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Wine Direct Shipping – An Overview

TTB Expo 2009

**Northern Kentucky
Convention Center**

June 25, 2009

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Director of State Relations

Wine Institute

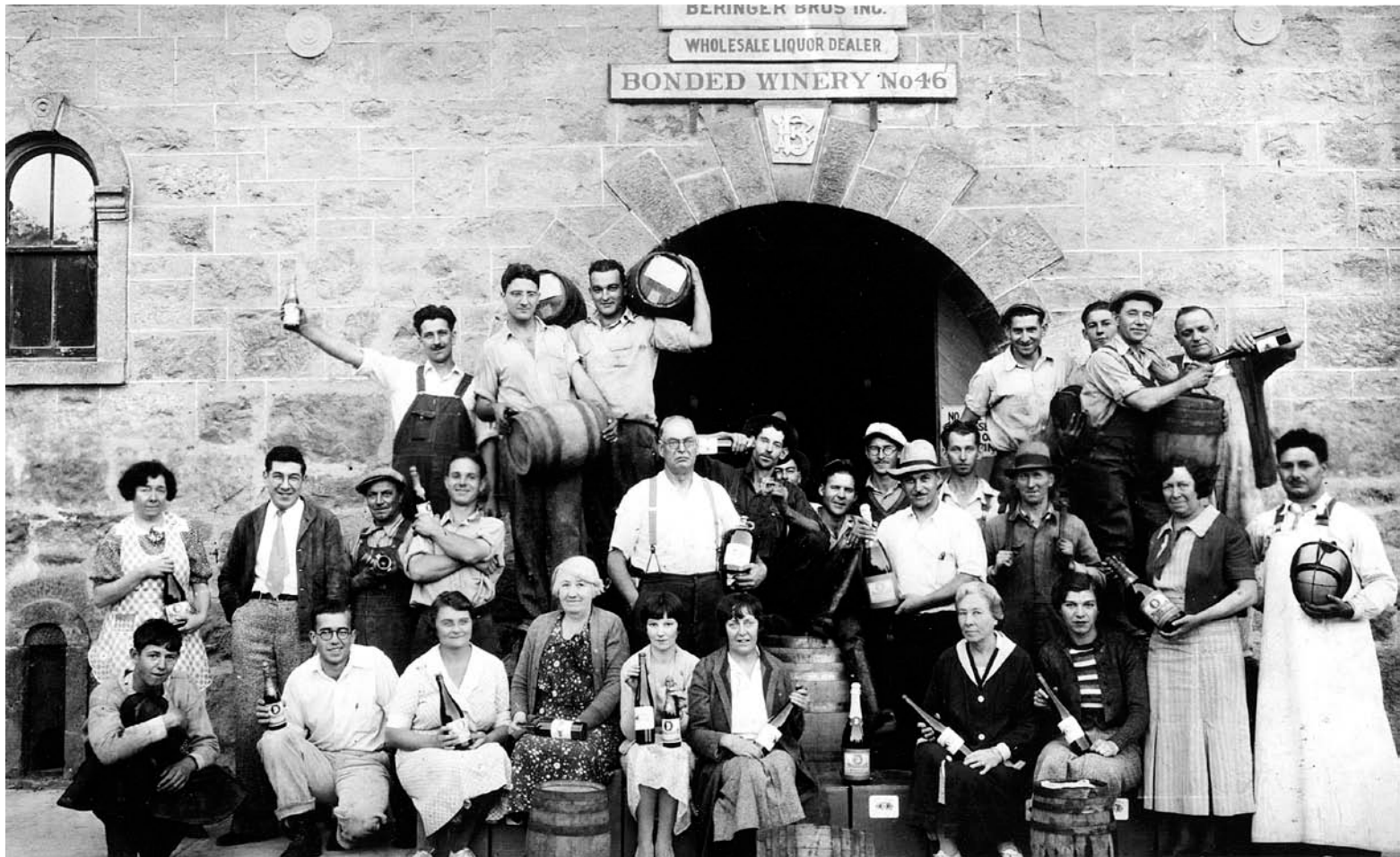


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Goals for Today

- *Brief Background on Direct Shipping Laws*
- *State-by-State Status Update*
- *Shared Speculation*
- *WI's Resources*

A bit of history...



