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FIRST REGULAR SESSION

Final Report
of the

COMMITTEE TO STUDY THE IMPLEMENTATION OF THE PRIVATIZATION OF THE STATE'S WHOLESALE LIQUOR BUSINESS

April 2004

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EXECUTIVE SUMMARY

FINDINGS

After conducting meetings and gathering information on the privatization of the State's spirits distribution business and the enforcement of the liquor laws in the time allowed, the committee makes the following findings.

- **The closure of the remaining State liquor stores ahead of schedule proved to be problematic for agents and warehouse operations but provided useful information to be used when considering leasing the spirits distribution business to a private entity about the service needs of agents and supply issues at the warehouse.** Although it is unfortunate that several agents were negatively impacted when the State liquor stores were closed ahead of schedule, in terms of shipping errors from the warehouse and the amount of inventory they were then required to maintain, the committee believes that this will provide the Department of Administration and Financial Services with useful information about the level of service required by agents and best way to operate a warehouse when considering bids for the lease of the spirits distribution business.

- **It is critical to carefully monitor the impact on agents and on-premises licensees during the transition to a privatized system and after the private entity takes over the spirits distribution business.** On-premises licensees and licensed retail agents have worked in partnership with the State in providing spirits to consumers in accordance with State policies. Privatizing the spirits distribution system should not negatively impact these businesses that have provided service to the State under its tightly controlled system.

- **The process used by the Department of Administrative and Financial Services in developing the RFP to solicit bids from a private entity for the spirits distribution business provided for input from members of the industry including spirits suppliers and brokers and on-premises licensees and agents.** The Department of Administrative and Financial Services followed a process prior to drafting the request for proposal that included an education phase. This stage in the process included touring the warehouse currently used by the State, meeting with interested parties in the industry to understand their concerns regarding privatization and holding advertised public meetings to provide agents, on-premises licensees, suppliers and brokers with an opportunity to express their concerns about the privatization of the business. The committee finds that this process served DAFS well when developing the RFP and will hopefully allow the department to carefully consider all involved in the system that brings spirits to consumers throughout the State when awarding the bid to a private entity.

- **The RFP developed by the Department of Administrative and Financial Services provides for State oversight when a private entity assumes the spirits distribution business.** Considering that the length of the lease for the spirits distribution system will be 10 years, committee finds that it is prudent that the State maintain an adequate level of oversight. DAFS is providing for that oversight by requiring annual financial reports from the successful bidder and instituting an auditing process. Such oversight is critical for maintaining the integrity of a business that has provided a continuing source of income to the General Fund of the State and will be resumed by State at the end of the term of the lease.

- **The elimination of the Bureau of Liquor Enforcement was too abrupt.** The committee respects the decision of the 121st Legislature to eliminate the Bureau of Liquor Enforcement in an effort to balance the State budget, but believes that there was not enough support and cooperation from local law enforcement authorities when the burden of enforcing the criminal provisions of the liquor laws was transferred to them. The committee remains concerned that enforcement of the liquor laws will not be conducted at the level that the Bureau once provided because of the loss of institutional memory with the elimination of the Bureau and potential unwillingness of local law enforcement to assume the criminal enforcement of the liquor laws once performed by the Bureau

- **Local law enforcement must now assume some of the duties once performed by the Bureau of Liquor Enforcement without additional resources.** Although the State will recognize a savings by eliminating the Bureau of Liquor Enforcement, the committee finds that local governments were not provided with additional resources to assume the criminal enforcement of the liquor laws once performed by the Bureau.

- **The role of the Department of Public Safety, Division of Licensing is to administer the licensing provisions and enforce civil violations of the liquor laws.** The committee recognizes that the Licensing Division of the Department of Public Safety is taking the steps that it deems necessary to effectively fulfill its role in enforcing the laws governing the manufacture, importation, storage and sale of liquor and to administer the laws governing the licensing and collection of taxes on malt liquor and wine. It is the committee's hope that the Licensing Division and local law enforcement can work together to administer and enforce the liquor laws together in a way that serves the best interests of the people of the State of Maine.

RECOMMENDATIONS

Privatization of the wholesale spirits business

- **The Joint Standing Committee on Legal and Veterans' Affairs should require regular updates from the Department of Administrative and Financial Services and the Bureau of Alcoholic Beverages and Lottery Operations regarding the performance of the successful bidder operating the spirits distribution system.** Since the State has decided to lease the rights to the spirits distribution business rather than sell it outright, it is in the best interest of the people of the State of Maine that the Legislature monitor the performance of the private distributor to ensure that the integrity of the business is maintained to continue to provide revenue to the State and to remain profitable at the end of the lease's term.

