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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

March 8, 2022

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 2021:

Bureau Revenue

Lottery Ticket Sales	\$ 408,750,293
Lottery Miscellaneous Revenue	4,972,666
Spirits Sales	242,336,859
Licensing and Enforcement Revenue	<u>22,906,786</u>
Total Bureau Revenue	\$ 678,966,604

Bureau Expenses

Lottery Expenses	\$ 340,822,217
Spirits Expenses	179,543,486
Spirits Receivables and Adjustments	(18,622)
Licensing and Enforcement Expenses	<u>1,666,302</u>
Total Bureau Expenses	\$ 522,013,383

Bureau Profit

Lottery Profit ¹	\$ 72,900,742
Spirits Profit ²	62,811,996
Licensing and Enforcement Profit ³	<u>21,240,484</u>
Total Bureau Profit Generated	<u>\$ 156,953,221</u>

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.

¹ Lottery Profit represents the amount transferred to the General and Outdoor Heritage Funds.

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

³ 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 12, 2021:

- Approval of New Games: Marketing Specialist Lisa Rodrigue submitted seven (7) new games for approval.
 - (\$10) \$250,000 Extra Play
 - (\$10) \$50 or \$100
 - (\$5) Money Clip
 - (\$5) Prize Multiplier
 - (\$5) Lucky Fortune
 - (\$3) Unlock It!
 - (\$2) Fireball

A motion was made by Commissioner Sheehan to accept all games as presented. Motion seconded by Commissioner Fitzgerald. The roll was called, and all Commissioners voted in the affirmative; the motion passed unanimously.

February 9, 2021:

- Director Mineo presented the CY20 Annual Report to the Legislature on lottery operations for the Commission's review and approval of the entire report. A motion was made by Commissioner Sheehan to approve the CY20 Annual Report to the Legislature. Motion was seconded by Commissioner Fitzgerald. The roll was called, and all Commissioners voted in the affirmative; the motion passed unanimously.
- Approval of New Games: Deputy Director Boardman submitted two (2) new games for approval.
 - (\$1) 5X THE CASH BONUS EDITION
 - (\$2) 10X THE CASH BONUS EDITION

A motion was made by Commissioner Davis to accept all games as presented. Motion seconded by Commissioner Sheehan. The roll was called, and all Commissioners voted in the affirmative; the motion passed unanimously.

March 9, 2021:

- Deputy Director Boardman submitted the Lucky 4 Life and Power Ball rule changes for approval. A motion was made by Commissioner Davis to accept all games as presented. Motion seconded by Commissioner Fitzgerald. The roll was called, and all Commissioners voted in the affirmative; the motion passed unanimously.
- Marketing Manager Lisa Rodrigue submitted two (2) new games for approval.
 - (\$20) \$500,000 Bankroll
 - (\$10) \$250,000 Riches

A motion was made by Commissioner Davis to accept all games as presented. Motion seconded by Commissioner Fitzgerald. The roll was called, and all Commissioners voted in the affirmative; the motion passed unanimously.

April 13, 2021:

- Approval of New Games: Marketing Manager Lisa Rodrigue submitted two (2) new games for approval.
 - (\$3) Twisted Bingo
 - (\$2) It Takes 2
 - (\$2) 7.11.21 Live!
 - (\$1) Fast Bucks
- A motion was made by Commissioner Davis to accept all games as presented. Motion seconded by Commissioner Fitzgerald. The roll was called, and all Commissioners voted in the affirmative; the motion passed unanimously.

May 11, 2021:

- Deputy Director Boardman submitted the Lucky 4 Life and Power Ball rule adoption for approval.
 - Adoption of Powerball game rules. A motion was made by Commissioner Fitzgerald to accept the basis statement of the game rules as presented. Motion seconded by Commissioner Davis. The roll was called, and all Commissioners voted in the affirmative; the motion passed unanimously
A motion was made by Commissioner Sheehan to accept the adoption of games rules as presented. Motion seconded by Commissioner Davis. The roll was called, and all Commissioners voted in the affirmative; the motion passed unanimously
 - Adoption of Lucky for Life game rules. A motion was made by Commissioner Fitzgerald to accept the basis statement as presented. Motion seconded by Commissioner Davis. The roll was called, and all Commissioners voted in the affirmative; the motion passed unanimously.
A motion was made by Commissioner Davis to accept the adoption of games rules as presented. Motion seconded by Commissioner Sheehan. The roll was called, and all Commissioners voted in the affirmative; the motion passed unanimously.
- Deputy Director Boardman submitted six (6) new games for approval.
 - (\$5) \$100,000 Money Game
 - (\$5) Fast Cash
 - (\$5) Crossword Bonus
 - (\$3) Honey Comb
 - (\$2) The Addams Family Fortune
 - (\$1) Lucky GemsA motion was made by Commissioner Davis to accept all games as presented. Motion seconded by Commissioner Fitzgerald. The roll was called, and all Commissioners voted in the affirmative; the motion passed unanimously.