Serving the Consumer in a Highly Regulated Marketplace



- *2 Constitutional Amendments*
- *Federal Alcohol Administration Act*
- *50 sets of state laws governing distribution and sales*

The 21st Amendment

- **Amendment XXI**
- *Section 1. The eighteenth article of amendment to the Constitution of the United States is hereby repealed.*
- **Section 2. The transportation or importation into any state, territory, or possession of the United States for delivery or use therein of intoxicating liquors, in violation of the laws thereof, is hereby prohibited.**
- *Section 3. This article shall be inoperative unless it shall have been ratified as an amendment to the Constitution by conventions in the several states, as provided in the Constitution, within seven years from the date of the submission hereof to the states by the Congress.*

Note on “virtual wineries”/retailers

- CA “Wineries” that hold Type 17 & 20 licenses rather than a Type 02 Winegrowers License are typically considered retailers under state direct-to-consumer shipping statutes. Other states have similar categories who are actually “negotiants” that have their wine custom crushed for them.
 - The list of available states for “retailer” shipments is considerably shorter than for wineries. With considerable restrictions, the legal states currently include:
 - AK, CA*, DC, ID*, LA, MO*, ND, NE, NH, NM*, NV, OR, TX (pending litigation), VA, WV, WY
- * reciprocal privilege only

Distribution Channels for Wineries Within Their Own State

- *Sales at Tasting Room*
- *Sales to Wholesalers*
- *Sales to In-State Retailers (in most states)*
- *Wine Club / Direct Sales*

Distribution Channels to Other States

- *Sales to a Wholesaler*
- *Sales Direct to a Consumer (currently available into a maximum of 35 states plus DC - 3 pending (MA, KY, PA))*
- *Direct Sales to Retailers traditionally Prohibited (We'll talk about Costco Lawsuit later on!)*