- **The Joint Standing Committee on Legal and Veterans' Affairs should regularly solicit input from agents, on-premises licensees and the Department of Public Safety on the impact of privatization on their businesses.** Agents and on-premises licensees are a vital part of the system that provides spirits to consumers throughout the State and income to the State's General Fund from taxes, revenue sharing with the successful bidder and from the sale of spirits in the future when the term of the lease issued to a successful bidder ends. The committee recommends that the Legal and Veterans' Affairs Committee stay informed regarding the impact that privatization is having on agents and on-premises licensees to prevent an undue burden on their businesses. The Department of Public Safety, Licensing Division can assist the Legal and Veterans' Affairs committee with this effort by keeping track of turn-over of existing agency licenses and lack of applications for existing licenses.

- **The Legislature should be careful in the future when amending the laws that govern the sale of spirits in the State.** When a successful bidder assumes the spirits distribution business from the State, it will do so based on the laws that are currently in statute governing the sale of spirits. If future Legislatures are to amend the laws governing the sale of spirits, the committee recommends that they be mindful of the private entity that will assume the State's spirits business for a ten-year term and any impacts such changes may have on agents and on-premises licensees.

- **The Joint Standing Committee of the Legislature that has had jurisdiction over the liquor laws should remain consistent.** With the elimination of the Bureau of Liquor Enforcement and a change in the way spirits are distributed in this State, it is important that the committee with the institutional memory on these matters remain the committee of jurisdiction. With liquor enforcement duties no longer assigned to a separate bureau but to a division within the Department of Public Safety that oversees other areas of law, the committee is concerned that the enforcement of the liquor laws will not receive the appropriate level of oversight. The State has policies that intend to discourage underage drinking and excessive consumption of alcohol while also generating revenue from the sale of spirits. This is complex policy issue that should remain with the committee that has had jurisdiction over it in the past.

I. INTRODUCTION

The Committee to Study the Implementation of the Privatization of the State's Wholesale Liquor Business was created pursuant to a Joint Order, Senate Paper 552 (Appendix A). The Committee was charged with reviewing the bidding process by which the State will lease the wholesale liquor distribution rights to a private distributor and explore issues associated with the responsibility for enforcing the laws governing the sale, possession and consumption of liquor and the licensing of those who sell or serve liquor in the State. The Joint Order required the committee to submit its report including any suggested legislation to the Second Regular Session of the Legislature.

The committee's membership included four members of the Senate appointed by the President; one member from the Joint Standing Committee on Appropriations and Financial Affairs, one member from the Joint Standing Committee on Criminal Justice and Public Safety and two members from the Joint Standing Committee on Legal and Veterans' Affairs. Five members of the committee were appointed from the House of Representatives by the Speaker of the House; two from the Joint Standing Committee on Appropriations and Financial Affairs, one from the Joint Standing Committee on Criminal Justice and Public Safety and two from the Joint Standing Committee on Legal and Veterans' Affairs.

The committee held a total of three meetings from September to November 2003. At their first meeting, the committee reviewed the legislation that established the study committee and discussed plans for achieving the study's objectives. At this meeting, they also received presentations from the Department of Administrative and Financial Services (DAFS) about the process of privatization and from the Department of Public Safety (DPS) regarding the enforcement of the liquor laws and their role in administering the licensing of on-premises and off-premises liquor establishments in the State. The second meeting was a public hearing advertised by the committee to solicit comments on the privatization of the wholesale spirits distribution system and the enforcement of the state's liquor laws in light of the elimination of the Bureau of Liquor Enforcement within the Department of Public Safety in June of 2003. At the final meeting, the committee received brief updates from DAFS and DPS and then reviewed materials and testimony in order to draft this report.

II. HISTORY

A. Wholesale Distribution of Spirits and State Liquor Stores

The State's role in the distribution and retail sales of spirits has been almost completely transformed since the 1970's. After the repeal of prohibition in 1933, the only way one could purchase spirits in the State was from a State-operated liquor store. In the 1970's, private retailers were licensed as agents of the State for the purpose of selling spirits to the citizens of Maine. The State sold spirits to these agents at a discount and established a uniform retail price at which the spirits would be sold throughout Maine, providing equal access and pricing from York to Fort Kent.

