



STATE OF MAINE
DEPARTMENT OF ADMINISTRATIVE AND FINANCIAL SERVICES
BUREAU OF ALCOHOLIC BEVERAGES AND LOTTERY OPERATIONS
8 STATE HOUSE STATION
AUGUSTA, MAINE 04333-0008

JANET T. MILLS
GOVERNOR

KIRSTEN LC FIGUEROA
COMMISSIONER

GREGORY R. MINEO
DIRECTOR

February 4, 2021

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

Senator Louis Luchini, Chair
Representative Chris Caiazzo, 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 2020 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 2020 reports pertaining to the liquor and lottery businesses.

A handwritten signature in cursive script, 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 4, 2021

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 2020:

Bureau Revenue

| | |
|-----------------------------------|-----------------------|
| Lottery Ticket Sales | \$ 343,301,429 |
| Lottery Miscellaneous Revenue | 4,929,117 |
| Spirits Sales | 225,661,215 |
| Licensing and Enforcement Revenue | <u>21,608,443</u> |
| Total Bureau Revenue | \$ 595,500,204 |

Bureau Expenses

| | |
|------------------------------------|-----------------------|
| Lottery Expenses | \$ 280,762,849 |
| Spirits Expenses | 164,783,582 |
| Licensing and Enforcement Expenses | <u>1,157,339</u> |
| Total Bureau Expenses | \$ 446,703,769 |

Bureau Profit

| | |
|---|------------------------------|
| Lottery Profit ¹ | \$ 67,467,698 |
| Spirits Profit ² | 60,877,633 |
| Licensing and Enforcement Profit ³ | <u>20,451,104</u> |
| Total Bureau Profit Generated | <u>\$ 148,796,436</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 14, 2020:

- 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:

| | |
|---------------|---------|
| Lucky 777 | \$ 2.00 |
| \$50 or \$100 | \$10.00 |
| 25X | \$10.00 |

February 11, 2020:

- Director Mineo reviewed the 2019 Annual Report (Lottery portion) to be approved by the commission.
Commissioner Fitzgerald suggested the Bureau recommendations be listed on its own page.
- 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:

| | |
|----------------------|---------|
| 333 | \$ 1.00 |
| Baseball | \$ 1.00 |
| Joker's Wild | \$ 2.00 |
| Quick Cash | \$ 2.00 |
| Crossword Multiplier | \$ 5.00 |

March 10, 2020:

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

April 14, 2020:

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

| | |
|--------------------------------|---------|
| Double Dollars | \$ 2.00 |
| Outdoor Heritage Wild Winnings | \$ 3.00 |

May 12, 2020:

- 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:

| | |
|---------------|---------|
| Loose Change | \$ 1.00 |
| Lucky Corners | \$ 2.00 |
| Aces and 8's | \$ 5.00 |
| Keys N Cash | \$ 5.00 |
| \$50 or \$100 | \$10.00 |

June 16, 2020:

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

July 14, 2020:

- 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:

| | |
|-----------------------|---------|
| 2 for \$1 | \$ 1.00 |
| Path to Riches | \$ 3.00 |
| Lady Luck | \$ 5.00 |
| \$250,000 Spectacular | \$10.00 |

August 11, 2020:

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

| | |
|----------------------------|---------|
| Boo Koo Bucks | \$ 3.00 |
| Bingo | \$ 3.00 |
| \$100,000 Cash Bonus | \$ 5.00 |
| 20X The Cash Bonus Edition | \$ 5.00 |
| The Big Spin | \$ 5.00 |
| 10X Crossword | \$ 5.00 |
| \$50,000,000 Cash Blast | \$25.00 |

September 8, 2020:

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

| | |
|-----------------|---------|
| Holiday Fun | \$ 1.00 |
| Cash Flurry | \$ 2.00 |
| Holiday Fun | \$ 2.00 |
| Holiday Fun | \$ 5.00 |
| \$50 or \$100 | \$10.00 |
| \$250,000 Bonus | \$10.00 |
| \$50,000 Bucks | \$20.00 |

October 13, 2020:

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

| | |
|-----------------|---------|
| Lucky Win | \$ 1.00 |
| Hard Rock | \$ 2.00 |
| Maine Crossword | \$ 3.00 |
| Wild Winners | \$ 3.00 |
| Cash \$500's | \$ 3.00 |
| \$50 or \$100 | \$10.00 |
| 25X The Cash | \$10.00 |

November 10, 2020:

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

| | |
|---------------|---------|
| 50X The Money | \$20.00 |
|---------------|---------|

December 8, 2020:

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

| | |
|---------------|---------|
| Ca\$h Dash | \$ 1.00 |
| Poker Night | \$ 5.00 |
| Bonus Bucks | \$ 5.00 |
| 10X Crossword | \$ 5.00 |

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 2020:

| | |
|----------------------------|------------------------------|
| Revenue | |
| Ticket Sales | \$ 343,301,429 |
| Miscellaneous Revenue | <u>4,929,117</u> |
| Total Revenue | \$ 348,230,547 |
| Expenses | |
| Personnel | \$ 1,812,924 |
| Operating | 2,555,380 |
| Agent Commissions/Bonuses | 24,540,286 |
| Vendor Fees | 12,089,089 |
| Tri-State | 2,790,611 |
| Prizes | <u>236,974,559</u> |
| Total Expenses | <u>\$ 280,762,849</u> |
| Profit | |
| Total Profit | <u>\$ 67,467,698</u> |
| Profit Distribution | |
| General Fund Transfer | \$ 66,906,126 |
| Heritage Transfer | \$ 561,572 |

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 2016 through 2020:

| | 2016 | 2017 | 2018 | 2019 | 2020 |
|----------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Revenue | | | | | |
| Ticket Sales | \$ 276,385,732 | \$ 275,954,296 | \$ 298,648,087 | \$ 299,433,229 | \$ 343,301,429 |
| Miscellaneous Revenue | <u>4,753,934</u> | <u>4,044,667</u> | <u>5,080,368</u> | <u>4,898,386</u> | <u>4,929,117</u> |
| Total Revenue | \$ 281,139,665 | \$ 279,998,962 | \$ 303,728,455 | \$ 304,331,615 | \$ 348,230,547 |
| Expenses | | | | | |
| Personnel | \$ 1,579,005 | \$ 1,547,421 | \$ 1,690,621 | \$ 1,762,785 | \$ 1,812,924 |
| Operating | 3,440,825 | 2,802,986 | 2,864,496 | 4,110,946 | 2,555,380 |
| Agent Commissions/Bonuses | 22,109,435 | 18,383,141 | 21,420,743 | 20,961,016 | 24,540,286 |
| Vendor Fees | 9,731,576 | 9,716,375 | 10,516,032 | 10,543,111 | 12,089,089 |
| Tri-State | 2,740,265 | 3,077,464 | 3,503,742 | 2,989,490 | 2,790,611 |
| Prizes | <u>182,687,943</u> | <u>182,233,804</u> | <u>199,910,266</u> | <u>202,625,013</u> | <u>236,974,559</u> |
| Total Expenses | \$ 222,289,049 | \$ 217,761,192 | \$ 239,905,899 | \$ 242,992,361 | \$ 280,762,849 |
| Profit | | | | | |
| Total Profit | \$ 58,850,616 | \$ 62,237,770 | \$ 63,822,556 | \$ 61,339,254 | \$ 67,467,698 |
| Profit Distribution | | | | | |
| General Fund Transfer | \$ 58,428,164 | \$ 61,544,080 | \$ 63,235,463 | \$ 60,803,422 | \$ 66,906,126 |
| Heritage Transfer | \$ 422,453 | \$ 693,690 | \$ 587,093 | \$ 535,832 | \$ 561,572 |

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 | \$805,154.83 |
| Radio | \$688,916.70 |
| Digital | \$160,000.00 |
| POS/Collateral | \$52,068.76 |
| Sales Promotion/Promotional Items | \$40,458.20 |
| Sponsorships & Other | \$15,676.63 |

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 – OTT/Streaming |
| 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 |
| 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 | WBQX-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 |
| Presque Isle (u) | WBPW-FM |
| Presque Isle (u) | WCXU-FM |
| Presque Isle (u) | WOZI-FM |
| Presque Isle (u) | WQHR-FM |

Digital networks or channels utilized:

| |
|--------------------|
| Site |
| AdTheorent |
| Katz Digital Group |
| Q1 Media |
| Undertone |
| 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

| Market | Station | Total 2020 |
|--------------|---|--------------|
| Bangor | 5704 SPECTRUM, Bangor, ME - Cable | \$11,660.36 |
| Bangor | WABI-TV | \$66,185.25 |
| Bangor | WFVX-TV | \$7,230.95 |
| Bangor | WLBZ-TV | \$42,342.75 |
| Bangor | WVII-TV | \$9,426.50 |
| Portland | 0181 SPECTRUM, Portland, ME - OTT | \$47,659.50 |
| Portland | 7646 SPECTRUM, Portland Auburn IC | \$47,428.37 |
| Portland | 8448 NEW ENGLAND SPORTS NETWORK | \$54,213.00 |
| Portland | NESN-TV | \$13,268.50 |
| Portland | WCSH-TV | \$134,006.75 |
| Portland | WGME-TV | \$70,673.48 |
| Portland | WMTW-TV | \$83,241.15 |
| Portland | WPFO-TV | \$22,397.54 |
| Presque Isle | 2477 SPECTRUM, Presque Isle, ME - Cable | \$3,194.31 |
| Presque Isle | WAGM-TV | \$72,900.29 |
| Presque Isle | EAGM-TV | \$1,079.50 |
| Presque Isle | WWPI-TV | \$2,040.00 |

