079,320	\$72,500,906
# of New Agents Licensed		20	12	-	-
New Agent Initial Purchases - Inventory Effect	Average Initial Inventory Purchase: \$30,000	\$600,000	\$360,000	\$0	\$0
Sales Shifted from State Stores Closed		\$4,550,565	\$9,704,876	\$10,899,516	\$10,862,507
Reduction to account for loss of Kittery Sales - 1/2 of FY01 Sales; recapture 25%/year		\$1,095,445	\$821,584	\$616,188	\$462,141
Loss associated with reduced product selection - 10% of retail sales shifted to Agency		\$383,645	\$818,655	\$941,915	\$941,915
Total - Net Agency Liquor Sales at List Price		\$71,990,697	\$78,110,244	\$80,420,733	\$81,959,357
Total Sales at List Price	\$77,675,384	\$82,600,604	\$85,986,690	\$87,650,381	\$89,532,859
Agency Discount - % of List Price		9.65%	9.65%	9.65%	9.65%
Agency Discount - \$ Value		\$6,947,102	\$7,537,639	\$7,760,601	\$7,909,078

Average Price per bottle (Source: BABLO)	\$10.93	\$11.44	\$11.93	\$12.41	\$12.66	\$12.91	\$13.17
Annual Percentage Change - Price per bottle		4.67%	4.28%	4.0%	2.0%	2.0%	2.0%

Note: 4% growth in 1st year reflects impact of "trading up" strategy, ultimately price is assumed to grow at rate of inflation

G:\OFPR\GENGOVTLIQLT\LIQUORHIST.XLS

Updated: 02/11/02

Cost of Goods Sold and Volume Assumptions	FY99	FY00	FY01	FY02	FY03	FY04	FY05
Cost of Goods Sold - Historical and Assumed % from L	55.96%	55.73%	55.84%	56.00%	56.00%	56.00%	56.00%
Picking Fee Calculations							
# of Gallons Sold - All Location	1,731,939	1,759,173	1,778,378	1,796,162	1,796,162	1,796,162	1,796,162
Annual % Change - Gallons Sold		1.57%	1.09%	1.00%	0.00%	0.00%	0.00%
Note: Difference between # of Gallons and # of Bottles annual change reflects higher sales of 1.75 liter size due to promotions - Gallons reduced by same reductions as below							
# of Bottles Sold - All Location Base Number	6,662,000	6,678,000	6,676,000	6,676,000	6,676,000	6,676,000	6,676,000
Annual Change in Base Volume		0.2%	0.0%	0.0%	0.0%	0.0%	0.0%
# of Bottles Reduced from Kittery and Selection Reduction Assumptions				(119,212)	(129,608)	(120,704)	(106,638)
Net # of Bottles Sold	6,662,000	6,678,000	6,676,000	6,556,788	6,546,392	6,555,296	6,569,362
		0.2%	0.0%	-1.8%	-0.2%	0.1%	0.2%
Agency Sales at List as a Percent of Total Sales at List	73.94%	75.29%	76.40%	82.13%	88.23%	89.79%	90.00%
# of Bottles Sold to Agents			5,100,288	5,385,347	5,775,711	5,885,825	5,912,489
Agency Sales from Warehouse (Full Cases)	\$33,799,957	\$35,565,832	\$38,203,086				
Total All Locations - Agency Sales	\$52,166,076	\$56,190,951	\$59,352,325				
% of Agency Sales in Full Cases	64.8%	63.3%	64.4%				
Remaining Agency Sales assumed to be 80% splits	28.2%	29.4%	28.5%	30.0%	30.0%	30.0%	30.0%
# of bottles picked				1,615,604	1,732,713	1,765,748	1,773,747
Cost per bottle				\$0.38	\$0.38	\$0.35	\$0.35
Picking Fees Calculation @				\$613,930	\$658,431	\$618,012	\$620,811
Assumed not to be implemented with any State Stores operating					\$0	\$0	\$0

Store Expense Assumptions	Salaries FY01	Rents FY01	Trucking FY01	Admin. Exp. FY01	Total Store FY01	Other Store Exp. FY01	
Store Salaries							
34 Kittery	\$399,642	\$194,105	\$16,884	\$61,360	\$731,718	\$121,087	
21 Old Orchard Beach	\$104,738	\$21,870	\$10,797	\$41,318	\$187,832	\$50,427	
4 Portland	\$170,138	\$35,976	\$9,102	\$36,006	\$269,888	\$54,672	
27 Caribou	\$136,189	\$15,022	\$16,435	\$36,290	\$216,717	\$49,071	
11 Lewiston	\$89,866	\$25,478	\$8,305	\$30,181	\$166,591	\$42,942	
9 Bangor	\$98,297	\$24,772	\$13,490	\$42,616	\$191,625	\$55,066	
66 Brewer	\$122,597	\$23,976	\$7,318	\$23,549	\$190,711	\$36,820	
85 Mexico	\$75,541	\$18,470	\$4,656	\$17,894	\$127,110	\$28,443	
Totals - 8 Stores Closed in 2002	\$1,197,008	\$359,669	\$86,987	\$289,214	\$2,082,192	\$438,528	
Total Store Expenses - All Stores in FY01	\$3,469,889	\$756,076	\$608,194	\$2,055,832	\$5,428,720	\$594,561	
Total Store Expenses - After 2002 Closures	\$2,272,881	\$396,407	\$521,207	\$1,766,618	\$3,346,528	\$156,033	
Average - Applied to 6 Stores for 2003 Closures	\$717,752	\$125,181	\$164,592	\$557,879	\$1,056,798	\$49,274	
Store Expenses	FY99	FY00	FY01	FY02	FY03	FY04	FY05
Store Salaries - Base	3,340,034	3,298,976	3,469,889	\$3,643,383	\$3,752,685	\$3,865,266	\$3,942,571
Annual Growth Assumption		-1.2%	5.2%	5.0%	3.0%	3.0%	2.0%
Store Salaries - 2002 Stores Closed			1,197,008	1,256,858	1,294,564	1,333,401	1,360,069
Store Salaries - 2003 Stores Closed			717,752	753,639	776,249	799,536	815,527
Salary Savings from Closures				414,763	1,550,726	2,132,937	2,175,596
Store Salaries - After Closures				3,228,620	2,201,959	1,732,328	1,766,975
Rents - Base	924,085	1,068,313	756,076				
Rents - Adjusted for Kittery Buyout	924,085	793,313	756,076	\$771,198	\$786,621	\$802,354	\$818,401
Annual Growth Assumption		-14.2%	-4.7%	2.0%	2.0%	2.0%	2.0%
Rents - 2002 Stores Closed			359,669	366,862	374,200	381,684	389,317
Rents - 2003 Stores Closed			125,181	127,685	130,238	132,843	135,500
Rent Savings from Closures					439,319	514,527	524,817
Rents - After Closures				771,198	347,303	287,827	293,584
Other Stores Expenses (exc. Trucking and Admin.)	715,905	1,068,599	490,366	\$500,173	\$510,177	\$520,380	\$530,788
Annual Growth Assumption		49.3%	-54.1%	2.0%	2.0%	2.0%	2.0%
Other Store Expenses - 2002 Stores Closed			438,528	447,299	456,245	465,369	474,677
Other Store Expenses - 2003 Stores Closed			49,274	50,259	51,264	52,290	53,335
Other Expense Savings from Closures				298,348	490,438	517,659	528,012
Other Store Expenses - After Closures				201,825	19,739	2,721	2,776
Trucking Costs							
Total Trucking Costs	486,283	535,370	608,192	669,011	735,912	809,504	890,454
Annual Growth Assumption		10.1%	13.6%	10.0%	10.0%	10.0%	10.0%
Number of new agents				20	32	32	32
Number of existing agents predominantly using state stores				80	80	80	80
Number of existing agents switching to warehouse purchase				24	41	41	41
Number of new and existing agents with new trucking costs				44	73	73	73
Additional Cost at \$2,000 per year for each new user agency				88,000	146,000	146,000	146,000
Trucking Costs - After Closures				\$757,011	\$881,912	\$955,504	\$1,036,454

G:\OFPR\GENGOVT\LIQLOT\LIQUORHIST.XLS

Updated: 02/11/02

Commission to Develop a Plan to Implement the Closure of State Liquor Stores

Option 3

**Retain 19 remaining state liquor stores, preempt the closing of next 6 in FY03
Does not include expansion of warehouse operations**

ALCOHOLIC BEVERAGES
Comparative Statement of Operations - History and Projections