Beginning in the mid 1990's, the State began to close some of its own stores as more and more private stores were licensed. State stores had not only been serving as a retail outlet for consumers but were also a wholesale outlet for private agents. Agents, particularly smaller ones, used the State stores to order "split" cases because the minimum order and full-case requirements of the State's contracted bailment warehouse were prohibitive in terms of cost or storage space. The State stores were also convenient for keeping an agent's shelves stocked in between deliveries from the warehouse or for keeping one or two bottles of a specialty item on hand.

By the end of 2002, more State liquor stores were closed in accordance with the Legislature's biennial budget process. Cutting the administrative costs of operating the State liquor stores proved to be a savings to the General Fund.

The Governor's budget presented to the First Regular Session of the 121st Legislature proposed to close the remaining State liquor stores and sell, transfer or lease the wholesaler operation run by the State's Department of Administrative and Financial Services, Bureau of Alcoholic Beverages and Lottery Operations to a private entity. The Legislature passed the budget and enacted Public Law 2003, chapter 20. The balanced budget booked income to the General Fund of $75 million by the end of Fiscal Year 2004 and projected an additional $50 million dollars from the lease of the wholesale business early in Fiscal Year 2005. This figure for the lease of the State's wholesale business factors the market price for the lease at an estimated $100 million and compensation for lost income from spirits sales by the State in Fiscal Year 2005 of approximately $25 million. Part LLL of this law provided for the development of an RFP to solicit bidders to take over the State's spirits distribution system (Appendix C). This private entity would take over the warehousing and delivery of spirits to agency stores in the State while the price of spirits would still be subject to state regulation.

B. Elimination of the Bureau of Liquor Enforcement

Another item proposed by the Governor's budget during the First Regular Session of the 121st Legislation was the elimination of the Bureau of Liquor Enforcement within the Department of Public Safety. LD 1319 that proposed the elimination of the bureau booked a savings to the General Fund of approximately $1.3 million.

The Bureau had been responsible for the enforcement of Maine's liquor laws and rules governing the manufacture, importation, storage, transportation and the sale of all liquor. Beginning in 1993, the bureau became responsible for all licensing and taxation of alcoholic beverages except for spirits distributed by the State. The Bureau enforced administrative violations of the liquor laws and actively pursued and enforced criminal violations.

With the Bureau's elimination pursuant to Public Law 2003, chapter 20, the Department of Public Safety's Licensing Division assumed the duties of licensing and taxation formerly conducted by the Bureau. The licensing division became responsible for enforcing the administrative provisions of the liquor laws while leaving enforcement of the criminal provisions to local law enforcement authorities.

III. SUMMARY OF MEETINGS

First Meeting – September 25, 2003

At its first meeting, the committee received presentations from staff providing them with an overview State's wholesale spirits distribution system and the functions of the Bureau of Liquor Enforcement and the changes to them as a result of Public Law 2003, chapter 20. The committee invited Rebecca Wyke, Commissioner of the Department of Administrative and Financial Services (DAFS) to brief them on the privatization process. The commissioner provided the committee with a schedule for the process for developing a request for proposals (RFP), issuing the RFP and awarding the bid to a private entity for a 10-year lease of the State's spirits distribution business (Appendix E). Also included in that presentation was a summary of testimony received at a forum held by DAFS for spirits suppliers and brokers to submit comments or express concerns regarding the privatization. Commissioner Wyke told the committee that information and concerns presented to them during that hearing would be helpful to them when drafting the RFP. Testimony at the hearing held by DAFS included concerns about the influence of the private partner on product pricing, loosening of marketing restrictions on spirits, criteria for awarding the bid and the impact on agency stores with regard to discounts, deliveries and product availability. The Department had scheduled two more forums for comment from liquor agents and licensees to be held on October 8^{th} in Bangor and October 9^{th} in Portland.

Another part of Commissioner Wyke's presentation focused on the State's efforts to provide for a smooth transition of the spirits distribution business to a private entity. Because the privatization process included the closure of State-operated liquor stores, agency liquor stores lost their outlet to purchase split cases of product. Thus, the bailment warehouse contracted by the State assumed a "picking" operation that would provide split cases to agents. Commissioner Wyke reported that they had several problems taking on this operation, particularly with regard to inventory management. Some of the most popular brands of spirits were unavailable during the summer months of 2003 because the warehouse operations and the manufacturers were not communicating enough to manage the proper maintenance of inventory. The commissioner stated that the wholesale spirits distribution business needed to be actively managed to provide for a seamless transition to the private system for consumers, agents and manufacturers. Part of that management would be assuming the same level services that the State stores had provided to agents, services that DAFS had previously underestimated.

