

# 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 electronic originals  
(may include minor formatting differences from printed original)



STATE OF MAINE  
DEPARTMENT OF ADMINISTRATIVE AND FINANCIAL SERVICES  
BUREAU OF ALCOHOLIC BEVERAGES AND LOTTERY OPERATIONS  
8 STATE HOUSE STATION  
AUGUSTA, MAINE 04330-0008

KIRSTEN LC FIGUEROA  
COMMISSIONER

GREGORY R. MINEO  
DIRECTOR

JANET T. MILLS  
GOVERNOR

February 11, 2020

To: Senator Cathy Breen, Chair  
Representative Drew Gattine, Chair  
Members of the Joint Standing Committee on Appropriations and Financial Affairs

Senator Louis Luchini, Chair  
Representative John Schneck, Chair  
Members of the Joint Standing Committee on Veterans and Legal Affairs

From: Gregory R. Mineo, Director, Bureau of Alcoholic Beverages and Lottery Operations

Cc: Kirsten LC Figueroa, Commissioner, Department of Administrative and Financial Services

Re: Bureau of Alcoholic Beverages and Lottery Operations 2019 Reports

---

As required by 8 M.R.S. §371 - 389 and 28-A M.R.S. §81 - 90, please find attached the response from the Bureau of Alcoholic Beverages and Lottery Operations. This includes calendar year 2019 reports pertaining to the liquor and lottery businesses.

A handwritten signature in black ink, appearing to read "Gregory R. Mineo".

Gregory R. Mineo, Director  
Bureau of Alcoholic Beverages and Lottery Operations



# State of Maine



Department of Administrative and Financial Services

## Annual Report of the Bureau of Alcoholic Beverages and Lottery Operations

As required by 8 M.R.S. §371 - 389 and 28-A M.R.S. §81 - 90

February 15, 2020

Kirsten LC Figueroa, Commissioner  
Gregory R. Mineo, Director

**Section 1.A.** 28-A M.R.S. §84, sub-§7, ¶A, the following is a complete statement of the revenues and expenses for the Bureau for calendar year 2019:

**Bureau Revenue**

Lottery Ticket Sales	\$ 299,433,229
Lottery Miscellaneous Revenue	4,898,386
Spirits Sales	207,390,439
Licensing and Enforcement Revenue	<u>23,484,635</u>
<b>Total Bureau Revenue</b>	<b>\$ 535,206,689</b>

**Bureau Expenses**

Lottery Expenses	\$ 242,992,361
Spirits Expenses	149,436,670
Licensing and Enforcement Expenses	<u>1,293,258</u>
<b>Total Bureau Expenses</b>	<b>\$ 393,722,289</b>

**Bureau Profit**

Lottery Profit <sup>1</sup>	\$ 61,339,254
Spirits Profit <sup>2</sup>	57,953,768
Licensing and Enforcement Profit <sup>3</sup>	<u>22,191,378</u>
<b>Total Bureau Profit Generated</b>	<b><u>\$ 141,484,400</u></b>

**Section 1.B.** Change recommendations:

- 28-A M.R.S. §84, sub-§7, any recommendations for changes to this Title:
  - The Bureau recommends this annual report be submitted using fiscal year data rather than calendar year in keeping with other state accounting practices.
  - The Bureau recommends the requirements of 8 M.R.S. §372, sub-§2, ¶K, sub-¶(5) and 8 M.R.S. §372, sub-§2, ¶K, sub-¶(6) be combined. The requirements are reflected in sections 6 and 7 of this report.
- 8 M.R.S. §372, sub-§2, ¶K, sub-¶(7): Any recommendations for changes to this chapter:
  - The Bureau recommends this annual report be submitted using fiscal year data rather than calendar year in keeping with other state accounting practices.

<sup>1</sup> Lottery Profit represents the amount transferred to the General and Outdoor Heritage Funds.

<sup>2</sup> Spirits Profit represents the amount transferred to the Maine Municipal Bond Bank for the Liquor Revenue Bonds.

<sup>3</sup> Licensing and Enforcement Profit represents the amount deposited directly into the General Fund.