	1999	2000	2001	2002	2003	2004	2005
SALES:							
Retail	16,658,687	16,922,256	16,899,903	13,063,449	10,933,412	10,933,412	10,933,412
Licensee	3,582,310	3,486,446	3,395,226	2,596,235	2,144,759	2,091,140	2,038,862
Wholesale - At List	57,434,387	62,191,902	65,691,561	71,990,697	75,676,693	76,888,731	78,437,970
Less Wholesale Discount	(5,268,312)	(6,001,469)	(6,339,236)	(6,947,102)	(7,302,801)	(7,419,762)	(7,569,264)
Returns	(24,127)	0	0	0	0	0	0
TOTAL SALES	72,382,945	76,599,135	79,647,454	80,703,279	81,452,063	82,493,520	83,840,980
COST OF GOODS SOLD	43,468,961	46,034,337	48,015,612	49,084,213	49,702,724	50,351,438	51,189,736
GROSS INCOME FROM SALES	28,913,984	30,564,798	31,631,842	31,619,065	31,749,339	32,142,082	32,651,243
STORE AND SELLING EXPENSES:							
Store Salaries	3,340,034	3,298,976	3,469,889	3,228,620	2,458,121	2,531,864	2,582,502
Store Rents	924,085	634,032	756,076	771,198	412,422	420,670	429,084
Other Store Operating and Selling Expenses - Other	715,905	1,068,599	490,366	201,825	53,932	55,011	56,111
Store Supervision	185,523	210,365	212,339	216,586	220,917	112,668	114,921
Trucking Expenses	486,283	535,370	608,192	757,011	881,912	955,504	1,036,454
TOTAL - STORE AND SELLING EXPENSES	5,651,830	5,747,342	5,536,862	5,175,240	4,027,305	4,075,717	4,219,072
NET INCOME FROM SALES	23,262,154	24,817,456	26,094,980	26,443,826	27,722,035	28,066,365	28,432,171
OTHER EXPENSES:							
Administrative Expenses	2,064,704	2,038,941	2,055,832	1,638,319	1,654,766	1,687,861	1,721,619
TOTAL EXPENSES	7,716,534	7,786,283	7,592,694	6,813,559	5,682,071	5,763,578	5,940,690
OTHER INCOME:							
Miscellaneous - Reduction of Working Capital	58,503	448,243	192,122	0	100,000	0	0
Premium Tax	1,461,174	1,581,648	1,628,787	1,615,990	1,617,751	1,622,214	1,625,552
TOTAL OTHER INCOME	1,519,677	2,029,891	1,820,909	1,615,990	1,717,751	1,622,214	1,625,552
TOTAL GROSS INCOME	30,433,661	32,594,689	33,452,751	33,235,055	33,467,091	33,764,296	34,276,795
NET INCOME	22,717,127	24,808,406	25,860,057	26,421,496	27,785,020	28,000,718	28,336,105
LESS PREMIUM TAX INCLUDED IN TOTAL SALES	1,461,174	1,581,648	1,628,787	1,615,990	1,617,751	1,622,214	1,625,552
TRANSFERS TO GENERAL FUND	21,255,953	23,226,758	24,231,270	24,805,507	26,167,269	26,378,504	26,710,553
COGS TO TOTAL SALES	60.05%	60.10%	60.29%	60.82%	61.02%	61.04%	61.06%
COGS TO TOTAL SALES (Including Trucking as COGS)	60.73%	60.80%	61.05%	61.76%	62.10%	62.20%	62.29%
EXPENSES TO GROSS INCOME	25.36%	23.89%	22.70%	20.50%	16.98%	17.07%	17.33%
Budgeted Amounts - Revenue Forecasting Committee 11/01				23,121,548	24,611,840	25,304,840	25,317,840
Difference				1,683,959	1,555,429	1,073,664	1,392,713
Premium Tax - Revenue Forecasting Committee 11/01				1,616,716	1,703,259	1,703,259	1,703,259
Difference				(726)	(85,508)	(81,045)	(77,707)

Sales Assumptions

Retail and Licensee Sales - FY01 Base and FY02 Prorating Calculations

Sales Prorate Factor: 64.3%

Retail & Licensee Sales of 8 Stores Closed in 2002	FY01 Retail	FY01 Licensee	FY01 Total Retail	8 Mos. - Retail	8 Mos. - Licensee	FY01 Total Retail
34 Kittery	\$2,190,889	\$184,584	\$2,375,473	\$1,408,742	\$118,688	\$1,527,429
21 Old Orchard Beach	\$258,484	\$61,934	\$320,418	\$166,205	\$39,824	\$206,029
4 Portland	\$607,409	\$135,469	\$742,878	\$390,564	\$87,107	\$477,671
27 Caribou	\$511,922	\$156,310	\$668,232	\$329,166	\$100,507	\$429,673
11 Lewiston	\$612,226	\$238,779	\$851,005	\$393,661	\$153,535	\$547,196
9 Bangor	\$521,787	\$79,711	\$601,498	\$335,509	\$51,254	\$386,763
66 Brewer	\$809,047	\$96,661	\$905,708	\$520,217	\$62,153	\$582,370
85 Mexico	\$454,727	\$185,621	\$640,348	\$292,389	\$119,354	\$411,744
Totals	\$5,966,491	\$1,139,069	\$7,105,560	\$3,836,454	\$732,421	\$4,568,875

Retail & Licensee Sales of 6 Stores Closed in 2003	FY01 Retail	FY01 Licensee	FY01 Total State	8 Mos. - Retail	8 Mos. - Licensee	FY01 Total Retail
Total Retail	\$16,899,903	\$3,395,226	\$20,295,129	\$10,866,638	\$2,183,130	\$13,049,768
Less 8 Stores Closed in 2002	\$5,966,491	\$1,139,069	\$7,105,560	\$3,836,454	\$732,421	\$4,568,875
Net after 1st Closure	\$10,933,412	\$2,256,157	\$13,189,569	\$7,030,184	\$1,450,709	\$8,480,893
No additional Closures after 2002	\$0	\$0	\$0	\$0	\$0	\$0

Retail Sales (No \$ Growth, Declining Volume)

	FY01	FY02	FY03	FY04	FY05
Retail Sales at State Stores Assumed to be flat after price increases and sales shifted to agents	16,899,903	16,899,903	16,899,903	16,899,903	16,899,903
Retail Sales Shifted as a result of 8 Stores in FY02		\$3,836,454	\$5,966,491	\$5,966,491	\$5,966,491
No additional Closures after 2002			\$0	\$0	\$0
Total - Base less Retail Sales Shifted to Agents		\$13,063,449	\$10,933,412	\$10,933,412	\$10,933,412

Licensee Sales

	FY01	FY02	FY03	FY04	FY05
Licensee Sales Base - 2.5% annual decline	3,395,226	\$3,310,345	\$3,227,587	\$3,146,897	\$3,068,225
Licensee Sales Shifted as a result of 8 Stores in FY02		\$714,111	\$1,082,827	\$1,055,757	\$1,029,363
No additional Closures after 2002			\$0	\$0	\$0
Total - Licensee Sales Base less Sales Shifted to Agents		\$2,596,235	\$2,144,759	\$2,091,140	\$2,038,862

Agent Sales

	FY01	FY02	FY03	FY04	FY05
Base Agency Sales assumed growth factor		4.0%	2.0%	2.0%	2.0%
Base Agency Sales - \$ Amounts at List	\$65,691,561	\$68,319,223	\$69,685,607	\$71,079,320	\$72,500,906
# of New Agents Licensed		20	12	-	-
New Agent Initial Purchases - Inventory Effect	Average Initial Inventory Purchase: \$30,000	\$600,000	\$360,000	\$0	\$0
Sales Shifted from State Stores Closed		\$4,550,565	\$7,049,318	\$7,022,248	\$6,995,854
Reduction to account for loss of Kittery Sales - 1/2 of FY01 Sales; recapture 25%/year		\$1,095,445	\$821,584	\$616,188	\$462,141
Loss associated with reduced product selection - 10% of retail sales shifted to Agency		\$383,645	\$596,649	\$596,649	\$596,649
Total - Net Agency Liquor Sales at List Price		\$71,990,697	\$75,676,693	\$76,888,731	\$78,437,970
Total Sales at List Price	\$77,675,384	\$82,600,604	\$85,986,690	\$87,650,381	\$88,754,864
Agency Discount - % of List Price		9.65%	9.65%	9.65%	9.65%
Agency Discount - \$ Value		\$6,947,102	\$7,302,801	\$7,419,762	\$7,569,264

Average Price per bottle (Source: BABLO)	\$10.93	\$11.44	\$11.93	\$12.41	\$12.66	\$12.91	\$13.17
Annual Percentage Change - Price per bottle		4.67%	4.28%	4.0%	2.0%	2.0%	2.0%

Note: 4% growth in 1st year reflects impact of "trading up" strategy, ultimately price is assumed to grow at rate of inflation