The Traditional Three-Tier System



Winery



Wholesaler



Retailer

Positive Aspects of 3-Tier System

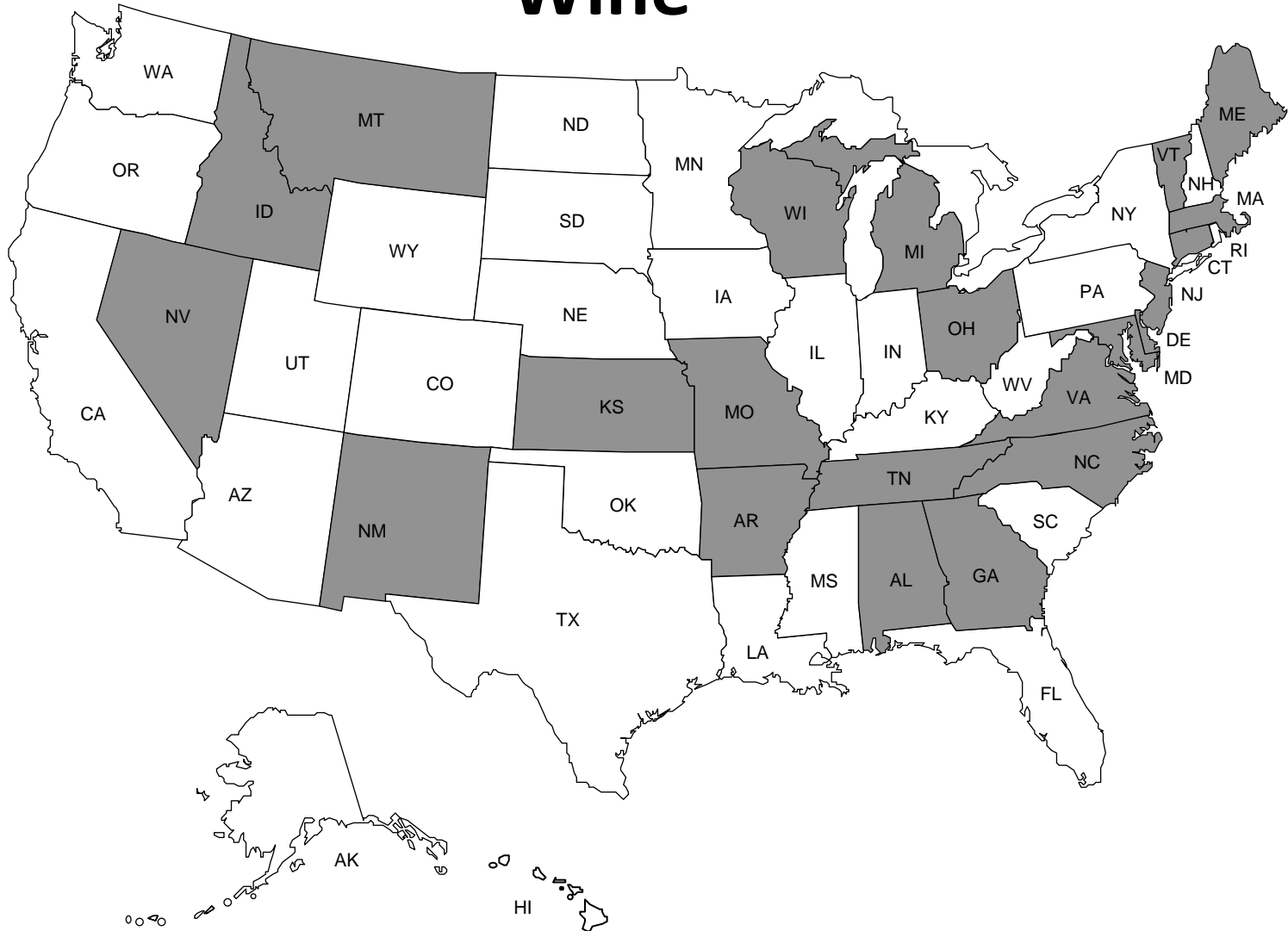
- *Moves large quantities of wine efficiently*
- *Provides single- source interface with retailers and state regulators*
- *Economies of scale*

Challenges of 3-Tier System

- ***6,123 U.S. wineries producing over 45,000 labels (500+% growth in 30 years) over 65,000 additional imports available****
- ***50% less wholesalers in last decade alone***
- ***More wine retailers; 73,000 retail licensees in California alone***