**Lottery Operations**

**Section 2.** 8 M.R.S. §372, sub-§2, ¶K, sub-¶(1): A list of the decisions made by the commission and resulting actions for the preceding calendar year relevant to lottery operations.

January 15, 2019:

- Commissioner Fitzgerald made a motion to advance the MAPA-3, basis statement and the proposed Powerball rule changes once approval has been received by the Governor’s office. Commissioner Rice seconded and the motion passed unanimously.
- Commissioner Fitzgerald made a motion to advance the MAPA-3, basis statement and the proposed Mega Millions rule changes once approval has been received by the Governor’s office. Commissioner Rice seconded and the motion passed unanimously.
- Commissioner Davis made a motion to accept the new instant games as presented. Commissioner Rice seconded and the motion passed unanimously. Approved games are as follows:

#421	Lucky Roll	\$ 1.00
#423	Baseball	\$ 1.00
#422	\$250,000 Riches	\$10.00

February 12, 2019:

- Commissioner Davis made a motion to accept the new instant games as presented. Commissioner Fitzgerald seconded and the motion passed unanimously. Approved games are as follows:

#426	High 5	\$ 2.00
#428	Win It ALL	\$ 5.00
#429	25X the Cash	\$10.00
#425	\$500,000 Payout	\$20.00
#430	\$50,000,000 Cash Blowout	\$25.00

March 12, 2019:

- Commissioner Fitzgerald made a motion to accept the new instant games as presented. Commissioner Sheehan seconded and the motion passed unanimously. Approved games are as follows:

#433	Lobster Loot	\$ 1.00
#434	Winner Winner Chicken Dinner	\$ 1.00
#431	Double Match	\$ 2.00
#427	Twisted	\$ 3.00
#424	Boston World Series Champions	\$ 5.00
#432	Maine Money	\$ 5.00

April 9, 2019:

- Commissioner Davis made a motion to accept the new instant games as presented. Commissioner Rice seconded and the motion passed unanimously. The approved games are as follows:

#438	5X The Cash	\$ 1.00
#435	Fireball 7s	\$ 1.00
#436	Fish & Chips	\$ 2.00
#437	The Price is Right	\$ 5.00
#443	20X The Cash	\$ 5.00

- Adoption of the Powerball rule changes. Commissioner Fitzgerald made a motion to accept the rules basis statement for the Powerball Rules amendment. Commissioner Davis seconded and the motion passed unanimously.
- Adoption of the Mega Millions rule changes. Commissioner Fitzgerald made a motion to accept the rule basis statement for the Mega Millions Rules amendment. Commissioner Rice seconded and the motion passed unanimously.
- Commissioner Fitzgerald made a motion to adopt the amendment to the Mega Millions rules. A roll call vote was taken, and the results were as follows: Commissioner Fitzgerald, yes; Commissioner Rice, yes; Chairman McPherson, yes; Commissioner Sheehan, yes; Commissioner Davis, yes. All the Commissioner's voted in the affirmative and the motion passed.

May 14, 2019:

- Commissioner Davis made a motion to accept the new instant games as presented. Commissioner Fitzgerald seconded and the motion passed unanimously. Approved games are as follows:

#442	Silver & Gold	\$ 2.00
#439	Duces Wild	\$ 2.00
#440	Money Bag	\$ 5.00
#444	Full of \$500s	\$ 5.00

June 11, 2019:

- Commissioner Davis made a motion to accept the new games as presented. Commissioner Fitzgerald seconded and the motion passed unanimously. Approved games are as follows:

#448	10X THE CASH	\$ 2.00
#446	6X Champions – NE Patriots	\$ 5.00

July 9, 2019:

- Commissioner Fitzgerald made a motion to accept the new instant games as presented. Commissioner Sheehan seconded and the motion passed unanimously. Approved games are as follows:

#447	Red Ball Tripler	\$ 2.00
#449	Spooky 10X	\$ 2.00
#450	Maine Crossword	\$ 3.00

August 13, 2019:

- Commissioner Davis made a motion to accept the new instant games as presented. Commissioner Fitzgerald seconded and the motion passed unanimously. Approved games are as follows:

#454	Polar Doubler Payout	\$ 2.00
#452	Winning Lineup	\$ 3.00
#451	\$100,000 Jackpot Doubler	\$ 5.00

- With the retirement of Commissioner McPherson, the Commission was required to elect a new commissioner to represent Maine on the Tri-State Lotto Commission. Commissioner Fitzgerald made a motion that Commissioner Sheehan serve the first year and Commissioner Davis serve the second year. Commissioner Rice seconded and the motion passed.