Cost of Goods Sold and Volume Assumptions	FY99	FY00	FY01	FY02	FY03	FY04	FY05
Cost of Goods Sold - Historical and Assumed % from L	55.96%	55.73%	55.84%	56.00%	56.00%	56.00%	56.00%
Picking Fee Calculations							
# of Gallons Sold - All Location	1,731,939	1,759,173	1,778,378	1,796,162	1,796,162	1,796,162	1,796,162
Annual % Change - Gallons Sold		1.57%	1.09%	1.00%	0.00%	0.00%	0.00%
Note: Difference between # of Gallons and # of Bottles annual change reflects higher sales of 1.75 liter size due to promotions - Gallons reduced by same reductions as below							
# of Bottles Sold - All Location Base Number	6,662,000	6,678,000	6,676,000	6,676,000	6,676,000	6,676,000	6,676,000
Annual Change in Base Volume		0.2%	0.0%	0.0%	0.0%	0.0%	0.0%
# of Bottles Reduced from Kittery and Selection Reduction Assumptions				(119,212)	(112,066)	(93,957)	(80,415)
Net # of Bottles Sold	6,662,000	6,678,000	6,676,000	6,556,788	6,563,934	6,582,043	6,595,585
		0.2%	0.0%	-1.8%	0.1%	0.3%	0.2%
Agency Sales at List as a Percent of Total Sales at List	73.94%	75.29%	76.40%	82.13%	85.26%	85.51%	85.81%
# of Bottles Sold to Agents			5,100,288	5,385,347	5,596,728	5,628,589	5,659,588
Agency Sales from Warehouse (Full Cases)	\$33,799,957	\$35,565,832	\$38,203,086				
Total All Locations - Agency Sales	\$52,166,076	\$56,190,951	\$59,352,325				
% of Agency Sales in Full Cases	64.8%	63.3%	64.4%				
Remaining Agency Sales assumed to be 80% splits	28.2%	29.4%	28.5%	30.0%	30.0%	30.0%	30.0%
# of bottles picked				1,615,604	1,679,018	1,688,577	1,697,876
Cost per bottle				\$0.38	\$0.38	\$0.35	\$0.35
Picking Fees Calculation @				\$613,930	\$638,027	\$591,002	\$594,257
Assumed not to be implemented with any State Stores operating					\$0	\$0	\$0

Store Expense Assumptions	Salaries FY01	Rents FY01	Trucking FY01	Admin. Exp. FY01	Total Store FY01	Other Store Exp. FY01		
Store Salaries								
34 Kittery	\$399,642	\$194,105	\$16,884	\$61,360	\$731,718	\$121,087		
21 Old Orchard Beach	\$104,738	\$21,870	\$10,797	\$41,318	\$187,832	\$50,427		
4 Portland	\$170,138	\$35,976	\$9,102	\$36,006	\$269,888	\$54,672		
27 Caribou	\$136,189	\$15,022	\$16,435	\$36,290	\$216,717	\$49,071		
11 Lewiston	\$89,866	\$25,478	\$8,305	\$30,181	\$166,591	\$42,942		
9 Bangor	\$98,297	\$24,772	\$13,490	\$42,616	\$191,625	\$55,066		
66 Brewer	\$122,597	\$23,976	\$7,318	\$23,549	\$190,711	\$36,820		
85 Mexico	\$75,541	\$18,470	\$4,656	\$17,894	\$127,110	\$28,443		
Totals - 8 Stores Closed in 2002	\$1,197,008	\$359,669	\$86,987	\$289,214	\$2,082,192	\$438,528		
Total Store Expenses - All Stores in FY01	\$3,469,889	\$756,076	\$608,194	\$2,055,832	\$5,428,720	\$594,561		
Total Store Expenses - After 2002 Closures	\$2,272,881	\$396,407	\$521,207	\$1,766,618	\$3,346,528	\$156,033		
No additional Stores Closed After 2002	\$0	\$0	\$0	\$0	\$0	\$0		
Store Expenses	FY99	FY00	FY01	FY02	FY03	FY04	FY05	
Store Salaries - Base	3,340,034	3,298,976	3,469,889	\$3,643,383	\$3,752,685	\$3,865,266	\$3,942,571	
Annual Growth Assumption		-1.2%	5.2%	5.0%	3.0%	3.0%	2.0%	
Store Salaries - 2002 Stores Closed			1,197,008	1,256,858	1,294,564	1,333,401	1,360,069	
Store Salaries - 2003 Stores Closed			0	0	0	0	0	
Salary Savings from Closures				414,763	1,294,564	1,333,401	1,360,069	
Store Salaries - After Closures				3,228,620	2,458,121	2,531,864	2,582,502	
Rents - Base	924,085	1,068,313	756,076					
Rents - Adjusted for Kittery Buyout	924,085	793,313	756,076	\$771,198	\$786,621	\$802,354	\$818,401	
Annual Growth Assumption		-14.2%	-4.7%	2.0%	2.0%	2.0%	2.0%	
Rents - 2002 Stores Closed			359,669	366,862	374,200	381,684	389,317	
Rents - 2003 Stores Closed			0	0	0	0	0	
Rent Savings from Closures					374,200	381,684	389,317	
Rents - After Closures				771,198	412,422	420,670	429,084	
Other Stores Expenses (exc. Trucking and Admin.)	715,905	1,068,599	490,366	\$500,173	\$510,177	\$520,380	\$530,788	
Annual Growth Assumption		49.3%	-54.1%	2.0%	2.0%	2.0%	2.0%	
Other Store Expenses - 2002 Stores Closed			438,528	447,299	456,245	465,369	474,677	
Other Store Expenses - 2003 Stores Closed			0	0	0	0	0	
Other Expense Savings from Closures				298,348	456,245	465,369	474,677	
Other Store Expenses - After Closures				201,825	53,932	55,011	56,111	
Trucking Costs								
Total Trucking Costs	486,283	535,370	608,192	669,011	735,912	809,504	890,454	
Annual Growth Assumption		10.1%	13.6%	10.0%	10.0%	10.0%	10.0%	
Number of new agents				20	32	32	32	
Number of existing agents predominantly using state stores				80	80	80	80	
Number of existing agents switching to warehouse purchase				24	41	41	41	
Number of new and existing agents with new trucking costs				44	73	73	73	
Additional Cost at \$2,000 per year for each new user agency				88,000	146,000	146,000	146,000	
Trucking Costs - After Closures				\$757,011	\$881,912	\$955,504	\$1,036,454	

G:\OFPR\GENGOVTLIQLTLIQUORHIST.XLS

Updated: 02/11/02

Commission to Develop a Plan to Implement the Closure of State Liquor Stores

Historical Data - Bureau of Alcoholic Beverages Operations

ALCOHOLIC BEVERAGES
Comparative Statements of Operations - History

	1984	1985	1986	1987	1988	1989
SALES:						
Retail Sales	41,406,428	52,618,188	54,660,797	57,838,808	58,150,218	59,412,579
Licensee Sales						
Wholesale Sales	26,571,574	13,748,019	12,849,756	12,999,100	13,695,192	13,855,753
Less Wholesale Discount						
Returns	(43,661)	(29,034)	(28,152)	(40,147)	(71,815)	(29,152)
TOTAL SALES	67,934,340	66,337,173	67,482,401	70,797,761	71,773,595	73,239,179
COST OF GOODS SOLD	40,575,099	38,567,527	38,722,318	42,716,394	44,942,517	42,498,846
GROSS INCOME FROM SALES	27,359,241	27,769,646	28,760,083	28,081,367	26,831,078	30,740,333
SELLING EXPENSES:						
Store Salaries	3,697,796	4,130,666	4,250,138	4,509,460	4,758,871	4,974,452
Store Rents	467,676	507,958	514,029	521,385	724,126	947,232
Store Supervision	113,613	127,431	148,606	144,372	170,907	205,966
Other Store and Selling Expenses	1,334,422	1,099,307	1,096,758	1,275,270	1,297,137	1,369,112
TOTAL - STORE AND SELLING EXPENSES	5,613,507	5,865,362	6,009,531	6,450,487	6,951,041	7,496,762
NET INCOME FROM SALES	21,745,735	21,904,284	22,750,552	21,630,880	19,880,036	23,243,571
OTHER INCOME:						
Beer & Wine Excise Tax	7,146,665	7,365,663	6,975,995	7,510,030	7,573,081	7,457,485
Liquor Licenses	1,582,188	1,650,073	1,758,283	1,803,609	1,881,160	1,928,493
Miscellaneous	43,395	88,017	104,379	75,365	134,538	153,494
Premium Tax	2,737,712	2,723,879	2,634,555	5,239,666	5,528,885	5,436,307
Premium Tax - Beer & Wine						
TOTAL OTHER INCOME	11,509,959	11,827,632	11,473,212	14,628,670	15,117,665	14,975,779
TOTAL GROSS INCOME	38,869,201	39,597,278	40,233,295	42,710,037	41,948,742	45,716,112
OTHER EXPENSES:						
Administrative Expenses	454,080	502,188	624,252	652,241	831,098	849,474
Licensing Expenses	181,960	183,069	200,755	206,478	230,657	276,296
TOTAL EXPENSES	6,249,547	6,550,619	6,834,538	7,309,206	8,012,796	8,622,531
NET INCOME	32,619,654	33,046,658	33,398,757	35,400,831	33,935,946	37,093,581
PREMIUM TAX	2,737,712	2,723,879	2,634,555	5,239,666	5,528,885	5,436,307
TRANSFERS TO GENERAL FUND	29,881,942	30,322,780	30,764,202	30,161,165	28,407,061	31,657,273
Number of State Stores at Year-end	72	72	71	70	71	71
Number of Agency Liquor Stores Licensed	63	63	63	69	73	74
Total Gallons Sold - Spirits	2,399,761	2,280,744	2,202,897	2,204,176	2,204,427	2,186,056
Average Price per Bottle						
SELLING EXPENSES TO TOTAL SALES	8.26%	8.84%	8.91%	9.11%	9.68%	10.24%
SELLING EXPENSES TO RETAIL SALES	13.56%	11.15%	10.99%	11.15%	11.95%	12.62%
COGS TO TOTAL SALES	59.73%	58.14%	57.38%	60.34%	62.62%	58.03%
EXPENSES TO GROSS INCOME	16.08%	16.54%	16.99%	17.11%	19.10%	18.86%