** TTB numbers 1/1/09*

States With Monopoly Protection Laws for Wine



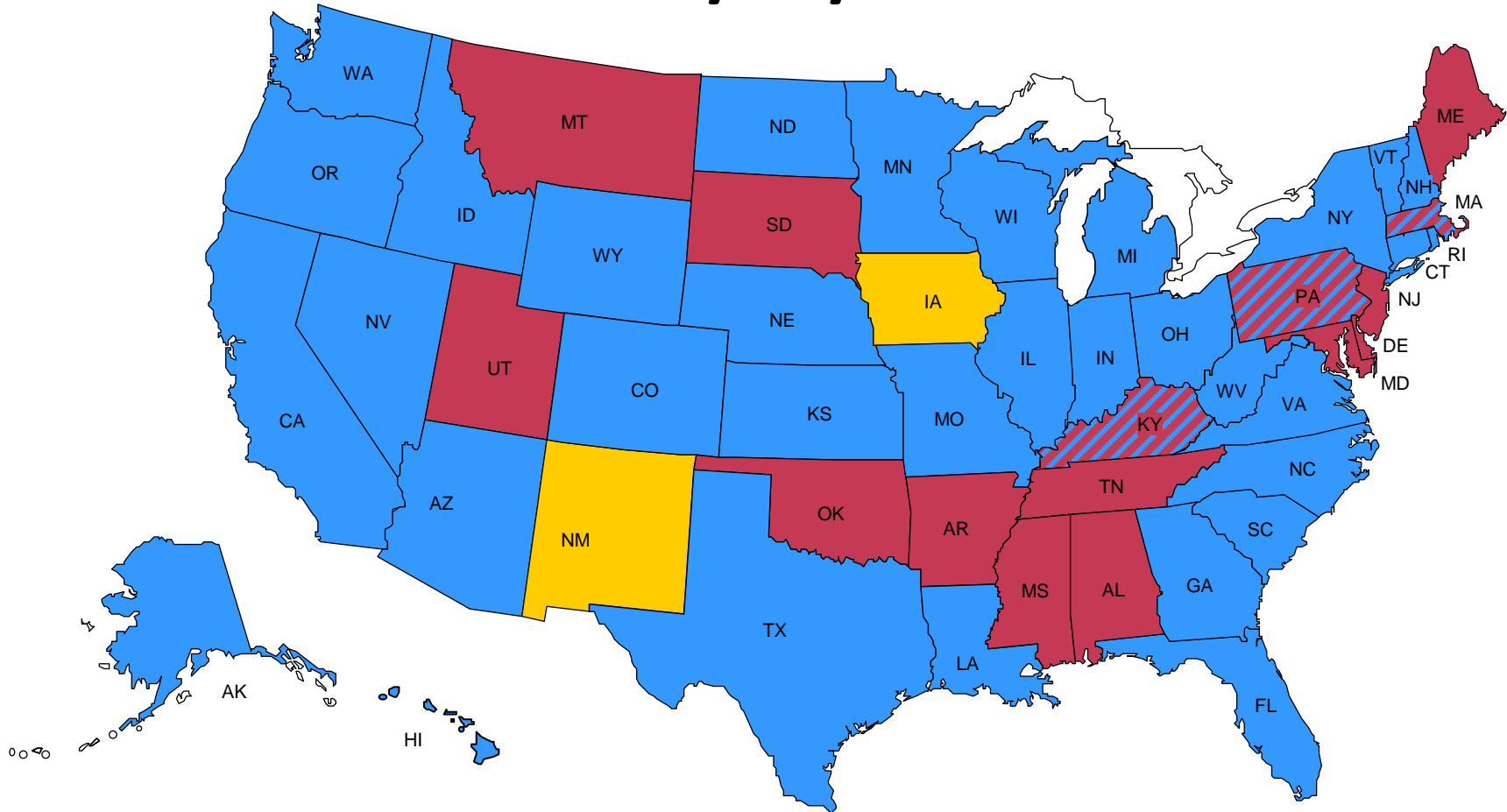
Many Wineries Find 3-Tier System not Fulfilling Their Needs Nationally

- *Less than 17% of WI member wineries have full nationwide wholesaler distribution*
- *54% of WI members say they have been unable to find a wholesaler in a state where they have actively sought representation*

How To Improve the System?

The Tale of Building a Better Mousetrap.....

