
By: **Delegates Petzold, Haddaway, King, Mandel, and Vallario**

Introduced and read first time: February 2, 2006

Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Alcoholic Beverages - Direct Wine Shipper's License**

3 FOR the purpose of repealing provisions that provided for a direct wine seller's
4 permit; establishing a direct wine shipper's license to be issued by the Office of
5 the Comptroller to certain persons in or outside of the State; requiring a person
6 to be licensed before the person may engage in shipping wine directly to a
7 resident in the State; requiring a direct wine shipper to perform certain actions;
8 prohibiting a direct wine shipper from performing certain actions; providing for
9 the qualifications and requirements of license applicants; providing for the fee
10 and renewal of a license; specifying certain requirements and conditions to
11 receive a direct shipment of wine; authorizing the Office of the Comptroller to
12 adopt certain regulations; prohibiting a person without a license from shipping
13 wine directly to consumers in the State; providing a certain penalty; defining
14 certain terms; altering certain definitions; and generally relating to the
15 establishment of a direct wine shipper's license.

16 BY repealing

17 Article 2B - Alcoholic Beverages
18 Section 7.5-101 through 7.5-110, inclusive, and the title "Title 7.5. Direct Wine
19 Seller's Permit"
20 Annotated Code of Maryland
21 (2005 Replacement Volume)

22 BY repealing and reenacting, with amendments,

23 Article 2B - Alcoholic Beverages
24 Section 2-101(b)(1)(i)
25 Annotated Code of Maryland
26 (2005 Replacement Volume)

27 BY adding to

28 Article 2B - Alcoholic Beverages
29 Section 7.5-101 through 7.5-110, inclusive, to be under the new title "Title 7.5.
30 Direct Wine Shipper's License"
31 Annotated Code of Maryland

1 (2005 Replacement Volume)

2 BY repealing and reenacting, without amendments,
3 Article - Tax - General
4 Section 5-101(a)
5 Annotated Code of Maryland
6 (2004 Replacement Volume and 2005 Supplement)

7 BY repealing and reenacting, with amendments,
8 Article - Tax - General
9 Section 5-101(f) and 5-201(d)
10 Annotated Code of Maryland
11 (2004 Replacement Volume and 2005 Supplement)

12 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
13 MARYLAND, That Section(s) 7.5-101 through 7.5-110, inclusive, and the title "Title
14 7.5. Direct Wine Seller's Permit" of Article 2B - Alcoholic Beverages of the Annotated
15 Code of Maryland be repealed.

16 SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland
17 read as follows:

18 **Article 2B - Alcoholic Beverages**

19 2-101.

20 (b) (1) (i) The Office of the Comptroller shall collect a fee for the issuance
21 or renewal of the following permits:

22 1. \$50 for a solicitor's permit, an individual storage permit,
23 or a commercial nonbeverage permit;

24 2. \$75 for a public storage permit, a public transportation
25 permit, or an import and export permit;

26 3. \$100 for a public storage and transportation permit, a
27 nonresident dealer permit, or a bulk transfer permit;

28 4. \$400 for a family beer and wine facility permit; and

29 5. [\$10] \$100 for a direct wine [seller's permit] SHIPPER'S
30 LICENSE.

31 TITLE 7.5. DIRECT WINE SHIPPER'S LICENSE.

32 7.5-101.

33 (A) IN THIS TITLE THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.

1 (B) "DIRECT WINE SHIPPER" MEANS THE HOLDER OF A DIRECT WINE
2 SHIPPER'S LICENSE ISSUED UNDER THIS TITLE.

3 (C) "LICENSE" MEANS A DIRECT WINE SHIPPER'S LICENSE ISSUED BY THE
4 OFFICE OF THE COMPTROLLER.

5 (D) "WINE" INCLUDES BRANDY THAT IS DISTILLED FROM THE PULPY RESIDUE
6 OF THE WINE PRESS, INCLUDING THE SKINS, PIPS, AND STALKS OF GRAPES.

7 7.5-102.

8 A PERSON SHALL BE LICENSED BY THE OFFICE OF THE COMPTROLLER AS A
9 DIRECT WINE SHIPPER BEFORE THE PERSON MAY ENGAGE IN SHIPPING WINE
10 DIRECTLY TO A RESIDENT IN THE STATE.

11 7.5-103.

12 TO QUALIFY FOR A LICENSE, AN APPLICANT SHALL BE:

13 (1) A PERSON LICENSED OUTSIDE OF THE STATE TO ENGAGE IN THE
14 MANUFACTURE OF WINE;

15 (2) AN AUTHORIZED BRAND OWNER OF WINE, A UNITED STATES
16 IMPORTER OF WINE, OR A DESIGNATED MARYLAND AGENT OF A BRAND OWNER OR
17 UNITED STATES IMPORTER; OR

18 (3) A HOLDER OF A CLASS 3 MANUFACTURER'S LICENSE OR A CLASS 4
19 MANUFACTURER'S LICENSE ISSUED UNDER THIS ARTICLE.