Source: Annual Report of the Bureau of Alcoholic Beverages

ALCOHOLIC BEVERAGES
Comparative Statements of Operations - History

	1990	1991	1992	1993	1994	1995
SALES:						
Retail Sales	59,372,773	58,160,739	53,507,993	26,578,754	20,706,609	17,955,212
Licensee Sales				15,896,223	11,488,503	6,832,070
Wholesale Sales	13,594,398	14,713,889	18,971,849	33,005,134	42,470,035	47,092,444
Less Wholesale Discount				(2,640,411)	(3,478,246)	(3,767,396)
Returns	(18,024)	(19,717)	(20,780)	(107,508)	(41,297)	(13,189)
TOTAL SALES	72,949,148	72,854,912	72,459,062	72,732,192	71,145,604	68,099,141
COST OF GOODS SOLD	43,188,446	42,597,084	41,614,162	43,213,241	42,036,772	40,557,784
GROSS INCOME FROM SALES	29,760,702	30,257,828	30,844,900	29,518,951	29,108,832	27,541,357
SELLING EXPENSES:						
Store Salaries	6,252,445	5,613,222	5,748,384	4,636,388	3,444,336	3,552,131
Store Rents	947,129	1,018,036	1,033,659	870,208	756,398	728,101
Store Supervision	351,302	406,045	425,064	388,674	175,920	163,740
Other Store and Selling Expenses	1,341,507	1,320,017	1,243,764	1,166,124	1,063,979	977,120
TOTAL - STORE AND SELLING EXPENSES	8,892,383	8,357,320	8,450,871	7,061,394	5,440,633	5,421,092
NET INCOME FROM SALES	20,868,319	21,900,508	22,394,029	22,457,557	23,668,199	22,120,265
OTHER INCOME:						
Beer & Wine Excise Tax	7,455,038	7,287,099	7,544,563	7,025,765	7,013,203	7,065,608
Liquor Licenses	1,912,965	2,049,630	2,399,350	2,432,815	2,728,930	3,011,942
Miscellaneous	113,235	118,914	589,803	(208,962)	(3,474)	14,512
Premium Tax	5,366,397	5,177,863	5,150,852	1,821,794	1,772,201	1,657,515
Premium Tax - Beer & Wine				3,130,427	3,108,463	3,126,889
TOTAL OTHER INCOME	14,847,636	14,633,507	15,684,568	14,201,839	11,510,860	11,749,577
TOTAL GROSS INCOME	44,608,338	44,891,335	46,529,468	43,720,790	40,619,692	39,290,934
OTHER EXPENSES:						
Administrative Expenses	1,087,314	1,369,927	1,451,439	1,698,897	1,687,238	2,006,552
Licensing Expenses	269,981	179,920	194,113			
TOTAL EXPENSES	10,249,678	9,907,167	10,096,423	8,760,291	7,127,871	7,427,644
NET INCOME	34,358,660	34,984,167	36,433,045	34,960,499	33,491,821	31,863,290
PREMIUM TAX	5,366,397	5,177,863	5,150,852	4,952,221	1,772,201	1,657,515
TRANSFERS TO GENERAL FUND	28,992,262	29,806,304	31,282,193	30,008,278	31,719,620	30,205,775
Number of State Stores at Year-end	72	71	46	42	28	28
Number of Agency Liquor Stores Licensed	76	76	155	165		
Total Gallons Sold - Spirits	2,119,336	2,018,061	1,932,895	1,949,778	1,877,600	1,787,700
Average Price per Bottle				\$9.21	\$9.41	\$9.48
SELLING EXPENSES TO TOTAL SALES	12.19%	11.47%	11.66%	9.71%	7.65%	7.96%
SELLING EXPENSES TO RETAIL SALES	14.98%	14.37%	15.79%	26.57%	26.27%	30.19%
COGS TO TOTAL SALES	59.20%	58.47%	57.43%	59.41%	59.09%	59.56%
EXPENSES TO GROSS INCOME	22.98%	22.07%	21.70%	20.04%	17.55%	18.90%

Source: Annual Report of the Bureau of Alcoholic Bever

ALCOHOLIC BEVERAGES
Comparative Statements of Operations - History

	1996	1997	1998	1999	2000	2001
SALES:						
Retail Sales	16,759,714	16,491,996	16,335,179	16,658,687	16,922,256	16,899,903
Licensee Sales	5,468,663	4,511,401	4,040,740	3,582,310	3,486,446	3,395,226
Wholesale Sales	49,949,072	52,892,202	54,942,550	57,434,387	62,191,902	65,691,561
Less Wholesale Discount	(3,995,926)	(4,231,348)	(4,891,623)	(5,268,312)	(6,001,469)	(6,339,236)
Returns	(7,177)	(30,107)	(24,127)	(24,127)	0	0
TOTAL SALES	68,174,346	69,634,144	70,402,719	72,382,945	76,599,135	79,647,454
COST OF GOODS SOLD	40,376,070	40,306,657	41,419,596	43,468,961	46,034,337	48,015,612
GROSS INCOME FROM SALES	27,798,276	29,327,487	28,983,123	28,913,984	30,564,798	31,631,842
SELLING EXPENSES:						
Store Salaries	3,477,367	3,582,671	3,301,988	3,340,034	3,298,976	3,469,889
Store Rents	743,047	815,065	876,143	924,085	1,068,313	756,076
Store Supervision	180,389	200,935	195,609	185,523	210,365	212,339
Other Store and Selling Expenses	883,712	869,022	1,031,326	1,202,188	1,169,688	1,098,558
TOTAL - STORE AND SELLING EXPENSES	5,284,515	5,467,693	5,405,066	5,651,830	5,747,342	5,536,862
NET INCOME FROM SALES	22,513,761	23,859,794	23,578,057	23,262,154	24,817,456	26,094,980
OTHER INCOME:						
Beer & Wine Excise Tax	7,253,009	7,334,649	7,357,496	7,464,978	7,796,150	7,771,928
Liquor Licenses	2,821,747	3,088,049	2,960,814	2,904,977	3,067,067	3,000,776
Miscellaneous	515,425	14,792	235,275	58,503	448,243	192,122
Premium Tax	1,638,064	1,588,694	1,593,834	1,461,174	1,581,648	1,628,788
Premium Tax - Beer & Wine	3,239,446	2,996,836	3,318,633	3,371,353	3,560,099	3,524,331
TOTAL OTHER INCOME	12,228,244	12,026,184	12,147,418	11,889,632	12,893,108	16,117,945
TOTAL GROSS INCOME	40,026,520	41,353,671	41,130,541	40,803,616	43,457,906	47,749,787
OTHER EXPENSES:						
Administrative Expenses	1,582,219	1,624,055	1,673,336	2,064,704	2,038,941	2,055,832
Licensing Expenses		0	0	0	0	0
TOTAL EXPENSES	6,866,734	7,091,748	7,078,402	7,716,534	7,786,283	7,592,694
NET INCOME	33,159,786	34,261,923	34,052,139	33,087,082	35,671,623	40,157,093
PREMIUM TAX	1,638,064	1,588,694	1,593,834	1,461,174	1,581,648	1,628,788
TRANSFERS TO GENERAL FUND	31,521,722	32,673,229	32,458,305	33,087,082	34,089,975	38,528,305
Number of State Stores at Year-end	28	28	27	27	27	27
Number of Agency Liquor Stores Licensed						191
Total Gallons Sold - Spirits	1,735,500	1,711,077	1,716,100	1,731,939	1,759,173	1,778,378
Average Price per Bottle	\$9.68	\$10.08	\$10.35	\$10.93	\$11.44	\$11.93
SELLING EXPENSES TO TOTAL SALES	7.75%	7.85%	7.68%	7.81%	7.50%	6.95%
SELLING EXPENSES TO RETAIL SALES	31.53%	33.15%	33.09%	33.93%	33.96%	32.76%
COGS TO TOTAL SALES	59.22%	57.88%	58.83%	60.05%	60.10%	60.29%
EXPENSES TO GROSS INCOME	17.16%	17.15%	17.21%	18.91%	17.92%	15.90%