Radio

| Market | Station | Total 2020 |
|--------------------|---------|-------------|
| Augusta/Waterville | WABK-FM | \$10,489.85 |
| Augusta/Waterville | WCTB-FM | \$5,467.20 |
| Augusta/Waterville | WEBB-FM | \$13,705.40 |
| Augusta/Waterville | WFMX-FM | \$14,275.75 |
| Augusta/Waterville | WMME-FM | \$16,030.15 |
| Augusta/Waterville | WTOS-FM | \$12,629.30 |
| Bangor | WFBF-FM | \$6,362.25 |
| Bangor | WBZN-FM | \$19,457.86 |
| Bangor | WEZQ-FM | \$4,902.80 |

| | | |
|--------------|---------|-------------|
| Bangor | WHOU-FM | \$9,642.40 |
| Bangor | WKIT-FM | \$18,818.50 |
| Bangor | WKSQ-FM | \$8,708.25 |
| Bangor | WNSX-FM | \$10,779.70 |
| Bangor | WQCB-FM | \$28,831.49 |
| Bangor | WVOM-FM | \$12,172.00 |
| Bangor | WWMJ-FM | \$10,492.40 |
| Calais | WCRQ-FM | \$11,896.60 |
| Calais | WQDY-FM | \$12,136.30 |
| Farmington | WKTJ-FM | \$19,582.30 |
| Portland | WBLM-FM | \$48,603.00 |
| Portland | WBQX-FM | \$12,342.00 |
| Portland | WCLZ-FM | \$8,568.00 |
| Portland | WCYY-FM | \$18,564.00 |
| Portland | WFNK-FM | \$45,143.50 |
| Portland | WHOM-FM | \$21,509.25 |
| Portland | WHTP-FM | \$8,925.00 |
| Portland | WHXR-FM | \$4,692.00 |
| Portland | WJBQ-FM | \$40,914.75 |
| Portland | WJJB-FM | \$21,187.95 |
| Portland | WMGX-FM | \$33,970.25 |
| Portland | WPOR-FM | \$34,136.00 |
| Portland | WTHT-FM | \$34,986.00 |
| Portland | WYNZ-FM | \$21,301.85 |
| Presque Isle | WBPW-FM | \$13,260.00 |
| Presque Isle | WCXU-FM | \$12,172.00 |
| Presque Isle | WOZI-FM | \$11,811.60 |
| Presque Isle | WQHR-FM | \$12,235.00 |

Digital

| Market | Channel/Network | Total 2020 |
|---------------|------------------------|-------------------|
| Maine | AdTheorent | \$55,000.00 |
| Maine | Katz Digital Group | \$20,000.00 |
| Maine | Q1 Media | \$12,500.00 |
| Maine | Undertone | \$50,000.00 |
| Maine | WMTW | \$22,500.00 |

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 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 2020.

| <u>Revenue Sources/Description</u> | <u>Total</u> |
|---|---------------------|
| 0411 - Excise Tax Beer | \$ 11,127,570 |
| 0412 - Excise Tax Table Wine ME Products | 51,209 |
| 0413 - Excise Tax Table Wine Out State | 2,879,031 |
| 0414 - Excise Tax Sparkling Wines | 586,824 |
| 0454 - Liquor Premium | 2,930,830 |
| 0455 - Low Alcohol Spirits Tax | 40,879 |
| 0460 - FMB Excise Tax | 42,853 |
| 1101 - Class I | 970,970 |
| 1102 - Class I P-T | 50 |
| 1103 - Small Distillery | 2,800 |
| 1105 - Class A Restaurant/Lounge | 487,140 |
| 1106 - Bed & Breakfast Liquor License | 24,255 |
| 1107 - Civic Organizations | 2,730 |
| 1108 - Agency Liquor. Store Full Time | 178,000 |
| 1109 - Agency Liquor Store Resale | 10,100 |
| 1110 - Class I-A | 111,900 |
| 1111 - Class I-A P-T | 2,200 |
| 1113 - Small Brewery | 7,150 |
| 1114 - Brewery | 13,100 |
| 1115 - Class X | 148,000 |
| 1116 - Auxiliary License | 2,900 |
| 1117 - Winery | 3,050 |
| 1120 - Class II | 550 |
| 1121 - Dual Liquor License | 600 |
| 1122 - Minibar License Hotel | 200 |
| 1124 - Minibar Room Fee Hotel | 670 |
| 1126 - Wine Direct Shipper License | 16,700 |
| 1127 - Wine Direct Shipper Registration Fee | 8,200 |
| 1128 - Direct Shipper Renewal | 23,700 |
| 1129 - B.Y.O.B. - Function Permit | 1,280 |
| 1130 - Bottle Club Registration | 650 |
| 1131 - Spec Cater Off Prem S & V | 4,290 |