Direct-to-Consumer Wine Shipping As of 5/21/09

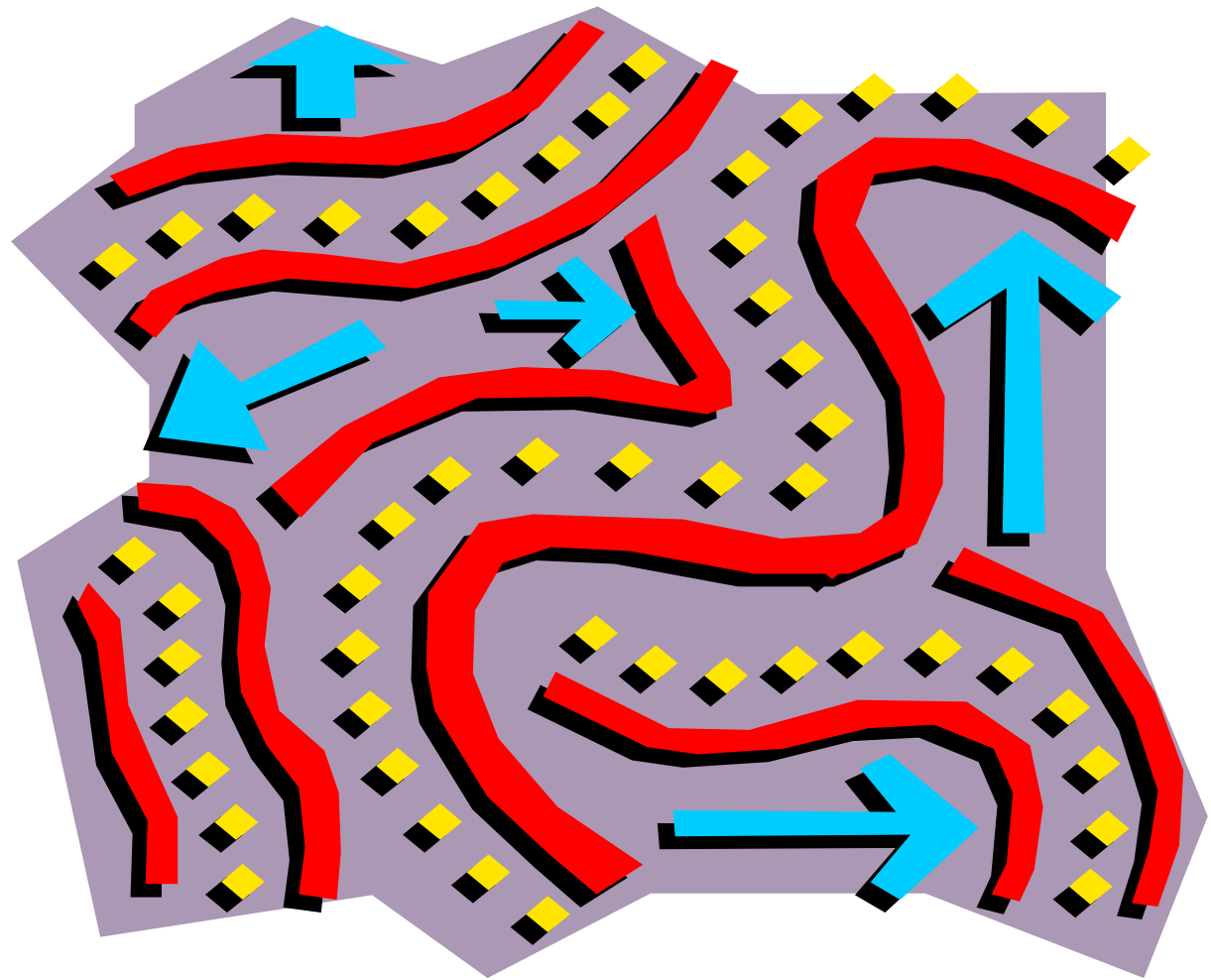


Blue – Limited Direct/Permit