Source: Annual Report of the Bureau of Alcoholic Bever

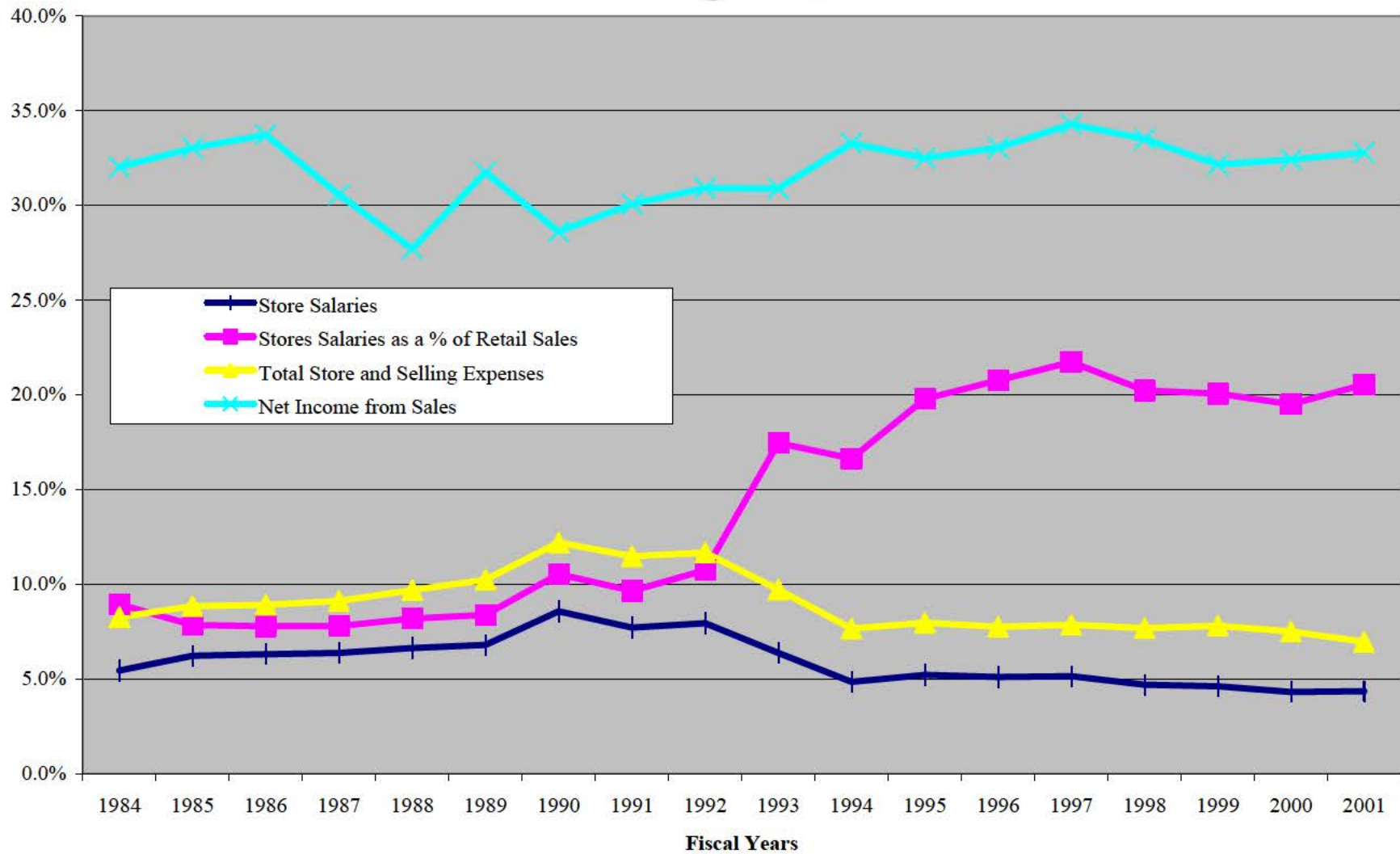
ALCOHOLIC BEVERAGES
Comparative Statement of Operations - History - Percentage of Sales

	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
SALES:																		
Retail Sales	61.0%	79.3%	81.0%	81.7%	81.0%	81.1%	81.4%	79.8%	73.8%	36.5%	29.1%	26.4%	24.6%	23.7%	23.2%	23.0%	22.1%	21.2%
Licensee Sales	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	21.9%	16.1%	10.0%	8.0%	6.5%	5.7%	4.9%	4.6%	4.3%
Wholesale Sales	39.1%	20.7%	19.0%	18.4%	19.1%	18.9%	18.6%	20.2%	26.2%	45.4%	59.7%	69.2%	73.3%	76.0%	78.0%	79.3%	81.2%	82.5%
Less Wholesale Discount	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-3.6%	-4.9%	-5.5%	-5.9%	-6.1%	-6.9%	-7.3%	-7.8%	-8.0%
Returns	-0.1%	0.0%	0.0%	-0.1%	-0.1%	0.0%	0.0%	0.0%	0.0%	-0.1%	-0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
TOTAL SALES	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
COST OF GOODS SOLD	59.7%	58.1%	57.4%	60.3%	62.6%	58.0%	59.2%	58.5%	57.4%	59.4%	59.1%	59.6%	59.2%	57.9%	58.8%	60.1%	60.1%	60.3%
GROSS INCOME FROM SALES	40.3%	41.9%	42.6%	39.7%	37.4%	42.0%	40.8%	41.5%	42.6%	40.6%	40.9%	40.4%	40.8%	42.1%	41.2%	39.9%	39.9%	39.7%
SELLING EXPENSES:																		
Store Salaries	5.4%	6.2%	6.3%	6.4%	6.6%	6.8%	8.6%	7.7%	7.9%	6.4%	4.8%	5.2%	5.1%	5.1%	4.7%	4.6%	4.3%	4.4%
Stores Salaries as a % of Retail Sales	8.9%	7.9%	7.8%	7.8%	8.2%	8.4%	10.5%	9.7%	10.7%	17.4%	16.6%	19.8%	20.7%	21.7%	20.2%	20.0%	19.5%	20.5%
Store Rents	0.7%	0.8%	0.8%	0.7%	1.0%	1.3%	1.3%	1.4%	1.4%	1.2%	1.1%	1.1%	1.1%	1.2%	1.2%	1.3%	1.4%	0.9%
Store Supervision	0.2%	0.2%	0.2%	0.2%	0.2%	0.3%	0.5%	0.6%	0.6%	0.5%	0.2%	0.2%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%
Other Store and Selling Expenses	2.0%	1.7%	1.6%	1.8%	1.8%	1.9%	1.8%	1.8%	1.7%	1.6%	1.5%	1.4%	1.3%	1.2%	1.5%	1.7%	1.5%	1.4%
Total Store and Selling Expenses	8.3%	8.8%	8.9%	9.1%	9.7%	10.2%	12.2%	11.5%	11.7%	9.7%	7.6%	8.0%	7.8%	7.9%	7.7%	7.8%	7.5%	7.0%
Net Income from Sales	32.0%	33.0%	33.7%	30.6%	27.7%	31.7%	28.6%	30.1%	30.9%	30.9%	33.3%	32.5%	33.0%	34.3%	33.5%	32.1%	32.4%	32.8%
OTHER EXPENSES:																		
Administrative Expenses	0.7%	0.8%	0.9%	0.9%	1.2%	1.2%	1.5%	1.9%	2.0%	2.3%	2.4%	2.9%	2.3%	2.3%	2.4%	2.9%	2.7%	2.6%
NET INCOME	48.0%	49.8%	49.5%	50.0%	47.3%	50.6%	47.1%	48.0%	50.3%	48.1%	47.1%	46.8%	48.6%	49.2%	48.4%	45.7%	46.6%	50.4%
PREMIUM TAX	4.0%	4.1%	3.9%	7.4%	7.7%	7.4%	7.4%	7.1%	7.1%	6.8%	2.5%	2.4%	2.4%	2.3%	2.3%	2.0%	2.1%	2.0%
TRANSFERS TO GENERAL FUND	44.0%	45.7%	45.6%	42.6%	39.6%	43.2%	39.7%	40.9%	43.2%	41.3%	44.6%	44.4%	46.2%	46.9%	46.1%	45.7%	44.5%	48.4%

ALCOHOLIC BEVERAGES
Comparative Statement of Operations - History - Annual Percentage Change