September 10, 2019:

- Commissioner Sheehan made a motion to accept the new instant games as presented. Commissioner Davis seconded and the motion passed unanimously. Approved games are as follows:

#453	Santa Paws	\$ 1.00
#455	Frosty Fun Tripler	\$ 2.00
#456	Holiday Magic	\$ 5.00
#458	\$250,000 Jackpot	\$10.00

October 8, 2019:

- Commissioner Davis made a motion to accept the new instant game as presented. Commissioner Fitzgerald seconded and the motion passed unanimously. Approved game below:

#460	Big Bucks	\$ 1.00
------	-----------	---------

November 22, 2019:

- Commissioner Sheehan made a motion to accept the new games as presented. Commissioner Davis seconded and the motion passed unanimously. Approved games are as follows:

#461	Triple IT	\$ 1.00
#459	Bingo Plus	\$ 3.00
#507	007	\$ 5.00
#457	Ca\$hTastic	\$10.00



December 10, 2019:

- Commissioner Davis made a motion to accept the new game as presented. Commissioner Fitzgerald seconded and the motion passed unanimously. Approved game below:

#463	Words for Money	\$ 3.00
------	-----------------	---------

**Section 3.** 8 M.R.S. §372, sub-§2, ¶K, sub-¶(2): A complete statement of lottery revenues, prize disbursements and expenses and appropriations from the General Fund, if any, for the preceding calendar year.

Summary Table for calendar year 2019:

<b>Revenue</b>	
Ticket Sales	\$ 299,433,229
Miscellaneous Revenue	<u>4,898,386</u>
<b>Total Revenue</b>	<b>\$ 304,331,615</b>
<b>Expenses</b>	
Personnel	\$ 1,762,785
Operating	4,110,946
Agent Commissions/Bonuses	20,961,016
Vendor Fees	10,543,111
Tri-State	2,989,490
Prizes	<u>202,625,013</u>
<b>Total Expenses</b>	<b><u>\$ 242,992,361</u></b>
<b>Profit</b>	
<b>Total Profit</b>	<b><u>\$ 61,339,254</u></b>
<b>Profit Distribution</b>	
General Fund Transfer	\$ 60,803,422
Heritage Transfer	\$ 535,832

No General Fund appropriation is provided to the Bureau for the operation of the Maine Lottery.

**Section 4.** 8 M.R.S. §372, sub-§2, ¶K, sub-¶(3): A 5-year history of the account used to manage lottery operations, which must include the amount of revenues deposited into the State Lottery Fund and the amounts transferred to the General Fund:

Summary Table for Calendar Years 2015 through 2019:

	2015	2016	2017	2018	2019
<b>Revenue</b>					
Ticket Sales	\$ 261,861,971	\$ 276,385,732	\$ 275,954,296	\$ 298,648,087	\$ 299,433,229
Miscellaneous Revenue	<u>1,293,720</u>	<u>4,753,934</u>	<u>4,044,667</u>	<u>5,080,368</u>	<u>4,898,386</u>
<b>Total Revenue</b>	<b>\$ 263,155,690</b>	<b>\$ 281,139,665</b>	<b>\$ 279,998,962</b>	<b>\$ 303,728,455</b>	<b>\$ 304,331,615</b>
<b>Expenses</b>					
Personnel	\$ 1,505,256	\$ 1,579,005	\$ 1,547,421	\$ 1,690,621	\$ 1,762,785
Operating	4,160,356	3,440,825	2,802,986	2,864,496	4,110,946
Agent Commissions/Bonuses	17,580,465	22,109,435	18,383,141	21,420,743	20,961,016
Vendor Fees	9,189,215	9,731,576	9,716,375	10,516,032	10,543,111
Tri-State	2,633,263	2,740,265	3,077,464	3,503,742	2,989,490
Prizes	<u>173,237,547</u>	<u>182,687,943</u>	<u>182,233,804</u>	<u>199,910,266</u>	<u>202,625,013</u>
<b>Total Expenses</b>	<b>\$ 208,306,103</b>	<b>\$ 222,289,049</b>	<b>\$ 217,761,192</b>	<b>\$ 239,905,899</b>	<b>\$ 242,992,361</b>
<b>Profit</b>					
<b>Total Profit</b>	<b>\$ 54,849,587</b>	<b>\$ 58,850,616</b>	<b>\$ 62,237,770</b>	<b>\$ 63,822,556</b>	<b>\$ 61,339,254</b>
<b>Profit Distribution</b>					
General Fund Transfer	\$ 54,156,250	\$ 58,428,164	\$ 61,544,080	\$ 63,235,463	\$ 60,803,422
Heritage Transfer	\$ 693,338	\$ 422,453	\$ 693,690	\$ 587,093	\$ 535,832