June 8, 2021:

- Deputy Director Boardman submitted one (1) new game for approval.
 - (\$25) \$100 or \$250!A motion was made by Commissioner Davis to accept all games as presented. Motion seconded by Commissioner Sheehan. The roll was called, and all Commissioners voted in the affirmative; the motion passed unanimously.

July 13, 2021:

- Deputy Director Boardman submitted seven (7) new game for approval.
 - (\$25) \$50,000,000 Cash Riches
 - (\$10) \$250,000 Spectacular Extra Play
 - (\$5) Ultimate 7
 - (\$3) Puzzle Payout
 - (\$2) Lucky Me
 - (\$2) I Love Cash
 - (\$1) Holiday Fun

A motion was made by Commissioner Sheehan to accept all games as presented. Motion seconded by Commissioner Schneck. The roll was called, and all Commissioners voted in the affirmative; the motion passed unanimously.

August 10, 2021:

There were no new games presented for approval and no items requiring Commission vote or decision.

September 14, 2021:

There were no new games presented for approval and no items requiring Commission vote or decision.

October 12, 2021

- Marketing Manager Lisa Rodrigue submitted two (2) new game for approval.
 - (\$5) PLINKO
 - (\$5) \$100,000 Big Country Cash

A motion was made by Commissioner Sheehan to accept all games as presented. Motion seconded by Commissioner Monaghan. The roll was called, and all Commissioners voted in the affirmative; the motion passed unanimously.

November 16, 2021:

- Deputy Director Boardman submitted six (6) new game for approval.
 - (\$10) \$50 or \$100
 - (\$5) \$60,000 Crossword
 - (\$5) Win It All
 - (\$2) Cash Xtreme
 - (\$1) Baseball
 - (\$1) Blackjack

A motion was made by Commissioner Sheehan to accept all games as presented. Motion seconded by Commissioner Schneck. The roll was called, and all Commissioners voted in the affirmative; the motion passed unanimously.

December 14, 2021:

There were no new games presented for approval and no items requiring Commission vote or decision.

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 2021:

Revenue	
Ticket Sales	\$ 408,750,293
Miscellaneous Revenue	<u>4,972,666</u>
Total Revenue	\$ 413,722,959
Expenses	
Personnel	\$ 2,214,305
Operating	3,369,424
Agent Commissions/Bonuses	32,552,961
Vendor Fees	14,387,522
Tri-State	2,965,164
Prizes	<u>285,332,840</u>
Total Expenses	<u>\$ 340,822,217</u>
Profit	
Total Profit	<u>\$ 72,900,742</u>
Profit Distribution	
General Fund Transfer	\$ 72,216,516
Heritage Transfer	\$ 684,226

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 2017 through 2021:

	2017	2018	2019	2020	2021
Revenue					
Ticket Sales	\$ 275,954,296	\$ 298,648,087	\$ 299,433,229	\$ 343,301,429	\$ 408,750,293
Miscellaneous Revenue	<u>4,044,667</u>	<u>5,080,368</u>	<u>4,898,386</u>	<u>4,929,117</u>	<u>4,972,666</u>
Total Revenue	\$ 279,998,962	\$ 303,728,455	\$ 304,331,615	\$ 348,230,547	\$ 413,722,959
Expenses					
Personnel	\$ 1,547,421	\$ 1,690,621	\$ 1,762,785	\$ 1,812,924	\$ 2,214,305
Operating	2,802,986	2,864,496	4,110,946	2,555,380	3,369,424
Agent Commissions/Bonuses	18,383,141	21,420,743	20,961,016	24,540,286	32,552,961
Vendor Fees	9,716,375	10,516,032	10,543,111	12,089,089	14,387,522
Tri-State	3,077,464	3,503,742	2,989,490	2,790,611	2,965,164
Prizes	<u>182,233,804</u>	<u>199,910,266</u>	<u>202,625,013</u>	<u>236,974,559</u>	<u>285,332,840</u>
Total Expenses	<u>\$ 217,761,192</u>	<u>\$ 239,905,899</u>	<u>\$ 242,992,361</u>	<u>\$ 280,762,849</u>	<u>\$ 340,822,217</u>
Profit					
Total Profit	<u>\$ 62,237,770</u>	<u>\$ 63,822,556</u>	<u>\$ 61,339,254</u>	<u>\$ 67,467,698</u>	<u>\$ 72,900,742</u>
Profit Distribution					
General Fund Transfer	\$ 61,544,080	\$ 63,235,463	\$ 60,803,422	\$ 66,906,126	\$ 72,216,516
Heritage Transfer	\$ 693,690	\$ 587,093	\$ 535,832	\$ 561,572	\$ 684,226