	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
SALES:																	
Retail Sales	27.1%	3.9%	5.8%	0.5%	2.2%	-0.1%	-2.0%	-8.0%	-50.3%	-22.1%	-13.3%	-6.7%	-1.6%	-1.0%	2.0%	1.6%	-0.1%
Licensee Sales	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	-27.7%	-40.5%	-20.0%	-17.5%	-10.4%	-11.3%	-2.7%	-2.6%
Wholesale Sales	-48.3%	-6.5%	1.2%	5.4%	1.2%	-1.9%	8.2%	28.9%	74.0%	28.7%	10.9%	6.1%	5.9%	3.9%	4.5%	8.3%	5.6%
Less Wholesale Discount									#DIV/0!	31.7%	8.3%	6.1%	5.9%	15.6%	7.7%	13.9%	5.6%
Returns	-33.5%	-3.0%	42.6%	78.9%	-59.4%	-38.2%	9.4%	5.4%	417.4%	-61.6%	-68.1%	-45.6%	319.5%	-19.9%	0.0%	-100.0%	#DIV/0!
TOTAL SALES	-2.4%	1.7%	4.9%	1.4%	2.0%	-0.4%	-0.1%	-0.5%	0.4%	-2.2%	-4.3%	0.1%	2.1%	-1.1%	2.8%	5.8%	4.0%
COST OF GOODS SOLD	-4.9%	0.4%	10.3%	5.2%	-5.4%	1.6%	-1.4%	-2.3%	3.8%	-2.7%	-3.5%	-0.4%	-0.2%	2.8%	4.9%	5.9%	4.3%
GROSS INCOME FROM SALES	1.5%	3.6%	-2.4%	-4.5%	14.6%	-3.2%	1.7%	1.9%	-4.3%	-1.4%	-5.4%	0.9%	5.5%	-1.2%	-0.2%	5.7%	3.5%
SELLING EXPENSES:																	
Store Salaries	11.7%	2.9%	6.1%	5.5%	4.5%	25.7%	-10.2%	2.4%	-19.3%	-25.7%	3.1%	-2.1%	3.0%	-7.8%	1.2%	-1.2%	5.2%
Store Rents	8.6%	1.2%	1.4%	38.9%	30.8%	0.0%	7.5%	1.5%	-15.8%	-13.1%	-3.7%	2.1%	9.7%	7.5%	5.5%	15.6%	-29.2%
Store Supervision	12.2%	16.6%	-2.8%	18.4%	20.5%	70.6%	15.6%	4.7%	-8.6%	-54.7%	-6.9%	10.2%	11.4%	-2.7%	-5.2%	13.4%	0.9%
Other Store and Selling Expenses	-17.6%	-0.2%	16.3%	1.7%	5.5%	-2.0%	-1.6%	-5.8%	-6.2%	-8.8%	-8.2%	-9.6%	-1.7%	18.7%	16.6%	-2.7%	-6.1%
TOTAL - STORE AND SELLING EXP.	4.5%	2.5%	7.3%	7.8%	7.9%	18.6%	-6.0%	1.1%	-16.4%	-23.0%	-0.4%	-2.5%	3.5%	-1.1%	4.6%	1.7%	-3.7%
NET INCOME FROM SALES	0.7%	3.9%	-4.9%	-8.1%	16.9%	-10.2%	4.9%	2.3%	0.3%	5.4%	-6.5%	1.8%	6.0%	-1.2%	-1.3%	6.7%	5.1%
OTHER INCOME:																	
Beer & Wine Excise Tax	3.1%	-5.3%	7.7%	0.8%	-1.5%	0.0%	-2.3%	3.5%	-6.9%	-0.2%	0.7%	2.7%	1.1%	0.3%	1.5%	4.4%	-0.3%
Liquor Licenses	4.3%	6.6%	2.6%	4.3%	2.5%	-0.8%	7.1%	17.1%	1.4%	12.2%	10.4%	-6.3%	9.4%	-4.1%	-1.9%	5.6%	-2.2%
Miscellaneous	102.8%	18.6%	-27.8%	78.5%	14.1%	-26.2%	5.0%	396.0%	-135.4%	-98.3%	-517.7%	3451.7%	-97.1%	1490.6%	-75.1%	666.2%	-57.1%
Premium Tax	-0.5%	-3.3%	98.9%	5.5%	-1.7%	-1.3%	-3.5%	-0.5%	-64.6%	-2.7%	-6.5%	-1.2%	-3.0%	0.3%	-8.3%	8.2%	3.0%
Premium Tax - Beer & Wine	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	-0.7%	0.6%	3.6%	-7.5%	10.7%	1.6%	5.6%	-1.0%
TOTAL OTHER INCOME	2.8%	-3.0%	27.5%	3.3%	-0.9%	-0.9%	-1.4%	7.2%	-9.5%	-18.9%	2.1%	4.1%	-1.7%	1.0%	-2.1%	8.4%	25.0%
TOTAL GROSS INCOME	1.9%	1.6%	6.2%	-1.8%	9.0%	-2.4%	0.6%	3.6%	-6.0%	-7.1%	-3.3%	1.9%	3.3%	-0.5%	-0.8%	6.5%	9.9%
OTHER EXPENSES:																	
Administrative Expenses	10.6%	24.3%	4.5%	27.4%	2.2%	28.0%	26.0%	6.0%	17.0%	-0.7%	18.9%	-21.1%	2.6%	3.0%	23.4%	-1.2%	0.8%
Licensing Expenses	0.6%	9.7%	2.9%	11.7%	19.8%	-2.3%	-33.4%	7.9%	-100.0%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
TOTAL EXPENSES	4.8%	4.3%	6.9%	9.6%	7.6%	18.9%	-3.3%	1.9%	-13.2%	-18.6%	4.2%	-7.6%	3.3%	-0.2%	9.0%	0.9%	-2.5%
NET INCOME	1.3%	1.1%	6.0%	-4.1%	9.3%	-7.4%	1.8%	4.1%	-4.0%	-4.2%	-4.9%	4.1%	3.3%	-0.6%	-2.8%	7.8%	12.6%
PREMIUM TAX	-0.5%	-3.3%	98.9%	5.5%	-1.7%	-1.3%	-3.5%	-0.5%	-3.9%	-64.2%	-6.5%	-1.2%	-3.0%	0.3%	-8.3%	8.2%	3.0%
TRANSFERS TO GENERAL FUND	1.5%	1.5%	-2.0%	-5.8%	11.4%	-8.4%	2.8%	5.0%	-4.1%	5.7%	-4.8%	4.4%	3.7%	-0.7%	1.9%	3.0%	13.0%
Number of State Stores at Year-end	0.0%	-1.4%	-1.4%	1.4%	0.0%	1.4%	-1.4%	-35.2%	-8.7%	-33.3%	0.0%	0.0%	0.0%	-3.6%	0.0%	0.0%	0.0%
Number of Agency Liquor Stores Licensed	0.0%	0.0%	9.5%	5.8%	1.4%	2.7%	0.0%	103.9%	6.5%	-100.0%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Total Gallons Sold - Spirits	-5.0%	-3.4%	0.1%	0.0%	-0.8%	-3.1%	-4.8%	-4.2%	0.9%	-3.7%	-4.8%	-2.9%	-1.4%	0.3%	0.9%	1.6%	1.1%
Average Price per Bottle	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	2.2%	0.7%	2.1%	4.1%	2.7%	5.6%	4.7%	4.3%

BUREAU OF ALCOHOLIC BEVERAGES - OPERATIONS Percentage of Sales



APPENDIX F

Agent Spirits Distribution Information

AGENT PURCHASES - DIRECT SHIPMENTS FROM WAREHOUSE

<u>Locations less than 25 miles from I-95</u>		<u>Locations more than 25 miles from I-95</u>	
AUBURN	\$1.03M	ABBOT	\$.08M
AUGUSTA	.99	BAR HARBOR	.29
BANGOR	.93	BETHEL	.17
BANGOR	.8	BINGHAM	.05
BATH	.6	BOOTHBAY	.48
CAPE ELIZABETH	.45	BUCKSPORT	.08
CARMEL	.1	"	.33
DAMARISCOTTA	.45	"	.14
DEXTER	.18	BUXTON	.26
"	.1	CAMDEN	.14
WATERBORO	.19	"	.33
ELLSWORTH	.72	CANAAN	.08
FALMOUTH	.51	CARRABASSETT	.25
"	.21	COLUMBIA	.03
FREEPORT	2.99	CORNISH	.2
GARDINER	.42	FORT KENT	.23
GORHAM	.44	"	.12
GRAY	.25	FRENCHVILLE	.05
HAMPDEN	.14	GREENVILLE	.26
KENNEBUNK	.19	JACKMAN	.09
LEWISTON	.86	JAY	.25
LIMERICK (24)	.12	LIVERMORE	.07
LINCOLN	.32	MACHIAS	.08
"	.19	"	.24
LISBON FALLS	.2	"	.04
MILLINOCKET	.19	MADAWASKA	.04
"	.08	"	.15
MILO	.2	MADISON	.2
NEWPORT	.09	MT. DESERT	.07
"	.29	NORWAY	.23
NORRIDGEWOCK	.08	THOMASTON	.02
ORONO	.16	WALDOBORO	.15
ORRINGTON	.02	TOTAL	\$5.20M
OXFORD	.66		
PITTSFIELD	.22		
PORTLAND	3.79		
"	1.02		
RANDOLPH	.17		
RICHMOND	.04		
SACO	.56		
"	.99		
"	.52		
SANFORD	.74		

AGENT PURCHASES - DIRECT SHIPMENTS FROM WAREHOUSE

Locations less than 25 miles from I-95

SANFORD	.32M
"	.52
SCARBOROUGH	.7
"	.06
SOUTH PORTLAND	.65
"	1.24
TOPSHAM	.65
TURNER	.23
WATERVILLE	.49
"	.56
"	.52
WELLS	.58
W. BATH	.28
WESTBROOK	.33
"	.67
WINSLOW	.31
WINTHROP	.7
"	.24
WISCASSET	.07
YARMOUTH	.67
CORINNA	.11
TOTAL	<u>\$33.10M</u>

AGENT PURCHASES AT STATE STORES**Locations less than 25 miles from I-95**

BATH	\$.33M
"	.03
BELGRADE	.10
"	.06
CAPE ELIZABETH	.08
DEXTER	.08
"	.12
DIXMONT	.08
E. MILLINOCKET	.19
ELLSWORTH	.01
FRANKFORT	.05
FREEDOM	.07
FREEPORT	1.27
GARDINER	.20
MADISON	.25
GLENBURN	.20
GRAY	.18
GREENE	1.26
ISLAND FALLS	.09
KENNEBUNK	.08
"	.10
"	.11
LEWISTON	.01
"	.20
LISBON	.08
LISBON FALLS	.01
LITCHFIELD	.10
LYMAN	.19
MATTAWANKEAG	.06
MECHANIC FALLS	.21
MILLINOCKET	.05
"	.19
MILO	.04
MONMOUTH	.06
NEWPORT	.11
"	.10
NORRIDGWOCK	.05
"	.09
OLD ORCHARD	.25
ORONO	.37
PATTEN	.10
PITTSFIELD	.05
PORTLAND	.32
RANDOLPH	.21