Red – Prohibited

Yellow - Reciprocal

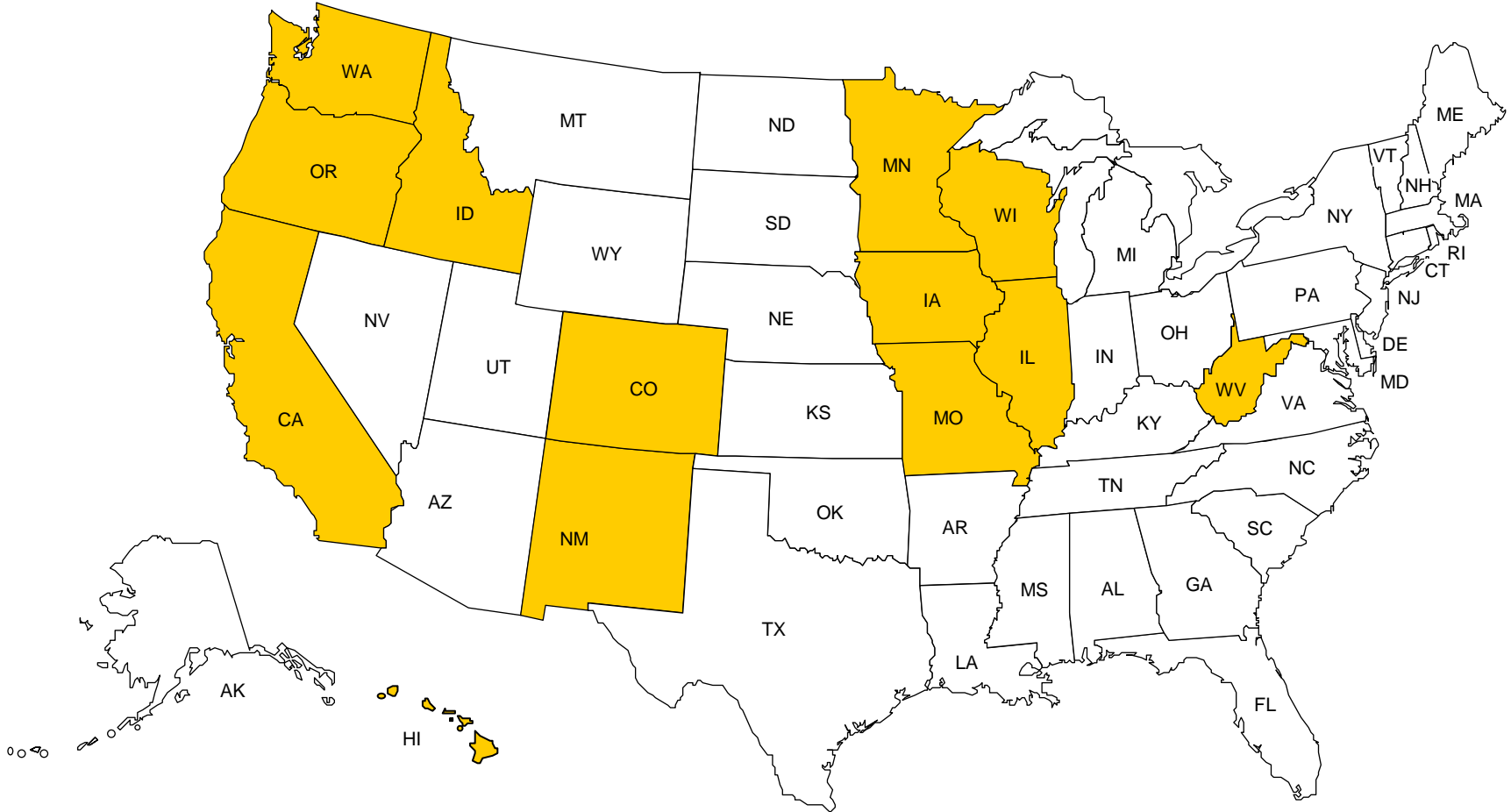
But How Did We Get Here?