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 (2021):

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

Television (Including OTT)	\$1,048,554.68
Radio	\$753,731.60
Digital	\$135,000.00
POS/Collateral	\$18,744.15
Sales Promotion/Promotional Items	\$55,559.06
Sponsorships & Other	\$12,705.13

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 (2021). 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 2021 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, ME	5704 SPECTRUM, Bangor, ME-Cable
Bangor, ME	WABI-TV
Bangor, ME	WFXV-TV
Bangor, ME	WLBZ-TV
Bangor, ME	WVH-TV
Portland, ME	0181 SPECTRUM, Portland, ME-Cable
Portland, ME	2723 SPECTRUM, Portland Market Master Cable
Portland, ME	5705 SPECTRUM, Lewiston, ME-Cable
Portland, ME	5914 SPECTRUM, So, York County, ME-Cable
Portland, ME	6013 SPECTRUM, Augusta, ME-Cable
Portland, ME	7646 SPECTRUM, Portland-Auburn IC, ME-Cable
Portland, ME	8980 COMCAST, Spectrum/Brunswick, ME-Cable
Portland, ME	EMTW-TV
Portland, ME	WCSH-TV
Portland, ME	WGME-TV
Portland, ME	WMTW-TV
Portland, ME	WPFO-TV
Portland, ME	WPXT-TV
Presque Isle, ME	2477 SPECTRUM, Presque Isle, ME-Cable
Presque Isle, ME	EAGM-TV
Presque Isle, ME	WAGM-TV
Presque Isle, ME	WWPI-TV
Statewide - ME	NESN-TV
Statewide - ME	0181 SPECTRUM, Portland, ME OTT

Radio stations utilized:

Market	Station
Augusta-Waterville, ME	WABK-FM
Augusta-Waterville, ME	WCTB-FM
Augusta-Waterville, ME	WEBB-FM
Augusta-Waterville, ME	WFMX-FM
Augusta-Waterville, ME	WMME-FM
Augusta-Waterville, ME	WTOS-FM
Bangor	WBFB-FM
Bangor	WBZN-FM
Bangor	WEZQ-FM
Bangor	WHOU-FM
Bangor	WKIT-FM
Bangor	WKSQ-FM
Bangor	WNSX-FM
Bangor	WQCB-FM
Bangor	WVOM-FM
Bangor	WWMJ-FM
Calais, ME (u)	WCRQ-FM
Calais, ME (u)	WQDY-FM
Farmington, ME (u)	WKTJ-FM
Portland, ME	WBLM-FM
Portland, ME	WBQX-FM
Portland, ME	WCLZ-FM
Portland, ME	WCYY-FM
Portland, ME	WFNK-FM
Portland, ME	WHOM-FM
Portland, ME	WHTP-FM
Portland, ME	WHXR-FM
Portland, ME	WJBQ-FM
Portland, ME	WJJB-FM/WPEI-FM
Portland, ME	WMGX-FM
Portland, ME	WOXO-FM
Portland, ME	WPOR-FM
Portland, ME	WTHT-FM
Portland, ME	WYNZ-FM
Presque Isle, ME	WBPW-FM
Presque Isle, ME	WCXU-FM
Presque Isle, ME	WOZI-FM
Presque Isle, ME	WQHR-FM

Digital networks or channels utilized:

Digital Network or Channel
AdTheorent
Blis
Katz Digital Group
Q1 Media
Undertone
WMTW/Hearst Digital

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 (2021) 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

Market	Station	Total Spend, 2021
Bangor, ME	5704 SPECTRUM, Bangor, ME-Cable	\$15,523.55
Bangor, ME	WABI-TV	\$85,501.50
Bangor, ME	WFXV-TV	\$5,134.00
Bangor, ME	WLBZ-TV	\$44,769.50
Bangor, ME	WVH-TV	\$12,940.40
Portland, ME	0181 SPECTRUM, Portland, ME-Cable	\$15,003.35
Portland, ME	2723 SPECTRUM, Portland Market Master Cable	\$744.60
Portland, ME	5705 SPECTRUM, Lewiston, ME-Cable	\$4,132.70
Portland, ME	5914 SPECTRUM, So, York County, ME-Cable	\$4,132.70
Portland, ME	6013 SPECTRUM, Augusta, ME-Cable	\$8,265.40
Portland, ME	7646 SPECTRUM, Portland-Auburn IC, ME-Cable	\$28,025.35
Portland, ME	8980 COMCAST, Spectrum/Brunswick, ME-Cable	\$3,312.45
Portland, ME	EMTW-TV	\$51.00
Portland, ME	WCSH-TV	\$124,482.50