Locations more than 25 miles from I-95

KINGFIELD	\$.11M
LIBERTY	.09
LIMERICK	.01
LIMESTONE	.09
"	.10
LINCOLNVILLE	.06
LUBEC	.16
MACHIAS	.06
MADAWASKA	.01
"	.26
"	.01
MARS HILL	.10
MILBRIDGE	.12
"	.09
MT. DESERT	.09
NAPLES	.41
NEW HARBOR	.10
NEW PORTLAND	.04
N. ISLESBORO	.04
N. WATERFORD	.03
N.E. HARBOR	.13
NORTHPORT	.09
NORWAY	.13
PEAKS ISLAND	.05
PEMBROKE	.09
PHIPPSBURG	.05
PORTAGE LAKE	.05
RANGELEY	.16
ROCKWOOD	.04
SEARSPORT	.17
SEBAGO	.11
SEDGWICK	.10
S.W. HARBOR	.36
ST. AGATHA	.05
ST. FRANCIS	.04
STONINGTON	.14
"	.09
SWANVILLE	.15
THOMASTON	.52
TOPSFIELD	.04
TRENTON	.14
VAN BUREN	.04
"	.07
VINALHAVEN	.13

AGENT PURCHASES AT STATE STORESLocations less than 25 miles from I-95

READFIELD	.06
RICHMOND	.04
SACO	.29
SANFORD	.36
SCARBORO	.03
SHERMAN MILLS	.05
S. CHINA	.17
S. PORTLAND	.13
TOPSHAM	.01
UNITY	.14
WATERVILLE	.52
W. ENFIELD	.13
WESTBROOK	.26
WINSLOW	.16
WINTERPORT	.09
WINTHROP	.02
WISCASSET	.27
KENDUSKEAG	.10
TOTAL	\$10.62M

Locations more than 25 miles from I-95

WALDOBORO	.11
WARREN	.14
WASHINGTON	.15
W. FORKS	.04
W. JONESPORT	.12
W. SULLIVAN	.14
WILTON	.20
ABBOT	.02
ACTON	.06
ALBION	.06
ANDOVER	.06
ASHLAND	.09
AVON	.24
BAILEYVILLE	.10
BANGOR	.01
"	.04
BAR HARBOR	1.13
"	.20
BUCKSPORT	.05
BUXTON	.05
CALAIS	.10
CAMDEN	.01
"	.12
CANAAN	.07
CANTON	.11
CARMEL	.23
CARRABASSETT	.07
CASTINE	.05
LOVELL	.03
COBURN G.	.02
COLUMBIA	.23
EAGLE LAKE	.04
EASTPORT	.09
FORT FAIRFIELD	.17
FORT KENT	.04
FRYEBURG	.03
GREENVILLE	.12
HARMONY	.08
HUDSON	.03
JEFFERSON	.15
BINGHAM	.03
BIRCH HARBOR	.10
BLUE HILL	.34
BOOTHBAY	.23
"	.11
TOTAL	\$10.53M

AGENT PURCHASES - DIRECT SHIPMENTS FROM WAREHOUSE

<u>Locations within 60 miles of warehouse</u>	<u>\$1.03M</u>	<u>Locations more than 60 miles from warehouse</u>	<u>\$.93M</u>
AUBURN	.99	BANGOR	.8
AUGUSTA	.6	BANGOR	.1
BATH	.26	CARMEL	.18
BUXTON	.2	DEXTER	.1
CORNISH	.45	"	.72
CAPE ELIZABETH	.45	ELLSWORTH	.14
DAMARISCOTTA	.19	HAMPDEN	.32
WATERBORO	.51	LINCOLN	.19
FALMOUTH	.21	"	.19
"	2.99	MILLINOCKET	.08
FREEPORT	.42	"	.2
GARDINER	.44	MILO	.09
GORHAM	.25	NEWPORT	.29
GRAY	.19	"	.08
KENNEBUNK	.86	NORRIDGEWOCK	.16
LEWISTON	.12	ORONO	.02
LIMERICK (24)	.2	ORRINGTON	.22
LISBON FALLS	.07	PITTSFIELD	.08
LIVERMORE	.23	ABBOT	.29
NORWAY	.66	BAR HARBOR	.17
OXFORD	3.79	BETHEL	.05
PORTLAND	1.02	BINGHAM	.48
"	.17	BOOTHBAY	.08
RANDOLPH	.04	BUCKSPORT	.33
RICHMOND	.56	"	.14
SACO	.99	"	.14
"	.52	CAMDEN	.33
"	.74	"	.08
SANFORD	.32	CANAAN	.25
SANFORD	.52	CARRABASSETT	.03
"	.7	COLUMBIA	.23
SCARBOROUGH	.06	FORT KENT	.12
"	.65	"	.05
SOUTH PORTLAND	1.24	FRENCHVILLE	.26
"	.65	GREENVILLE	.09
TOPSHAM	.23	JACKMAN	.25
TURNER	.58	JAY	.08
WELLS	.28	MACHIAS	.24
W. BATH	.33	"	.04
WESTBROOK	.67	"	.04
"	.07	MADAWASKA	.15
WISCASSET	.67	"	.2
YARMOUTH	.07	MADISON	.07
<u>TOTAL</u>	<u>\$26.12M</u>	MT. DESERT	.02
		THOMASTON	.15
		WALDOBORO	.15

AGENT PURCHASES - DIRECT SHIPMENTS FROM WAREHOUSE

<u>Locations within 60 miles of warehouse</u>	<u>Locations more than 60 miles from warehouse</u>	
	WATERVILLE	.49
	"	.56
	"	.52
	WINSLOW	.31
	WINTHROP	.7
	"	.24
	CORINNA	.11
	TOTAL	<u>\$12.18M</u>

AGENT PURCHASES AT STATE STORES

Locations within 60 miles of warehouse		Locations more than 60 miles from warehouse	
BATH	\$.33M	KINGFIELD	\$.11M
"	.03	LIBERTY	.09
LIMERICK	.01	DIXMONT	.08
NAPLES	.41	LIMESTONE	.09
CAPE ELIZABETH	.08	"	.10
N. WATERFORD	.03	BELGRADE	.06
NORWAY	.13	DEXTER	.08
PEAKS ISLAND	.05	"	.12
WESTBROOK	.26	LUBEC	.16
PHIPPSBURG	.05	MACHIAS	.06
SEBAGO	.11	E. MILLINOCKET	.19
BUXTON	.05	FREEDOM	.07
ACTION	.06	"	.06
S. PORTLAND	.13	MADAWASKA	.01
PORTLAND	.32	"	.26
FRANKFORT	.05	"	.01
SACO	.29	BELGRADE	.06
TOPSHAM	.01	MARS HILL	.10
FREEPORT	1.27	MILBRIDGE	.12
GARDINER	.20	"	.09
RICHMOND	.04	MT. DESERT	.09
SANFORD	.36	PATTEN	.10
GRAY	.18	NEW HARBOR	.10
GREENE	1.26	NEW PORTLAND	.04
MONMOUTH	.06	N. ISLESBORO	.04
KENNEBUNK	.08	ORONO	.37
"	.10	N.E. HARBOR	.13
"	.11	NORTHPORT	.09
LEWISTON	.01	NEWPORT	.11
"	.20	"	.10
LISBON	.08	PEMBROKE	.09
LISBON FALLS	.01	PITTSFIELD	.05
LITCHFIELD	.10	PORTAGE LAKE	.05
LYMAN	.19	RANGELEY	.16
SCARBORO	.03	ROCKWOOD	.04
MECHANIC FALLS	.21	SEARSPORT	.17
OLD ORCHARD	.25	READFIELD	.06
RANDOLPH	.21	SEDGWICK	.10
		S.W. HARBOR	.36
		ST. AGATHA	.05
		ST. FRANCIS	.04
		STONINGTON	.14
		"	.09
		SWANVILLE	.15
		THOMASTON	.52
		TOPSFIELD	.04
		TRENTON	.14
TOTAL	\$7.35M		

AGENT PURCHASES AT STATE STORES

<u>Location within 60 miles of warehouse</u>	<u>Locations more than 60 miles from warehouse</u>
	VAN BUREN .04
	" .07
	VINALHAVEN .13
	WALDOBORO .11
	WARREN .14
	WASHINGTON .15
	W. FORKS .04
	W. JONESPORT .12
	W. SULLIVAN .14
	WILTON .20
	ABBOT .02
	SHERMAN MILLS .05
	ALBION .06
	ANDOVER .06
	ASHLAND .09
	AVON .24
	BAILEYVILLE .10
	BANGOR .01
	" .04
	BAR HARBOR 1.13
	" .20
	BUCKSPORT .05
	S. CHINA .17
	CALAIS .10
	CAMDEN .01
	" .12
	CANAAN .07
	CANTON .11
	CARMEL .23
	CARRABASSETT .07
	CASTINE .05
	LOVELL .03
	COBURN G. .02
	COLUMBIA .23
	EAGLE LAKE .04
	EASTPORT .09
	FORT FAIRFIELD .17
	FORT KENT .04
	FRYEBURG .03
	GREENVILLE .12
	HARMONY .08
	HUDSON .03
	JEFFERSON .15
	BINGHAM .03
	BIRCH HARBOR .10
	BLUE HILL .34
	BOOTHBAY .23

