



For Immediate Release: March 19, 2008

Wine Shipping Bill Set To Benefit Tennessee if Passed

Specialty Wine Retailers Answers Questions About Direct Shipment of Wine

(GLEN ELLEN, Calif)—If Senate Bill 1977 becomes law and Tennesseans are allowed to buy and have shipped to them wine from in-state and out-of-state wineries and retailers, the state and its citizens will benefit in a variety of ways, according to the Specialty Wine Retailers Association (SWRA). SWRA, a national group of wine merchants and consumers, believes not only that Tennessee lawmakers ought to support SB 1977, but also that the questions that arise about direct shipment of wine deserve straight forward answers.

SWRA, in advance of a March 25th hearing on SB 1977 in the Senate State and Local Government Committee, has issued a set of answers to the questions that have been raised on the issue of direct shipping and SB 1977.

Can Tennesseans have wine shipped to them now?

No. The alcohol distribution system in Tennessee mandates that Tennessee alcohol distributors have total control over what products Tennessee retailers may carry in their stores and therefore what wine products Tennesseans may purchase. Since direct shipment of wine from out-of-state sources is currently prohibited for Tennesseans, tens of thousands of products remain unavailable to Tennessee wine lovers.

How would SB 1977 change wine distribution in Tennessee?

The bill would allow Tennesseans to purchase and have shipped to them wine from in-state and out-of-state merchants and wineries. Based on other states that allow this same exception to the traditional alcohol distribution patters, it is likely that 95-99 percent of all alcohol sales would continue to be sold face-to-face in Tennessee brick and mortar establishments.

How many other states allow direct-to-consumer shipment of wine?

Thirty-six

How many states that allow direct shipment of wine report any significant problems with minors obtaining wine or report a reduction in tax revenue as a result?

None.

How would direct shipping work under SB 1977

- The state would issue direct shipping licenses to out-of-state wine shippers
- Out-of-state wine shippers would only ship up to 2 cases of wine annually to an individual
- Out-of-state shippers would be required to remit all sales and excise taxes to the state on the sale of wine to Tennesseans
- Out-of-state shippers would be subject to Tennessee legal jurisdiction
- Out-of-state shippers would agree to audits by the Tennessee ABC at the Commission's request
- Out-of-state shippers would be required to mark all packages with notice that it holds wine and that an adult signature is required for delivery.
- Out-of-state shippers are required to report annually to the Commission on their total sales.

What is known of the threat of minors obtaining wine via wine shipping?

The Supreme Court of the United States and the Federal Trade Commission both looked at the issue and determined that minors are highly unlikely to use direct shipping to obtain wine. No state that allows direct shipping has reported even a small problem with minors accessing wine via direct shipping.

What enforcement tools does the Tennessee ABC have to regulate out-of-state shippers?

Direct shipping license holders would agree to submit to Tennessee legal jurisdiction and could be prosecuted in Tennessee courts for violations of the state's law. The 21st Amendment Enforcement Act passed in 2000 by the U.S. Congress allows the Tennessee Attorney General to prosecute out-of-state shippers in Federal Court if they break the law. Wineries are subject to having their federal permit taken away if found to have broken state laws. The 21st Amendment gives states wide latitude in requiring common carriers to require signatures for delivery of wine, an option not available to states in regulating the shipment of other products such as tobacco.

Who benefits from direct shipment of wine?

- Tennessee consumers benefit by having access to a vast array of specialty wines not currently available to them
- The State of Tennessee benefits by the millions of dollars in tax revenue that a state fiscal review of this bill has demonstrated would be raised in just the first few years.
- The Tennessee wine industry benefits by the significant increase in potential sales and exposure direct shipment of wine will allow.
- Tennessee wine retailers benefit by having a new choice to offer their customers.

Specialty Wine Retailers Association is a national organization of wine merchants that support well-regulated wine shipping across state lines as the best method for addressing the legitimate demand for the growing number of fine wines produced across America as well as those imported into the country. Specialty Wine Retailers Association is supported not only by wine merchants but by wineries, consumers and numerous wine related businesses.

###

Contact:

Tom Wark, Executive Director
Specialty Wine Retailers Association
TEL: 707-935-4424 • CELL: 707-246-6451
twark@specialtywineretailers.org