Portland, ME	WGME-TV	\$106,734.50
Portland, ME	WMTW-TV	\$107,346.50
Portland, ME	WPFO-TV	\$31,573.25
Portland, ME	WPXT-TV	\$195.50
Presque Isle, ME	2477 SPECTRUM, Presque Isle, ME-Cable	\$4,432.75
Presque Isle, ME	EAGM-TV	\$1,462.00
Presque Isle, ME	WAGM-TV	\$80,792.50
Presque Isle, ME	WWPI-TV	\$2,596.75
Statewide - ME	NESN-TV	\$106,088.50
Statewide - ME	0181 SPECTRUM, Portland, ME OTT	\$81,288.18

Radio

Market	Station	Total Spend, 2021
Augusta-Waterville, ME	WABK-FM	\$11,100.15
Augusta-Waterville, ME	WCTB-FM	\$7,459.60
Augusta-Waterville, ME	WEBB-FM	\$13,031.35
Augusta-Waterville, ME	WFMX-FM	\$18,228.25
Augusta-Waterville, ME	WMME-FM	\$16,267.30
Augusta-Waterville, ME	WTOS-FM	\$15,283.00
Bangor	WBFB-FM	\$8,504.25
Bangor	WBZN-FM	\$18,719.72
Bangor	WEZQ-FM	\$4,743.00
Bangor	WHOU-FM	\$11,832.00
Bangor	WKIT-FM	\$20,257.20
Bangor	WKSQ-FM	\$8,708.25
Bangor	WNSX-FM	\$16,299.60
Bangor	WQCB-FM	\$31,295.13
Bangor	WVOM-FM	\$12,393.00
Bangor	WWMJ-FM	\$11,636.50
Calais, ME (u)	WCRQ-FM	\$12,887.70
Calais, ME (u)	WQDY-FM	\$12,948.90
Farmington, ME (u)	WKTJ-FM	\$20,687.30
Portland, ME	WBLM-FM	\$42,495.75
Portland, ME	WBQX-FM	\$16,269.90
Portland, ME	WCLZ-FM	\$13,448.70
Portland, ME	WCYY-FM	\$17,323.00
Portland, ME	WFNK-FM	\$44,234.00
Portland, ME	WHOM-FM	\$22,312.50
Portland, ME	WHTP-FM	\$7,127.25
Portland, ME	WHXR-FM	\$15,240.50
Portland, ME	WJBQ-FM	\$33,112.60

Portland, ME	WJJB-FM/WPEI-FM	\$21,603.60
Portland, ME	WMGX-FM	\$28,275.25
Portland, ME	WOXO-FM	\$7,505.50
Portland, ME	WPOR-FM	\$35,192.55
Portland, ME	WTHT-FM	\$36,150.50
Portland, ME	WYNZ-FM	\$18,546.90
Presque Isle, ME	WBPW-FM	\$20,207.90
Presque Isle, ME	WCXU-FM	\$18,775.65
Presque Isle, ME	WOZI-FM	\$17,336.60
Presque Isle, ME	WQHR-FM	\$18,310.70

Digital

Digital Network or Channel	Total Spend, 2021
AdTheorent	\$35,000.00
Blis	\$45,000.00
Katz Digital Group	\$15,000.00
Q1 Media	\$10,000.00
Undertone	\$10,000.00
WMTW/Hearst Digital	\$20,000.00

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 6 and 7 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 2021.

<u>Revenue Sources/Description</u>	<u>Total</u>
0411 - Excise Tax Beer	\$ 11,202,198
0412 - Excise Tax Table Wine ME Products	52,139
0413 - Excise Tax Table Wine Out State	3,045,688
0414 - Excise Tax Sparkling Wines	1,048,485
0454 - Liquor Premium	3,227,381
0455 - Low Alcohol Spirits Tax	116,767
0923 – Agency License - Orig	34,200
1101 - Class I	1,113,700
1102 - Class I P-T	50
1103 - Small Distillery	3,000
1104 - Distillery	1,000
1105 - Class A Restaurant/Lounge	569,395
1106 - Bed & Breakfast Liquor License	27,735
1107 - Civic Organizations	3,800
1108 - Agency Liquor. Store Full Time	56,000
1109 - Agency Liquor Store Resale	13,050
1110 - Class I-A	128,275
1113 - Small Brewery	8,200
1114 - Brewery	14,000
1115 - Class X	144,720
1116 - Auxiliary License	1,600
1117 - Winery	3,500
1120 - Class II	1,100
1121 - Dual Liquor License	600
1122 - Minibar License Hotel	500
1123 – Minibar License Other	150
1124 - Minibar Room Fee Hotel	885
1125 – Minibar Room Fee Other	300
1126 - Wine Direct Shipper License	14,400
1127 - Wine Direct Shipper Registration Fee	7,200
1128 - Direct Shipper Renewal	29,750
1129 - B.Y.O.B. - Function Permit	1,280