AGENT PURCHASES AT STATE STORES

<u>Location within 60 miles of warehouse</u>	<u>Locations more than 60 miles from warehouse</u>	
	"	.11
	LINCOLNVILLE	.06
	UNITY	.14
	WATERVILLE	.52
	W. ENFIELD	.13
	WINSLOW	.16
	WINTERPORT	.09
	WINTHROP	.02
	WISCASSET	.27
	KENDUSKEAG	.10
	ELLSWORTH	.01
	GLENBURN	.20
	MADISON	.25
	ISLAND FALLS	.09
	MATTAWANKEAG	.06
	MILLINOCKET	.05
	"	.05
	MILO	.04
	NORRDGEWOCK	.05
	"	.09
	FREEDOM	.07
	<u>TOTAL</u>	<u>\$13.8M</u>

APPENDIX G
Proposed Legislation

**COMMISSION TO DEVELOP A PLAN TO IMPLEMENT THE CLOSURE OF THE
STATE LIQUOR STORES**

PROPOSED LEGISLATION

Sec. 1. 28-A MRSA §2, sub-§25-B, is enacted to read:

25-B. Re-selling agent. “Re-selling agent” means an agency liquor store with a federal and state license permitting them to sell spirits to on-premise licensees.

Sec. 2. 28-A MRSA §453 and §453-A, are amended to read:

28A § 453. Location of agency stores

1. Location requirements. The bureau may license an agency liquor store only when the following requirements are met.

A. The proposed agency liquor store is located in a municipality or unincorporated place that has voted in favor of the operation of state liquor stores under local option provisions.

B.

~~C. The proposed agency liquor store is not within 3.5 miles of an existing state liquor store or an existing agency liquor store that was licensed before May 1, 1993.~~

~~D. If a state liquor store closes, the bureau may grant more than one agency store license in a municipality when the bureau considers it appropriate. Agency liquor stores licensed before May 1, 1993 that replace closed state liquor stores are exempt from the distance requirement in paragraph C.~~

~~—2. Replacement of state or agency liquor stores.~~ The alcohol bureau may not replace a state liquor store and the bureau may not replace an existing agency liquor store that closes with a new agency liquor store if there is another state or existing agency liquor store within 3.5 miles. ~~This subsection does not prevent the bureau from locating a replacement agency liquor store within 3.5 miles of another replacement agency liquor store for the same town.~~

A.

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

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

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

3. **Measurement of distances.**
4. **Procedure for selection of agency liquor store location.**
5. **Aggrieved applicants.**

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

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

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

~~—1 A. **Bidding to establish or replace agency liquor stores.** The bureau shall solicit bids from the general public for each agency liquor store license to be issued. For licenses to establish an agency liquor store or replace an existing agency liquor store, the bureau may not accept a bid lower than \$2,000.~~

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

~~3. **Information to applicants.** The bureau shall provide all applicants with the necessary information for the establishment of an agency liquor store.~~

~~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 or applicants by the bureau, the bureau shall notify the municipal officers of that municipality of the proposed location of each applicant.~~

5. Licensing decisions. The bureau shall conduct an investigation to determine the feasibility of the location and type of facility for the agency liquor store and shall issue the license to one or more of the applicants, taking into consideration ~~the bid offered and any other~~ factors the bureau considers appropriate. When considering the issuance of a license, the bureau shall consider the proximity of the proposed agency store to existing agency stores and the potential impact the location of the proposed agency store may have on an existing agency store. The bureau may deny a license if the bureau determines the proposed agency store location is too close in proximity to an existing agency store.

5-A. Hearings on applications. The bureau, in accordance with the provisions of the Maine Administrative Procedure Act, shall conduct a hearing to take testimony, consider comment and deliberate on applications. In addition to giving any notice required by the Maine Administrative Procedure Act, the bureau shall give notice of public hearing in writing to any existing agency liquor stores located within 5 miles of the applicant's proposed store location by regular mail at least 15 days prior to the hearing.

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

7. Aggrieved applicants. Any applicant aggrieved by a decision made by the bureau may appeal the decision by filing an appeal with the District Court and serving a copy of the appeal upon the bureau in accordance with the Maine Rules of Civil Procedure, Rule 80C. The appeal must be filed and served within 30 days of the mailing of the bureau's decision.

8. Measurement of distance. All distances described in this section must be determined by the most reasonable direct route of travel.

Sec. 3. 28-A MRS §453-C, is enacted to read:

§ 453-C Re-selling agents

1. Agents licensed to re-sell spirits purchased from the commission. An agent licensed to re-sell spirits and fortified wine purchased from the state to on-premise licensees shall be licensed as a re-selling agent. Agents are prohibited from re-selling liquor to on-premise licensees except for spirits and fortified wine purchased from the commission or a state liquor store. A re-selling agent may not re-sell fortified wine purchased from wholesalers licensed to sell beer and wine in the state.

2. License fee. The fee for a state license to re-sell spirits and fortified wine to on-premise licensees is \$50 annually.

Sec. 4. 28-A MRS § 606, is amended to read:

28A § 606. Liquor bought from commission; sale to

government agencies

1. Purchase of liquor. Subject to the restrictions provided in subsection 1-A, a person licensed to sell spirits must purchase liquor from a state or agency liquor store. This subsection does not apply to public service corporations operating interstate.

A.

1-A. On-premises licensees; purchase from agency store. A person licensed to sell spirits for consumption on the premises may purchase spirits from an agency liquor store only in accordance with this subsection.

A. The sale price of spirits sold to a licensee under this subsection must equal the price for which a licensee would purchase liquor at a state store.

B. Upon completion of a transaction, the agency liquor store and the on-premise licensee shall each retain a copy of the licensee order form.

C.

D.

1-B. Price of sales to agency liquor stores.

1-C. Price of state liquor sales to licensees. The commission may offer discounts below the list price to licensees.

2. On-premise retailers must report purchases. All persons licensed to sell liquor to be consumed on the premises shall report all liquor purchases to the commission on forms provided by the commission.

3. Prospective licensees may order liquor in advance. Upon approval of the bureau, persons who have been issued a license, effective at a future date, may order liquor in advance of the effective date of the license and may advertise the effective date.

4. Discount for agency liquor stores. The alcohol bureau shall sell spirits and fortified wines to agency liquor stores for a price of at least 8% less than the list price established for the state liquor stores.

5. Sale to government instrumentalities. The alcohol bureau may authorize the sale of spirits to government instrumentalities within the State approved by the bureau. The alcohol bureau shall set the price.

6. Sale to airlines and ferry services for consumption outside the State. The alcohol bureau may authorize the sale of spirits not for consumption within the State to airlines and ferry services or their agents as authorized by the bureau. The alcohol bureau shall set the price.

7. Premium must be collected. Nothing in this section permits the sale of spirits without collecting the entire premium assessed under chapter 65.

8. Limits on price. ~~An agency liquor store may not sell spirits and fortified wine for less than 103% of the price paid by the agency liquor store. An agency liquor store may not sell spirits to persons other than on-premises licensees for more than the list price set in accordance with chapters 65 and 67.~~ An agency liquor store shall sell all spirits and fortified wine purchased from the commission at the retail price established by the commission.

Sec. 5. Bureau of Alcoholic Beverages and Lottery Operations to continue to operate 19 state liquor stores. Notwithstanding Public Law 2001, c. 358, part V, the Bureau of Alcoholic Beverages and Lottery Operations shall continue to operate all state liquor stores open as of January 1, 2002.

Sec. 6. Bureau of Alcoholic Beverages and Lottery Operations; report. The Bureau of Alcoholic Beverages and Lottery Operations shall report each year by March 1st to the Joint Standing Committee having jurisdiction over alcoholic beverages on the operation of the 19 state liquor stores and the state-wide spirits distribution system. This report shall include: an assessment of the state's spirits distribution system success in supplying spirits to agency liquor stores; the feasibility of expanding warehouse operations to offer split cases to agents; and the profitability of the 19 state liquor stores.

SUMMARY

This bill makes several changes to the liquor laws based on the recommendations of the Commission to Develop a Plan to Implement the Closure of State Liquor Stores. This bill requires the Bureau of Alcoholic Beverages and Lottery Operations to continue to operate the remaining 19 state liquor stores. It repeals the 3.5-mile radius requirement when replacing a state liquor store with an agency store. It requires an agent permitted to re-sell spirits and fortified wine purchased from the State Liquor Commission to on-premise licensees to obtain a state re-selling agent license for an annual fee of \$50. The bill also requires the Bureau of Alcoholic Beverages and Lottery Operations to report annually to the Joint Standing Committee having jurisdiction over Alcoholic Beverages.