**Section 5.** 8 M.R.S. §372, sub-§2, ¶K, sub-¶(4):

Expenditures made to promote lottery sales through marketing, advertising and recruitment of agents for the preceding calendar year (2019):

Total spending by category (includes net media and production costs)

Television	\$1,253,686.99
Radio	\$827,200.59
Digital	\$158,322.73
POS/Collateral	\$17,137.95
Sales Promotion/Promotional Items	\$81,738.89
Sponsorships	\$44,434.92

**Section 6.** 8 M.R.S. §372, sub-§2, ¶K, sub-¶(5): A description of Lottery marketing and advertising activities for the preceding calendar year (2019). The description must identify each radio station and television station, if any, that broadcast or distributed advertising.

Marketing and advertising activity promoting the Maine Lottery during calendar 2019 included statewide Broadcast (Television and Radio), Digital, Point of Sale (POS), Sales Promotion/Promotional Items, and Sponsorships. Advertising schedules were executed to generate visibility across Maine for promoting selected instant games, draw games and Fast Play games.

Television stations utilized:

Market	Station
Bangor	5704 SPECTRUM, Bangor, ME-Cable
Bangor	WABI-TV
Bangor	WFVX-TV
Bangor	WLBZ-TV
Bangor	WVII-TV
Portland, ME	0181 SPECTRUM, Portland, ME-Cable
Portland, ME	7646 SPECTRUM, Portland-Auburn IC, M-Cable
Portland, ME	8448 NEW ENGLAND SPORTS NETWORK, NESN/Portland, ME-Cable
Portland, ME	NESN-TV
Portland, ME	WCSH-TV
Portland, ME	WGME-TV
Portland, ME	WMTW-TV
Portland, ME	WPFO-TV
Portland, ME	WPXT-TV
Presque Isle	WAGM-TV
Presque Isle	2477 SPECTRUM, Presque Isle, ME-Cable

Radio stations utilized:

Market	Station
Augusta-Waterville, ME	WEBB-FM
Augusta-Waterville, ME	WFMX-FM
Augusta-Waterville, ME	WMME-FM
Augusta-Waterville, ME	WTOS-FM
Augusta-Waterville, ME	WABK-FM
Augusta-Waterville, ME	WCTB-FM
Bangor	WBFB-FM
Bangor	WBZN-FM
Bangor	WHOU-FM
Bangor	WKIT-FM
Bangor	WKSQ-FM
Bangor	WNSX-FM

Bangor	WQCB-FM
Bangor	WVOM-FM
Bangor	WWMJ-FM
Bangor	WEZQ-FM
Calais, ME (u)	WCRQ-FM
Calais, ME (u)	WQDY-FM
Farmington, ME (u)	WKTJ-FM
Portland, ME	WBLM-FM
Portland, ME	WCLZ-FM
Portland, ME	WCYY-FM
Portland, ME	WFNK-FM
Portland, ME	WHOM-FM
Portland, ME	WHTP-FM
Portland, ME	WJBQ-FM
Portland, ME	WJJB-FM
Portland, ME	WMGX-FM
Portland, ME	WPEI-FM
Portland, ME	WPOR-FM
Portland, ME	WTHT-FM
Portland, ME	WYNZ-FM
Portland, ME	WHXR-FM
Portland, ME	WBQX-FM
Presque Isle	WBPW-FM
Presque Isle	WCXU-FM
Presque Isle	WOZI-FM
Presque Isle	WQHR-FM

