

To the Honorable Deborah Goldberg,
Treasurer of the Commonwealth of
Massachusetts

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Introduction:

On February 16, 2017, the Honorable Deborah B. Goldberg, Treasurer and Receiver-General of the Commonwealth of Massachusetts, formed a Task Force (“TF”) to conduct a comprehensive review of the legal and regulatory structures that govern the alcoholic beverages industry in Massachusetts, many of which have been in place since prohibition ended in 1933, including the Alcoholic Beverages Control Commission (“ABCC”).¹ The TF is charged with recommending forward thinking changes to ABCC and the legal and regulatory framework governing the alcoholic beverage industry in Massachusetts. This requires us to consider that common forms of purchasing alcohol will change with time and technology and there are increasing numbers of craft breweries, wineries, and distilleries in Massachusetts and across the country. In doing so, we are mindful of health and safety concerns such as underage drinking and/or the excessive consumption of alcohol. This preliminary report provides a summary of the Task Force’s efforts to date, the anticipated work of the Working Groups, and time line for issuing a final report. The final report will include our recommendations.

What We Are Doing – The Process:

On February 16, 2017, the Treasurer convened the TF consisting of seven (7) members with four (4) appointments by the Treasurer and one each by the Governor, Senate President, and Speaker of the House. The first action step required us to research and gather information on how the industry works from a practical, regulatory, and statutory viewpoint. For the first three-months, we met weekly with the Chair, General Counsel, and Executive Director of the

¹ See, M.G.L.ch 138 *et seq.*, Code of Massachusetts Regulations (CMR), Title – Alcoholic Beverages Control Commission, ABCC Regulations.

Alcoholic Beverages Control Commission (“ABCC”). They provided us with an understanding of the licensing process at the state and local level, the licensing requirements and fee structures, and ABCC’s investigative and enforcement process including hearings and appeals. For example: we gathered information to better understand ABCC’s operating budget and the services it provides, areas for improvement and expansion of ABCC services, and how ABCC operations compare to other states from a legislative and operational perspective in terms of overall services.

Second, we launched a website through the Treasurer’s Office and invited all interested parties, trade groups, and individuals to provide us with their viewpoints and perspectives on issues important to them. To date, we have heard from representatives of breweries, wineries, distilleries, wholesalers/distributors (in and out of state), liquor stores, restaurants, consumers, and health care advocates. Many interested parties answered a questionnaire and provided white papers in support of their positions, and directed us to various reports and studies around the country on similar issues.

Third, we hosted six (6) town hall sessions across the Commonwealth to provide interested parties an opportunity to provide direct input into the process, express their concerns, and suggest recommendations. TF members questioned presenters at the hearings to gain a deeper understanding of their positions. Our sessions included Waltham (May 18), Foxborough (May 30), Leominster (June 1), Northampton (June 6), Bourne (June 8), and Andover (June 13). In total, 61 individuals presented information to the TF at the hearings, and more than 140 attended the town hall sessions.

Fourth, following the six town hall sessions we formed five Working Groups (“WGs”): Group 1 - *ABCC Operations (Rachael Rollins)*; Group 2 - *Industry Improvements (Kate Cook)*; Group 3 - *Licensing Process (Deborah Gold-Alexander)*; Group 4 - *Local Economic Development (Peter Wilson)*; and Group 5 - *Public Health and Safety (Lisa Wong)*. We also made a public request for interested persons to participate in the WG stage. In response to the request, over 125 individuals volunteered to join WGs chaired by a TF member. After reviewing the list of potential members, we asked sixty (60) individuals to participate in the WGs. As part of the selection process, we have made a concerted effort to balance the WGs by gender, generation, industry expertise and geography. The breakdowns are as follows: Gender: 27 female and 33 male; Generational: 34 Baby Boomers, 19 Generation X and Y, and 7 Millennials; and Industry Expertise: All aspects - 3, Attorneys - 11, Distributors/wholesalers - 7, Brewers/manufacturers - 15, Health and Safety - 11, No experience/writers - 2, Retail/hospitality - 7, Town/government officials - 4. The Geographic representation is as follows: twelve (12) from Boston and thirteen (13) from Greater Boston; two (2) each from Amherst, Cambridge, Danvers, Framingham, Northampton, and Norton; and one (1) member from Ashland, Barnstable, Belmont, Canton, Charlestown, Dorchester, Everett, Falmouth, Hudson, Ipswich, Longmeadow, Melrose, Newton, North Dartmouth, Plymouth, Randolph, Quincy, Salem, Waltham, Westminster, Westport and Worcester.

The WG members are now charged with (i) discussing the issues identified in the Forums and via on-line submissions of white papers and position statements, and (ii) making recommendations to the TF for inclusion in the final report. The WGs purposefully consist of

members with diverse points of view and interests in an effort to reach a consensus on certain issues and to increase the likelihood that the resulting recommendation would be implemented. Once the work of the WGs is completed, the TF will review and consider their recommendations and suggestions, and prepare its final report.

Issues To Be Covered During Working Group Meetings

To date, the TF has not formed any opinions and/or recommendations concerning the issues raised via website submissions, town hall sessions, or media reports. Over the course of the next two (2) months, the TF will gather additional information from the WGs and begin a process of prioritizing their recommendations. In no particular order, we anticipate that the WGs will review some or all of the following:

1. Whether the license approval process can be streamlined to increase efficiencies and to handle the potential increase in license applications over the next few years;
2. Does ABCC have sufficient staff to conduct investigations, trainings, and audits consistent with best practices;
3. Whether Massachusetts should improve or modernize its laws to support and sustain economic development;
4. How do cities and towns operate under the “Quota System” and should local towns have more control over the number of licenses they can issue;

5. The six months' notice to terminate under ch. 138, §25E and the "good cause" standard to terminate a franchise agreement;
6. The overall licensing requirements including whether non-US citizens should be allowed to hold a license, and what are the appropriate disqualifications;
7. Whether a local licensing authority should be able to issue a fine to a licensee in lieu of a warning, suspension, revocation, cancelation, or modification;
8. Whether local licensing authorities should be able to increase the number of licenses that can be held by supermarkets/grocery stores and wholesale clubs;
9. Whether retailers should be able to accept out of state licenses in the same manner as they accept a Massachusetts license;
10. How to best address the "pay to play" concerns among manufacturers/brewers, wholesalers/distributors and retailers over the sale of alcoholic beverages in restaurants, bars and stores;
11. How do we currently educate the public and young students/adults about the dangers and health implications of alcohol, and what are the educational "best practices" for schools, colleges and universities; and
12. What are the funding obstacles of non-profit programs offering alcohol treatment and prevention services.

Task Force Next Steps

The TF's recommendations will be organized by working group topics. We anticipate providing a final report before the end of the year.