Following Commissioner Wyke's presentation, members of the committee requested information regarding the frequency of delivery to agency stores from the warehouse in light of the closure of the State stores, whether or not there were enough agency stores licensed as reselling agents to adequately provide product to on-premises licensees and future updates on the picking operation at the warehouse.

Next, the committee received a presentation from Lieutenant John Dyer, head of the Licensing Division of the Department of Public Safety (DPS)on the administration and enforcement of the liquor laws after the elimination of the Bureau of Liquor Enforcement. The licensing division of the DPS assumed the administrative and civil law enforcement duties of the former Bureau on June 9, 2003. Lieutenant Dyer cited to the committee that the licensing division had very little experience in the administration of the liquor laws so they made an effort to hire back a Bureau of Liquor Enforcement veteran with 11 years experience and two enforcement officers previously employed by the Bureau. In total, the division employed 5 liquor inspectors to assume the administrative and civil law enforcement duties once performed by the Bureau. At the time of the meeting, Lieutenant Dyer reported to the committee that there was a backlog of liquor license applications when the division took over in June that was cleaned up within 3 weeks. The division oversaw 35 court cases and issued 19 new agency store licenses to replace the closed State liquor stores. In addition, Licensing Division personnel met with members of the liquor industry to discuss current issues regarding licensing and enforcement and held one training program for law enforcement officers that will be enforcing the criminal provisions of the liquor laws at the local level.

Following the presentation from the Department of Public Safety, several members of the committee expressed their concern regarding the absence of law enforcement officers across the State dedicated to the purpose of enforcing the liquor laws. A central part of that concern pertained to the ability or willingness of local law enforcement to assume those duties considering strained municipal budgets and lack of expertise among local authorities. Other concerns focused on whether or not the Legislature itself failed in not providing for a smooth transition when the Department took over the functions of the Bureau. Lieutenant Dyer responded to those concerns by stating to the committee that they did attempt to bring some institutional memory into their division by hiring former Bureau employees, that the Police Academy had expanded its curriculum on the liquor laws and that the Department was offering training to local law enforcement, at no charge, on enforcement of the liquor laws.

Second Meeting – October 16, 2003

The second meeting of the Committee to Study the Implementation of the Privatization of the State's Wholesale Liquor Distribution Business was a public hearing advertised to solicit comments on the privatization of the spirits business and the enforcement of the liquor laws after the elimination of the Bureau of Liquor Enforcement. Testimony on the privatization of the spirits business came mainly from members of the industry, including retail liquor agents and manufacturers.

At the hearing, retail agents (those who presented comments are also licensed to wholesale spirits to on-premises licensees) stated that they were concerned that retail agents and on-premises licensees had been overlooked in this process. They expressed that they had had faith that the privatization process would be seamless but were finding that it was not. Some testimony included that agents had been provided with a schedule early on in the privatization process that indicated when the state stores would be closed but that the closures actually occurred ahead of schedule. According to the comments made at the hearing, this accelerated schedule caused significant difficulty for agents, some of whom, had to borrow money in order to purchase enough inventory to adequately run their business because they could no longer use the State store to supplement their product supply. One agent expressed that many errors had been made in shipments from the warehouse after the state stores closed and the warehouse instituted its picking operation. Despite the errors, the agent was still required to pay for the order within 10 days, in essence, passing the costs of mishaps due to the transition on to the agents. In addition, the agent stated that orders for spirits were now required a full week in advance of delivery in an apparent change from past practice. According to his statements, this posed great difficulty to the agent by requiring him to maintain a huge inventory and had a negative impact on the cash flow of his business. Consistently, agents commented that the 8 to 12% discount on product was inadequate for agents to make a decent profit considering the labor put into unloading and stocking the product and the requirement to sell the product at the State's list price.

