

Department of Legislative Services
Maryland General Assembly
2003 Session

FISCAL AND POLICY NOTE
Revised

House Bill 621

(Delegate McIntosh)

Economic Matters

Education, Health, and Environmental Affairs

Alcoholic Beverages - Sale of Out-of-State Wine

This bill requires the Comptroller's Office to create and provide a list of wholesalers who are willing to participate in the handling of direct wine shipments. The bill requires the list to be posted on the web site of the Comptroller's Office, to be provided free-of-charge to any individual who requests information regarding direct wine shipments, and must include the name, contact person, and phone number for the wholesaler. The bill also provides that a wholesaler or a retail dealer may impose a service charge for handling the direct wine shipment.

The bill is effective June 1, 2003.

Fiscal Summary

State Effect: Costs to create, post to the Internet, and provide a list of wholesalers who are willing to participate in the handling of direct wine shipments could be handled with existing resources. Revenues would not be affected.

Local Effect: None.

Small Business Effect: Minimal.

Analysis

Current Law: The direct wine permit authorizes an out-of-state winery to ship wine to a Maryland resident if the wine is first shipped to a licensed Maryland alcoholic beverages wholesaler and then delivered by the wholesaler to a licensed Maryland alcoholic

beverages retailer. The Comptroller's Office is not required to post to its web site or provide free-of-charge a list of wholesalers willing to participate in direct wine shipments. A personal consumer must pay a service charge of \$2 per bottle but not more than \$4 per shipment to a wholesaler. A consumer must pay a service charge of \$5 per bottle but not more than \$10 per shipment to a retail dealer when the consumer takes delivery.

Background: The direct wine seller's permit was created by Chapter 251 of 2002 and became effective July 1, 2002. The Comptroller may issue a direct wine seller's permit to a person or entity that: (1) is domiciled outside of Maryland; (2) is engaged in the manufacture of wine or is the brand owner, United States importer, or designated Maryland agent for wine sold under this subtitle; (3) holds an alcoholic beverages license in the state where the applicant is domiciled or by the Federal Bureau of Alcohol, Tobacco, and Firearms; and (4) within two years before the application does not hold any Maryland alcoholic beverages license or permit, or is not owned in whole or in part by any other Maryland alcoholic beverages licensee or permit holder. The permit authorizes an out-of-state winery to ship wine to a Maryland resident if the wine is first shipped to a licensed Maryland alcoholic beverages wholesaler and then delivered by the wholesaler to a licensed Maryland alcoholic beverages retailer. The wholesaler is required to keep records of shipping invoices.

A permit holder may not sell in Maryland more than 900 liters of wine annually or more than 108 liters of wine to a single personal consumer annually. The annual fee for a direct wine seller's permit is \$10. The Alcohol and Tobacco Tax Division of the Comptroller's Office advises that there have been no direct wine seller's permits issued.

Small Business Effect: To the extent that the availability of a list of wholesalers willing to participate in the handling of direct wine shipment sales generates the issuance of direct wine seller's permits, small retail alcoholic beverage licensees in Maryland may be impacted if Maryland citizens purchase out-of-state wines from direct wine seller's permit holders. Any impact is assumed to be minimal.

Additional Information

Prior Introductions: None.

Cross File: SB 514 (Senator Harris) – Education, Health, and Environmental Affairs.

Information Source(s): Comptroller's Office, Department of Legislative Services

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