| <u>Revenue Sources/Description (continued)</u> | <u>Total</u> |
|---|----------------------|
| 1132 - Class III | 87,565 |
| 1133 - Class III P-T | 1,000 |
| 1138 - Class IV | 96,895 |
| 1140 - Class V | 12,375 |
| 1150 - Class VIII | 366,450 |
| 1152 - Liquor Fees-Golf Carts | 3,720 |
| 1153 - Wholesaler Table Wine | 12,600 |
| 1154 - Wholesale Wine Only Spec | 1,200 |
| 1155 - Class VI | 253,580 |
| 1158 - Malt Liquor Cert of Approval | 120,600 |
| 1159 - Wine Cert of Approval | 315,903 |
| 1161 - Wholesaler Malt Liquor | 12,250 |
| 1162 - Wholesale Special | 4,800 |
| 1164 - Cert of Wine 120 | 11,600 |
| 1165 - Class VI-A P-T | 2,450 |
| 1176 - Class VII | 252,820 |
| 1181 - Farmer's Market Permit | 1,725 |
| 1182 - Self Sponsored Event Permit | 9,290 |
| 1960 - Certification Fee | 5,540 |
| 2631 - Registration Fees | 89,905 |
| 2632 - Filing Fees | 60,648 |
| 2637 - Misc. Services & Fees | 3,400 |
| 2686 - Misc.-Income | 1,550 |
| Total Revenue | \$ 21,407,438 |

Expenses

| | |
|------------------------------|---------------------|
| Personnel Services | \$ 884,502 |
| All Other Operating Expenses | <u>272,837</u> |
| Total Expenses | \$ 1,157,339 |

Profit

| | |
|---------------------|-----------------------------|
| Total Profit | <u>\$ 20,250,099</u> |
|---------------------|-----------------------------|

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 2020.

| | | |
|-------------------------|---|------------------------------|
| Revenue | | Total |
| | Gross Sales ⁴ | <u>\$ 225,661,215</u> |
| | Total Revenue | \$ 225,661,215 |
| Expenses | | |
| | Cost of Goods Sold | \$ 147,036,452 |
| | Warehousing & Distribution Contract Costs | 10,786,219 |
| | Trade Marketing Contract Costs | 4,790,369 |
| | Operating Expenses ⁵ | <u>2,170,541</u> |
| | Total Expenses | <u>\$ 164,783,582</u> |
| Operating Profit | | |
| | Operating Profit | \$ 60,877,633 |
| Adjustments | | |
| | Outstanding Receivables | \$ 1,367,655 |
| | Other Adjustments ⁶ | <u>6,732</u> |
| | Total Adjustments | <u>\$ 1,374,387</u> |
| Profit | | |
| | Transferred to MMBB | <u>\$ 59,503,246</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 CY2020, 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: | \$ 2,836,795 |
| Suppliers’ investments: | \$ 7,947,491 |
| Total investments: | \$ 10,784,287 |
| Bureau’s percentage of total investments: | 26.30% |

Impact of investments on sales:

| | |
|--|---------|
| Total increase in case sales from investments ⁷ : | 80,175 |
| Net increase in case sales for all products ⁸ : | 100,245 |

Impact of investments on gross profit:

The Bureau’s investment on price reductions resulted in an increase gross profit to the State of \$ 4,516,235

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

| | |
|---|--------------|
| Marketing and advertising expenses ⁹ : | \$ 1,395,024 |
| Agency Liquor Store incentives ¹⁰ : | \$ 3,487,792 |

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, 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.

¹⁰ Agency liquor stores qualified for a sales increase incentive during CY2020 effective on July 1, 2020. Based on the incentive criteria as defined in [18 553 C.M.R. ch. 2, §III, sub-§B \(2014\)](#), agency liquor stores received a 2.5% increase in both tiers of discount rate, raising tier 1 from 13.5% to 16% and tier 2 from 15.5% to 18%.