Testimony was also received from people representing manufacturers of distilled spirits sold in Maine. Some comments echoed those of agents, particularly those statements that expressed hope that the transition to a private wholesale entity would be seamless. One manufacturer's representative commented that the price of spirits should now go down to reflect the reduction in administrative costs with the closure of the state liquor stores and that the bailment warehouse system should be replaced with a warehouse where the manufacturer determines the level of inventory required using an integrated computer system. This representative also advocated for the liberalization of trade practices governing spirits to be more in line with those that govern beer and wine sales. Overall, comments received from those representing manufacturers expressed concern about maintaining competition among manufacturers and ensuring that the entity awarded the bid is not also awarded an unfair advantage along with it at the detriment of manufacturers who have been supplying spirits to the State for decades. Commissioner Wyke also presented copies of written testimony her department had received during its public input process, some of which was identical to written comments received by the committee (Appendix F)

The purpose of the public hearing was also to solicit comments on the enforcement of the liquor laws since the elimination of the Bureau of Liquor Enforcement. The committee received only limited testimony on this issue. One agency store licensee testified that the Bureau of Liquor Enforcement had been an invaluable resource, not just on criminal violations, but in assisting agents when they had questions about the laws and rules that governed them as licensees. This agent stated that his local law enforcement authorities were resistant to taking on the criminal enforcement role of the Bureau since its elimination. These factors, according to the testimony, left the agent unsure of who to call when he needed assistance. Other testimony suggested that the Department of Public Safety should establish an advisory council made up of agents and licensees to maintain open lines of communication and bridge any gaps created by dividing the former bureau's roles between the Department and local law enforcement authorities.

Third Meeting – November 20, 2003

The final meeting of the Committee to Study the Implementation of the Privatization of the State's Wholesale Liquor Business followed an agenda that assisted the committee in drafting this report. Representatives from the Department of Public Safety, the Department of Administrative and Financial Services and interested parties were there to provide any additional information the committee might need when formulating its findings and recommendations. In addition, Commissioner Wyke discussed the request for proposals document that had just been released publicly for the solicitation of bids (Appendix G). Commissioner Wyke responded to committee members' inquiries about where the bid process might allow for bidders to distinguish themselves as the better candidate for the wholesale contract. She responded that the following areas would be where a bidder could potentially distinguish themselves:

- Bottle picking operation – based on minimum standards which would be those standards currently in place;
- Delivery system – one delivery per week minimum to agents;
- Product ordering system;
- Revenue sharing with the State; and
- Product payment schedule – date that order is invoiced to agent.

The Commissioner added that, when considering the bids, generally speaking, those reviewing the bids will look to the overall plan provided by the bidder and their ability to implement that plan.

Commissioner of the Department of Public Safety, Michael Cantara, updated the committee on efforts being taken by the Department with regard to supporting enforcement of the State's liquor laws. The Department had applied for and received grants to support the enforcement of sobriety requirements required of persons by the Washington County Drug Court and for training instructors at the police academy to provide liquor enforcement training to county and municipal level enforcement authorities.

Before adjournment of the committee's third and final meeting they discussed the final findings and recommendations that would be included in their report to the Legislature.

IV. FINDINGS

After conducting meetings and gathering information on the privatization of the State's spirits distribution business and the enforcement of the liquor laws in the time allowed, the committee makes the following findings.

- **The closure of the remaining State liquor stores ahead of schedule proved to be problematic for agents and warehouse operations but provided useful information to be used when considering leasing the spirits distribution business to a private entity about the service needs of agents and supply issues at the warehouse.** Although it is unfortunate that several agents were negatively impacted when the State liquor stores were closed ahead of schedule, in terms of shipping errors from the warehouse and the amount of inventory they were then required to maintain, the committee believes that this will provide the Department of Administration and Financial Services with useful information about the level of service required by agents and best way to operate a warehouse when considering bids for the lease of the spirits distribution business.

- **It is critical to carefully monitor the impact on agents and on-premises licensees during the transition to a privatized system and after the private entity takes over the spirits distribution business.** On-premises licensees and licensed retail agents have worked in partnership with the State in providing spirits to consumers in accordance with State policies. Privatizing the spirits distribution system should not negatively impact these businesses that have provided service to the State under its tightly controlled system.

- **The process used by the Department of Administrative and Financial Services in developing the RFP to solicit bids from a private entity for the spirits distribution business provided for input from members of the industry including spirits suppliers and brokers and on-premises licensees and agents.** The Department of Administrative and Financial Services followed a process prior to drafting the request for proposal that included an education phase. This stage in the process included touring the warehouse currently used by the State, meeting with interested parties in the industry to understand their concerns regarding privatization and holding advertised public meetings to provide agents, on-premises licensees, suppliers and brokers with an opportunity to express their concerns about the privatization of the business. The committee finds that this process served DAFS well when developing the RFP and will hopefully allow the department to carefully consider all involved in the system that brings spirits to consumers throughout the state when awarding the bid to a private entity.