California Became First “Reciprocity” State in 1985



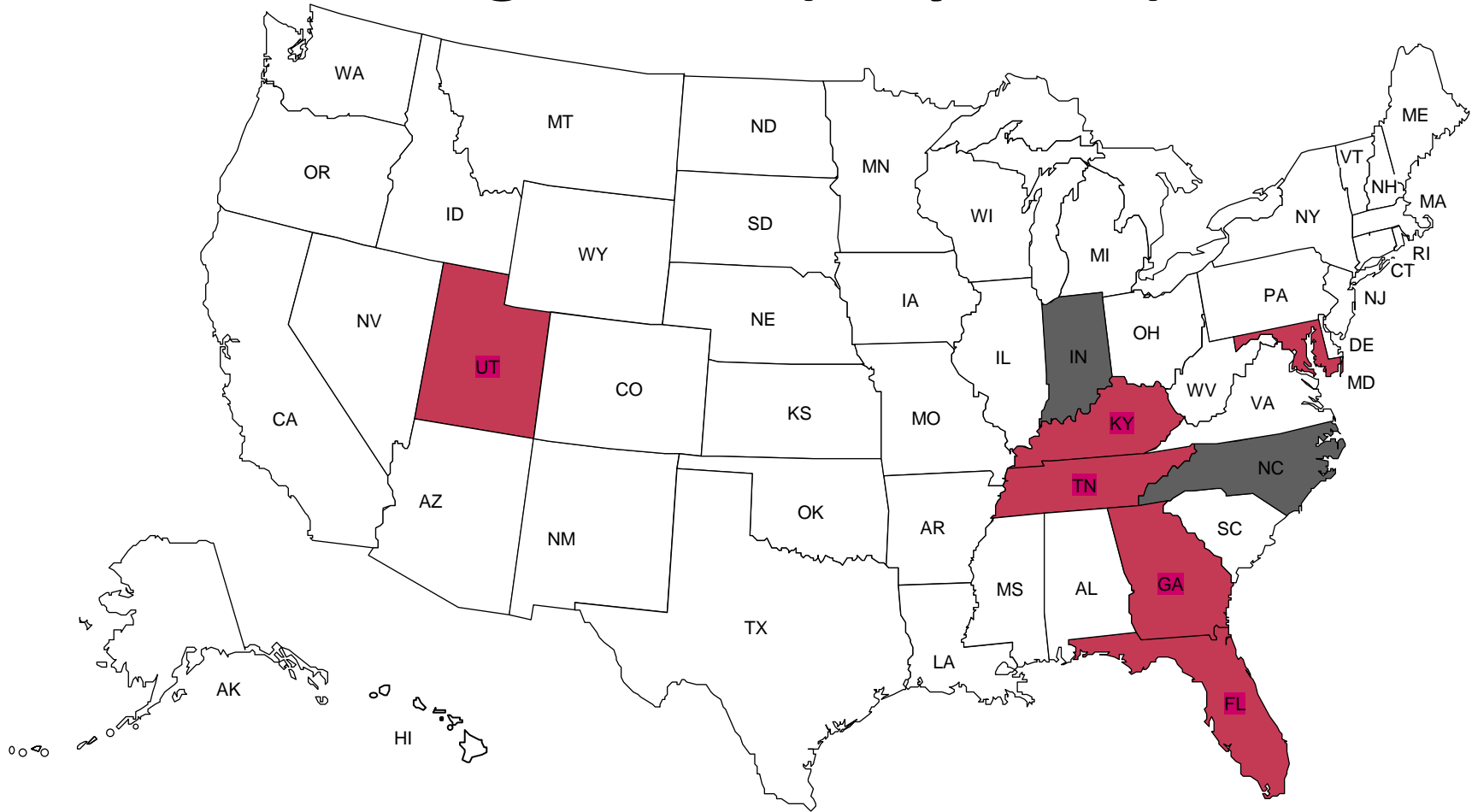
Total of 13 “Reciprocity States” by 2001



What Exactly is (or was) Reciprocity?