Digital networks or channels utilized:

Site
AdTheorent
Katz Digital Group
NewsCenterMaine.com/WCSH
Pandora
Q1 Media
RhythmOne
Tremor
Undertone
Viant
WMTW

**Section 7.** 8 M.R.S. §372, sub-§2, ¶K, sub-¶(6): For each radio station and television station identified pursuant to subparagraph (5), the format of advertising activity and amount of expenditures for the preceding calendar year (2019) associated with each station.

The format of Maine Lottery advertising on television is a mix of 30-second spots and 15-second spots equally across all stations, according to campaign messaging. On radio, the Maine Lottery uses exclusively 30-second spots across all stations.

For Digital advertising, the Maine Lottery uses a variety of formats according to each digital buy. Typical formats include animated banners such as 728x90, 250x300, and 250x600. Rich media formats are sometimes used allowing the Maine Lottery to take advantage of the newest capabilities of the medium. These have included expandable ads, video pre-roll and other rich media formats.

Point of Sale is most often executed as 11x17 posters, 8.5 x 11 mini-posters, 8x10 counter cards, with occasional window clings and other formats.

Total expenditures by station (net media cost):

**Television**

<b>Market</b>	<b>Station</b>	<b>Total 2019</b>
Bangor	5704 SPECTRUM, Bangor, ME - Cable	\$5,579.69
Bangor	WABI-TV	\$92,019.32
Bangor	WFVX-TV	\$2,461.40
Bangor	WLBZ-TV	\$74,486.36
Bangor	WVII-TV	\$24,340.60
Portland	0181 SPECTRUM, Portland, ME - Cable	\$49,831.25
Portland	7646 SPECTRUM, Portland Auburn IC	\$58,478.61
Portland	8448 NEW ENGLAND SPORTS NETWORK	\$76,912.25
Portland	NESN-TV	\$13,600.00
Portland	TREMOR-TV	\$15,980.00
Portland	WCSH-TV	\$220,616.65
Portland	WGME-TV	\$137,869.23
Portland	WMTW-TV	\$136,532.55
Portland	WPFO-TV	\$27,837.08
Presque Isle	2477 SPECTRUM, Presque Isle, ME - Cable	\$1,360.00
Presque Isle	WAGM-TV	\$115,342.45

**Radio**

<b>Market</b>	<b>Station</b>	<b>Total 2019</b>
Augusta/Waterville	WABK-FM	\$10,279.05
Augusta/Waterville	WCTB-FM	\$952.00
Augusta/Waterville	WEBB-FM	\$17,354.40
Augusta/Waterville	WFMX-FM	\$17,043.35
Augusta/Waterville	WMME-FM	\$19,646.05

Augusta/Waterville	WTOS-FM	\$19,247.40
Bangor	WBFB-FM	\$10,047.00
Bangor	WBZN-FM	\$21,053.14
Bangor	WEZQ-FM	\$4,592.55
Bangor	WHOU-FM	\$12,729.60
Bangor	WKIT-FM	\$19,847.50
Bangor	WKSQ-FM	\$11,424.00
Bangor	WNSX-FM	\$13,554.10
Bangor	WQCB-FM	\$32,863.55
Bangor	WVOM-FM	\$15,555.00
Bangor	WWMJ-FM	\$15,687.60
Calais	WCRO-FM	\$14,611.50
Calais	WQDY-FM	\$14,611.50
Farmington	WKTJ-FM	\$23,222.85
Portland	WBLM-FM	\$60,804.75
Portland	WBXQ-FM	\$2,703.00
Portland	WCLZ-FM	\$9,996.00
Portland	WCYY-FM	\$21,233.00
Portland	WFNK-FM	\$56,397.50
Portland	WHOM-FM	\$29,699.00
Portland	WHTP-FM	\$13,056.00
Portland	WHXR-FM	\$544.00
Portland	WJBQ-FM	\$58,735.00
Portland	WJJB-FM	\$27,358.95
Portland	WMGX-FM	\$48,785.75
Portland	WPOR-FM	\$45,470.75
Portland	WTHT-FM	\$39,907.50
Portland	WYNZ-FM	\$17,913.75
Presque Isle	WBPW-FM	\$19,094.40
Presque Isle	WCXU-FM	\$19,499.00
Presque Isle	WOZI-FM	\$19,143.70
Presque Isle	WQHR-FM	\$20,505.00