20 7.5-104.

21 (A) AN APPLICANT FOR A LICENSE SHALL:

22 (1) SUBMIT TO THE OFFICE OF THE COMPTROLLER A COMPLETED
23 APPLICATION ON A FORM THAT THE OFFICE OF THE COMPTROLLER PROVIDES; AND

24 (2) PAY A FEE OF \$100.

25 (B) THE OFFICE OF THE COMPTROLLER SHALL ISSUE A LICENSE TO EACH
26 APPLICANT WHO MEETS THE REQUIREMENTS OF THIS TITLE FOR A LICENSE.

27 7.5-105.

28 (A) A DIRECT WINE SHIPPER SHALL:

29 (1) ENSURE THAT ALL CONTAINERS OF WINE SHIPPED DIRECTLY TO A
30 RESIDENT IN THE STATE ARE CONSPICUOUSLY LABELED WITH THE WORDS
31 "CONTAINS ALCOHOL; SIGNATURE OF PERSON AGE 21 OR OLDER REQUIRED FOR
32 DELIVERY";

1 (2) REPORT TO THE OFFICE OF THE COMPTROLLER ANNUALLY THE
2 TOTAL OF WINE, BY TYPE, SHIPPED IN THE STATE THE PRECEDING CALENDAR YEAR;

3 (3) PAY ANNUALLY TO THE OFFICE OF THE COMPTROLLER ALL SALES
4 TAXES AND EXCISE TAXES DUE ON SALES TO RESIDENTS OF THE STATE IN THE
5 PRECEDING CALENDAR YEAR, THE AMOUNT OF THE TAXES TO BE CALCULATED AS IF
6 THE SALE WERE MADE AT THE DELIVERY LOCATION;

7 (4) ALLOW THE OFFICE OF THE COMPTROLLER TO PERFORM AN AUDIT
8 OF THE DIRECT WINE SHIPPER'S RECORDS ON REQUEST; AND

9 (5) CONSENT TO THE JURISDICTION OF THE OFFICE OF THE
10 COMPTROLLER OR OTHER STATE UNIT AND THE STATE COURTS CONCERNING
11 ENFORCEMENT OF THIS SECTION AND ANY RELATED LAW.

12 (B) A DIRECT WINE SHIPPER MAY NOT:

13 (1) SHIP MORE THAN 24 BOTTLES PER MONTH TO ANY ONE INDIVIDUAL;
14 OR

15 (2) SHIP WINE TO AN ADDRESS IN AN AREA IN WHICH THE BOARD OF
16 LICENSE COMMISSIONERS FOR THAT AREA DECLARES THAT SHIPMENTS UNDER
17 THIS TITLE ARE PROHIBITED.

18 7.5-106.

19 (A) A DIRECT WINE SHIPPER MAY ANNUALLY RENEW ITS LICENSE, IF THE
20 DIRECT WINE SHIPPER:

21 (1) IS OTHERWISE ENTITLED TO BE LICENSED; AND

22 (2) PAYS TO THE OFFICE OF THE COMPTROLLER A RENEWAL FEE OF
23 \$100.

24 7.5-107.

25 (A) TO RECEIVE A DIRECT SHIPMENT OF WINE, A RESIDENT OF THE STATE
26 MUST BE AT LEAST 21 YEARS OF AGE.

27 (B) A SHIPMENT OF WINE MAY BE ORDERED OR PURCHASED THROUGH A
28 COMPUTER NETWORK.

29 (C) A PERSON WHO RECEIVES A SHIPMENT OF WINE SHALL USE THE
30 SHIPMENT FOR PERSONAL CONSUMPTION ONLY AND MAY NOT RESELL IT.

31 7.5-108.

32 THE OFFICE OF THE COMPTROLLER MAY ADOPT REGULATIONS TO CARRY OUT
33 THIS TITLE.

1 7.5-109.

2 A PERSON WITHOUT A LICENSE MAY NOT SHIP WINE DIRECTLY TO CONSUMERS
3 IN THE STATE.

4 7.5-110.

5 A PERSON WHO VIOLATES THIS TITLE IS GUILTY OF A FELONY AND ON
6 CONVICTION IS SUBJECT TO IMPRISONMENT NOT EXCEEDING 2 YEARS OR A FINE
7 NOT EXCEEDING \$1,000 OR BOTH.

8

Article - Tax - General

9 5-101.

10 (a) In this title the following words have the meanings indicated.

11 (f) "Direct wine [seller] SHIPPER" has the meaning stated in Article 2B, §
12 7.5-101 of the Code.

13 5-201.

14 (d) (1) A person who is a direct wine [seller] SHIPPER shall file with the
15 Office of the Comptroller an annual tax return.

16 (2) The annual tax return shall be due no later than October 15 of each
17 year covering the previous 12 calendar months ending September 30.

18 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
19 July 1, 2006.