

STATE OF MAINE

IN THE YEAR OF OUR LORD
TWO THOUSAND TWENTY

S.P. 737 - L.D. 2088

**An Act To Clarify the Laws Governing Financial Relationships between
Entities within the Three-tier System for Distribution of Alcohol**

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

Sec. 1. 28-A MRSA §707, sub-§1, as amended by PL 1997, c. 373, §68, is further amended to read:

1. Licensee not indebted. Except as provided by ~~section 1363~~ in subsection 7, the bureau may not issue any license to or renew the license of a person who is indebted in any manner, directly or indirectly:

- A. To any other person for liquor;
- B. To the State for any tax, other than property tax, assessed and considered final under Title 36 that the State Tax Assessor certifies, in accordance with Title 36, section 172, as remaining unpaid in an amount exceeding \$1,000 for a period greater than 60 days after the applicant or licensee has received notice of the finality of that tax; or
- C. For any contributions assessed and considered final under Title 26, section 1225, when the Director of Unemployment Compensation certifies that the amount remains unpaid for a period greater than 60 days, after the applicant or licensee has received notice of the finality of that tax.

Sec. 2. 28-A MRSA §707, sub-§3, as amended by PL 2011, c. 629, §9, is repealed.

Sec. 3. 28-A MRSA §707, sub-§3-A is enacted to read:

3-A. Manufacturer or importer; prohibited financial interests. Except as authorized in subsection 7 and sections 707-A and 1355-A, a licensed in-state manufacturer, an out-of-state spirits supplier, an out-of-state manufacturer of malt liquor or wine that has been issued a certificate of approval or an out-of-state wholesaler of malt liquor or wine that has been issued a certificate of approval may not have any financial interest, direct or indirect, in any:

A. Wholesale licensee; or

B. Retail licensee.

Sec. 4. 28-A MRSA §707, sub-§4, as amended by PL 2011, c. 629, §10, is repealed.

Sec. 5. 28-A MRSA §707, sub-§4-A is enacted to read:

4-A. Wholesale licensee; prohibited financial interests. Except as authorized in subsection 7, a wholesale licensee may not have any financial interest, direct or indirect, in any:

A. Licensed in-state manufacturer, out-of-state spirits supplier, out-of-state manufacturer of malt liquor or wine that has been issued a certificate of approval or out-of-state wholesaler of malt liquor or wine that has been issued a certificate of approval; or

B. Retail licensee.

Sec. 6. 28-A MRSA §707, sub-§5, as repealed and replaced by PL 1987, c. 342, §42, is repealed.

Sec. 7. 28-A MRSA §707, sub-§5-A is enacted to read:

5-A. Retail licensee; prohibited financial interests. Except as authorized in sections 707-A and 1355-A, a retail licensee may not have any financial interest, direct or indirect, in any:

A. Licensed in-state manufacturer, out-of-state spirits supplier, out-of-state manufacturer of malt liquor or wine that has been issued a certificate of approval or out-of-state wholesaler of malt liquor or wine that has been issued a certificate of approval; or

B. Wholesale licensee.

Sec. 8. 28-A MRSA §707, sub-§6, as enacted by PL 1987, c. 342, §43, is amended to read:

6. ~~Minor investment~~ Directors, officers, members and securities. ~~Minor~~ The financial interests prohibited in subsections 3-A, 4-A and 5-A include, but are not limited to, circumstances in which an officer, director, member or holder of the securities of a business entity is also a director, officer, member or holder of the securities of another business entity, except that a minor investment in not more than 1% of the securities of a corporation engaged in liquor business not amounting to more than 1% shall not be held to be an interest forbidden entity does not constitute a financial interest prohibited by this subsection subsections 3-A, 4-A and 5-A.

Sec. 9. 28-A MRSA §707, sub-§7, as enacted by PL 1987, c. 342, §43, is amended to read:

7. Application Exceptions. This section does not prohibit a wholesale licensee from receiving normal credits for the purchase of malt liquor or wine from the manufacturer located within or without the State.:

A. A manufacturer or out-of-state wholesaler from extending the usual and customary credit to a wholesale licensee for the purchase of malt liquor or wine; or

B. A manufacturer or out-of-state wholesaler from furnishing materials and equipment for the use of a wholesale licensee or the wholesale licensee's employees, including:

(1) Painting the wholesale licensee's vehicles;

(2) Supplying legal advertising signs used by the wholesale licensee in the course of the wholesale licensee's business; and

(3) Supplying uniforms for the employees of the wholesale licensee.

Sec. 10. 28-A MRSA §707, sub-§8 is enacted to read:

8. Definitions. For purposes of this section, the following terms have the following meanings.

A. "Business entity" means a partnership, corporation, firm, association or other legal entity.

B. "Out-of-state spirits supplier" means an out-of-state manufacturer of spirits products that are listed by the commission for sale in the State or a person that engages in the out-of-state purchase of spirits products that are listed by the commission for sale in the State and that resells those spirits products to the bureau.

Sec. 11. 28-A MRSA §1355-A, sub-§2-B, ¶B, as enacted by PL 2017, c. 341, §1, is amended to read:

B. The licensee is in violation of section 707, subsection 2, ~~3~~ 3-A or ~~4~~ 5-A, if the violation existed in the same manner at the time the license was initially issued or at the time the license was renewed.

Sec. 12. 28-A MRSA §1363, as amended by PL 1997, c. 373, §118, is repealed.