## Digital

<b>Market</b>	<b>Channel/Network</b>	<b>Total 2019</b>
Maine	AdTheorent	\$49,803.92
Maine	Katz Digital Group	\$4,803.92
Maine	NewsCenterMaine.com	\$10,000.00
Maine	Pandora	\$5,026.32
Maine	Q1 Media	\$25,061.40
Maine	Rhythm One	\$10,000.00
Maine	Undertone	\$9,607.00
Maine	Viant	\$10,000.00
Maine	WMTW	\$34,917.13

**Section 8.** 8 M.R.S. §372, sub-§2, ¶K, sub-¶(7): Any recommendations for changes to this chapter.

The Bureau recommends this annual report be submitted using fiscal year data rather than calendar year in keeping with other state accounting practices.

The Bureau recommends Sections 5 and 6 be combined.

## Liquor Operations

**Section 9.** 28-A M.R.S. §84, sub-§7, ¶B, the information required by 28-A M.R.S. §83-B, sub-§11: A complete statement of expenses and revenues collected in accordance with the licensing and enforcement functions of the Bureau including a statement of the revenues collected under chapter 65 for calendar year 2019.

<u>Revenue Sources/Description</u>	<u>Total</u>
0411 - Excise Tax Beer	\$ 10,932,148
0412 - Excise Tax Table Wine ME Products	61,133
0413 - Excise Tax Table Wine Out State	2,960,033
0414 - Excise Tax Sparkling Wines	544,130
0454 - Liquor Premium	2,851,175
0455 - Low Alcohol Spirits Tax	17,388
0460 - FMB Excise Tax	1,463,132
0462 - FMB MFG Tax	399,608
1101 - Class I	1,130,585
1102 - Class I P-T	100
1103 - Small Distillery	2,800
1105 - Class A Restaurant/Lounge	583,240
1106 - Bed & Breakfast Liquor License	29,755
1107 - Civic Organizations	9,480
1108 - Agency Liquor. Store Full Time	87,300
1109 - Agency Liquor Store Resale	11,000
1110 - Class I-A	131,760

<b><u>Revenue Sources/Description (continued)</u></b>	<b><u>Total</u></b>
1111 - Class I-A P-T	2,200
1113 - Small Brewery	6,100
1114 - Brewery	35,000
1115 - Class X	253,160
1116 - Auxiliary License	900
1117 - Winery	3,100
1120 - Class II	1,100
1121 - Dual Liquor License	600
1122 - Minibar License Hotel	300
1123 - Minibar License Other	150
1124 - Minibar Room Fee Hotel	555
1126 - Wine Direct Shipper License	10,000
1127 - Wine Direct Shipper Registration Fee	5,000
1128 - Direct Shipper Renewal	24,550
1129 - B.Y.O.B. - Function Permit	2,460
1130 - Bottle Club Registration	1,000
1131 - Spec Cater Off Prem S & V	12,340
1132 - Class III	108,460
1133 - Class III P-T	1,000
1138 - Class IV	120,980
1140 - Class V	18,315
1150 - Class VIII	359,250
1152 - Liquor Fees-Golf Carts	6,000
1153 - Wholesaler Table Wine	13,200
1154 - Wholesale Wine Only Spec	1,800
1155 - Class VI	256,670
1158 - Malt Liquor Cert of Approval	175,100
1159 - Wine Cert of Approval	478,300
1161 - Wholesaler Malt Liquor	9,000
1162 - Wholesale Special	7,200
1164 - Cert of Wine 120	14,100
1165 - Class VI-A P-T	5,300
1176 - Class VII	258,970
1181 - Farmer's Market Permit	1,875
1182 - Self Sponsored Event Permit	14,700
1960 - Certification Fee	16,880
2631 - Registration Fees	(34,242)
2632 - Filing Fees	73,745
2637 - Misc. Services & Fees	4,050
2686 - Misc.-Income	700
<b>Total Revenue</b>	<b>\$ 23,484,635</b>