- **The RFP developed by the Department of Administrative and Financial Services provides for State oversight when a private entity assumes the spirits distribution business.** Considering that the length of the lease for the spirits distribution system will be 10 years, committee finds that it is prudent that the State maintain an adequate level of oversight. DAFS is providing for that oversight by requiring annual financial reports from the successful bidder and instituting an auditing process. Such oversight is critical for maintaining the integrity of a business that has provided a continuing source of income to the General Fund of the State and will be resumed by State at the end of the term of the lease.

- **The elimination of the Bureau of Liquor Enforcement was too abrupt.** The committee respects the decision of the 121st Legislature to eliminate the Bureau of Liquor Enforcement in an effort to balance the State budget but believes that there was not enough support and cooperation from local law enforcement authorities when the burden of enforcing the criminal provisions of the liquor laws was transferred to them. The committee remains concerned that enforcement of the liquor laws will not be conducted at the level that the Bureau once provided because of the loss of institutional memory with the elimination of the Bureau and potential unwillingness of local law enforcement assume the criminal enforcement of the liquor laws once performed by the Bureau.

- **Local law enforcement must now assume some of the duties once performed by the Bureau of Liquor Enforcement without additional resources.** Although the State will recognize a savings by eliminating the Bureau of Liquor Enforcement, the committee finds that local governments were not provided with additional resources to assume the criminal enforcement of the liquor laws once performed by the Bureau.

- **The role of the Department of Public Safety, Division of Licensing is to administer the licensing provisions and enforce civil violations of the liquor laws.** The committee recognizes that the Licensing Division of the Department of Public Safety is taking the steps that it deems necessary to effectively fulfill its role in enforcing the laws governing the manufacture, importation, storage and sale of liquor and to administer the laws governing the licensing and collection of taxes on malt liquor and wine. It is the committee's hope that the Licensing Division and local law enforcement can work together to administer and enforce the liquor laws together in a way that serves the best interests of the people of the State of Maine.

V. RECOMMENDATIONS

Privatization of the wholesale spirits business

- **The Joint Standing Committee on Legal and Veterans' Affairs should require regular updates from the Department of Administrative and Financial Services and the Bureau of Alcoholic Beverages and Lottery Operations regarding the performance of the successful bidder operating the spirits distribution system.** Since the State has decided to lease the rights to the spirits distribution business rather than sell it outright, it is in the best interest of the people of the State of Maine that the Legislature monitor the performance of the private distributor to ensure that the integrity of the business is maintained to continue to provide revenue to the State and to remain profitable at the end of the lease's term.

- **The Joint Standing Committee on Legal and Veterans' Affairs should regularly solicit input from agents, on-premises licensees and the Department of Public Safety on the impact of privatization on their businesses.** Agents and on-premises licensees are a vital part of the system that provides spirits to consumers throughout the State and income to the State's General Fund from taxes, revenue sharing with the successful bidder and from the sale of spirits in the future when the term of the lease issued to a successful bidder ends. The committee recommends that the Legal and Veterans' Affairs Committee stay informed regarding the impact that privatization is having on agents and on-premises licensees to prevent an undue burden on their businesses. The Department of Public Safety, Licensing Division can assist the Legal and Veterans' Affairs committee with this effort by keeping track of turn-over of existing agency licenses and lack of applications for existing licenses.

- **The Legislature should be careful in the future when amending the laws that govern the sale of spirits in the State.** When a successful bidder assumes the spirits distribution business from the State, it will do so based on the laws that are currently in statute governing the sale of spirits. If future Legislatures are to amend the laws governing the sale of spirits, the committee recommends that they be mindful of the private entity that will assume the State's spirits business for a ten-year term and any impacts such changes may have on agents and on-premises licensees.

- **The Joint Standing Committee of the Legislature that has had jurisdiction over the liquor laws should remain consistent.** With the elimination of the Bureau of Liquor Enforcement and a change in the way spirits are distributed in this State, it is important that the committee with the institutional memory on these matters remain the committee of jurisdiction. With liquor enforcement duties no longer assigned to a separate bureau but to a division within the Department of Public Safety that oversees other areas of law, the committee is concerned that the enforcement of the liquor laws will not receive the appropriate level of oversight. The State has policies that intend to discourage underage drinking and excessive consumption of alcohol while also generating revenue from the sale of spirits. This is complex policy issue that should remain with the committee that has had jurisdiction over it in the past.