<u>Revenue Sources/Description (continued)</u>	<u>Total</u>
1130 - Bottle Club Registration	400
1131 – Spec Cater Off Prem S & V	7,620
1132 - Class III	100,405
1133 - Class III P-T	1,000
1138 - Class IV	114,276
1140 - Class V	20,790
1150 - Class VIII	439,800
1152 - Liquor Fees-Golf Carts	6,800
1153 - Wholesaler Table Wine	13,800
1154 - Wholesale Wine Only Spec	2,400
1155 - Class VI	245,150
1156 – Class VI P-T	200
1157 – Class VI – 2 Mos Exten	1,400
1158 - Malt Liquor Cert of Approval	160,400
1159 - Wine Cert of Approval	354,500
1161 - Wholesaler Malt Liquor	11,500
1162 - Wholesale Special	7,800
1164 - Cert of Wine 120	12,100
1165 - Class VI-A P-T	2,000
1170 – Class VI A 2 Mos Exten	700
1176 - Class VII	246,040
1181 - Farmer's Market Permit	2,325
1182 - Self Sponsored Event Permit	9,610
1431 – Renl Occ/Pro Licenses 5	23,460
1475 – Manufacturers Lic/Permits	2,000
1960 - Certification Fee	4,000
2631 - Registration Fees	104,173
2632 - Filing Fees	67,795
2686 – Misc.-Income	300
Total Revenue	\$ 22,833,792

Expenses

Personnel Services	\$ 1,018,476
All Other Operating Expenses	647,826
Total Expenses	<u>\$ 1,666,302</u>

Profit

Total Profit	<u><u>\$ 21,167,490</u></u>
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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 2021.

Revenue		
	Gross Sales ⁴	<u>\$ 242,336,859</u>
	Total Revenue	\$ 242,336,859
Expenses		
	Cost of Goods Sold	\$ 160,406,176
	Warehousing & Distribution Contract Costs	11,571,071
	Trade Marketing Contract Costs	5,136,689
	Operating Expenses ⁵	<u>2,429,550</u>
	Total Expenses	<u>\$ 179,543,486</u>
Operating Profit		
	Operating Profit	\$ 62,793,373
Adjustments		
	Outstanding Receivables	\$ 38,426
	Other Adjustments ⁶	<u>(57,048)</u>
	Total Adjustments	<u>\$ (18,622)</u>
Profit		
	Transferred to MMBB	<u>\$ 62,811,996</u>

⁴ Gross sales include agency liquor store payments for products, depletion allowance payments from brokers for price reduction and suppliers' payments for bailment charges.

⁵ Operating expenses include Personal Services, All Other and marketing and advertising expenses.

⁶ 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 CY2021, 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:	\$ 2,760,960
Suppliers' investments:	\$ 8,379,074
Total investments:	\$ 11,140,034
Bureau's percentage of total investments:	24.74%

Impact of investments on sales:

Total increase in case sales from investments ⁷ :	105,379
Net increase in case sales for all products ⁸ :	52,969

Impact of investments on gross profit:

The Bureau's investment on price reductions resulted in an increase gross profit to the State of \$ 5,168,084

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

Marketing and advertising expenses ⁹ :	\$ 681,330
Agency Liquor Store incentives ¹⁰ :	\$ 1,668,385

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.

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

⁸ Net increases include both increases in case sales for products and decreases in case sales for products. This increase is partly impacted by organic growth of a number of spirits products as well as the pandemic.

⁹ 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, newspaper ad run costs and social media (Facebook, Instagram, Pinterest) content development and maintenance, mobile app development and maintenance and special taste testing events.

¹⁰ Agency liquor stores qualified for a sales increase incentive during CY2021 effective on July 1, 2021. Based on the incentive criteria as defined in [18 553 C.M.R. ch. 2, §III, sub-§B \(2014\)](#), agency liquor stores received a 2% increase on tier 2 from 16% to 18%; making the discount rate on all price point products 18%.