<b>Expenses</b>	
Personnel Services	\$ 860,170
All Other Operating Expenses	<u>433,087</u>
<b>Total Expenses</b>	<b><u>\$ 1,293,258</u></b>
<b>Profit</b>	
<b>Total Profit</b>	<b><u>\$ 22,191,378</u></b>

**Section 10.** 28-A M.R.S. §84, sub-§7, ¶C, the information required by 28-A M.R.S. §83-C, sub-§7: A complete statement of revenues from and expenses for the sale of spirits by the Bureau for calendar year 2019.

<b>Revenue</b>		<b>Total</b>
	Gross Sales <sup>4</sup>	<u>\$ 207,390,439</u>
	<b>Total Revenue</b>	<b>\$ 207,390,439</b>
<b>Expenses</b>		
	Cost of Goods Sold	\$ 132,757,144
	Warehousing & Distribution Contract Costs	9,927,836
	Trade Marketing Contract Costs	4,406,004
	Operating Expenses <sup>5</sup>	<u>2,345,687</u>
	<b>Total Expenses</b>	<b><u>\$ 149,436,670</u></b>
<b>Operating Profit</b>		
	Operating Profit	\$ 57,953,768
<b>Adjustments</b>		
	Outstanding Receivables	\$ 613,126
	Other Adjustments <sup>6</sup>	<u>238,169</u>
	<b>Total Adjustments</b>	<b><u>\$ 851,296</u></b>
<b>Profit</b>		
	<b>Transferred to MMBB</b>	<b><u>\$ 57,102,473</u></b>

<sup>4</sup> Gross sales include agency liquor store payments for products and suppliers' payments for bailment charges.

<sup>5</sup> Operating expenses include Personal Services, All Other and marketing and advertising expenses.

<sup>6</sup> Other adjustments include unusual revenues and expenses such as initial 50ml bottle size redemption costs, refunds and bad debt write-offs.

**Section 11.** 28-A M.R.S. §84, sub-§7, ¶D, the information required by 28-A M.R.S. §83-C, sub-§9: A report on expenditures and investments made by the Bureau, including, but not limited to, reductions in the retail price at which spirits are sold and incentives offered to agency liquor stores. Also included is the impact of those spending initiatives on the number of cases of spirits sold in the State and on sales of spirits generally.

During CY2019, the Bureau participated with spirits suppliers to reduce the retail price of products that are key to the overall success of Maine's Spirits business.

Investments toward price reductions:

Bureau's investments:	\$ 2,064,276
Suppliers' investments:	\$ 5,322,644
Total investments:	\$ 7,386,920
Bureau's percentage of total investments:	27.95%

Impact of investments on sales:

Total increase in case sales from investments <sup>7</sup> :	77,498
Net increase in case sales for all products <sup>8</sup> :	33,500

Impact of investments on gross profit:

The Bureau's investment on price reductions resulted in an increase gross profit to the State of \$ 4,233,035

Other expenditures by the Bureau to support Maine's spirits business

Marketing and advertising expenses <sup>9</sup> :	\$ 1,782,206
Agency Liquor Store incentives <sup>10</sup> :	None

**Section 12.** 28-A M.R.S. §84, sub-§7, any recommendations for changes to this Title:

The Bureau recommends this annual report be submitted using fiscal year data rather than calendar year in keeping with other state accounting practices.

---

<sup>7</sup> The increase in case sales here are only on products when investments were made to reduce prices by both the Bureau and spirits suppliers.

<sup>8</sup> Net increases include both increases in case sales for products and decreases in case sales for products

<sup>9</sup> Marketing and advertising expenses that include, but may not necessarily have a direct impact on price reduction promotions, are ad agency monthly fee, television production costs, television, radio, social media and newspaper ad run costs, social media (Facebook, Instagram, Pinterest) content development and maintenance, mobile app development and maintenance and special taste testing events.

<sup>10</sup> Agency liquor stores did not qualify for a sales increase incentive during CY2019. The sales incentive is defined in 18 553 C.M.R. ch. 2, §III, sub-§B (2014).