- *A “free trade agreement” between 2 states*
- *You can ship to my consumers only if my wineries can ship to your consumers...*
- *Very few hurdles to jump in order to do business*

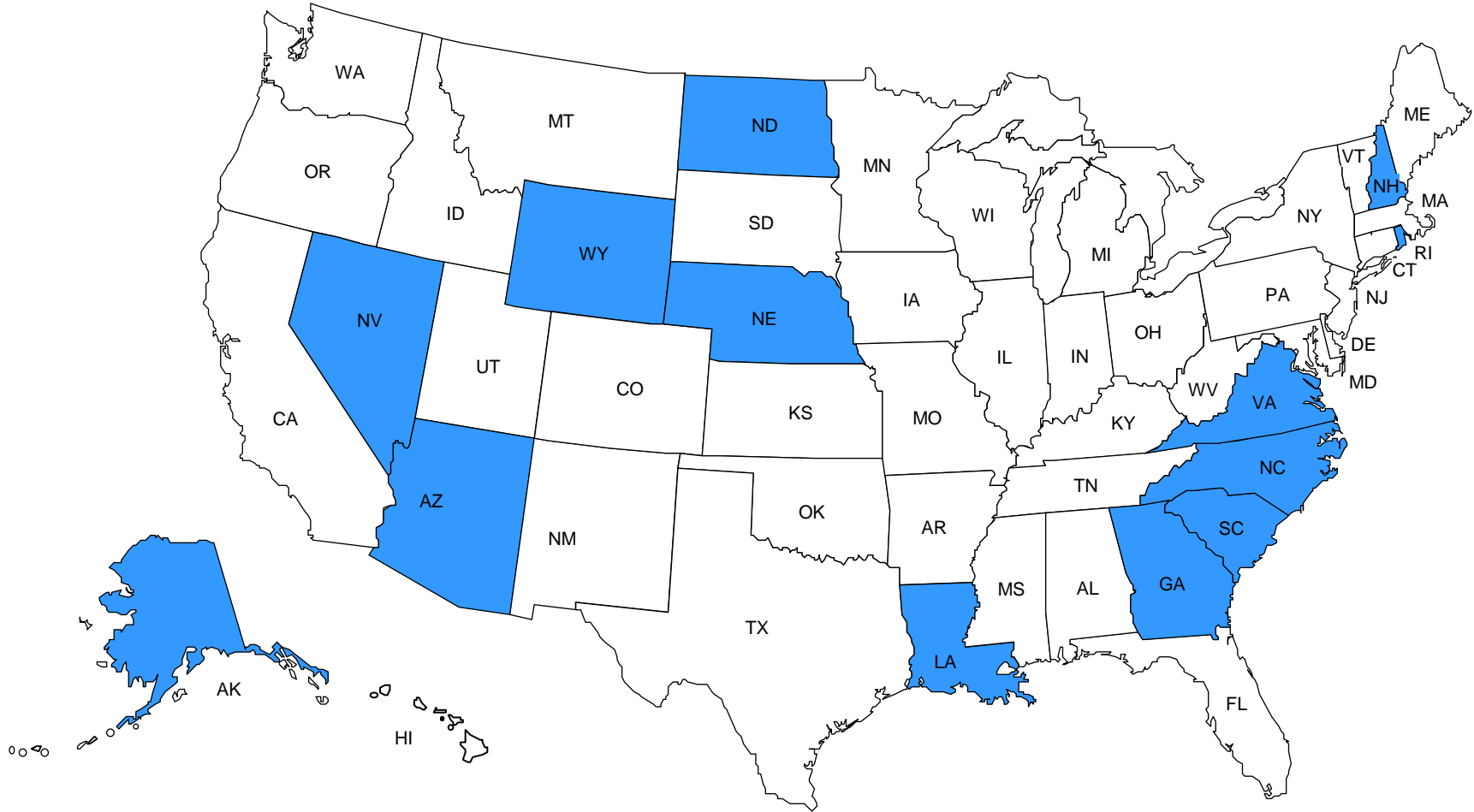
In 1996 Opponents Respond with Felony Legislation (8 by 2003)



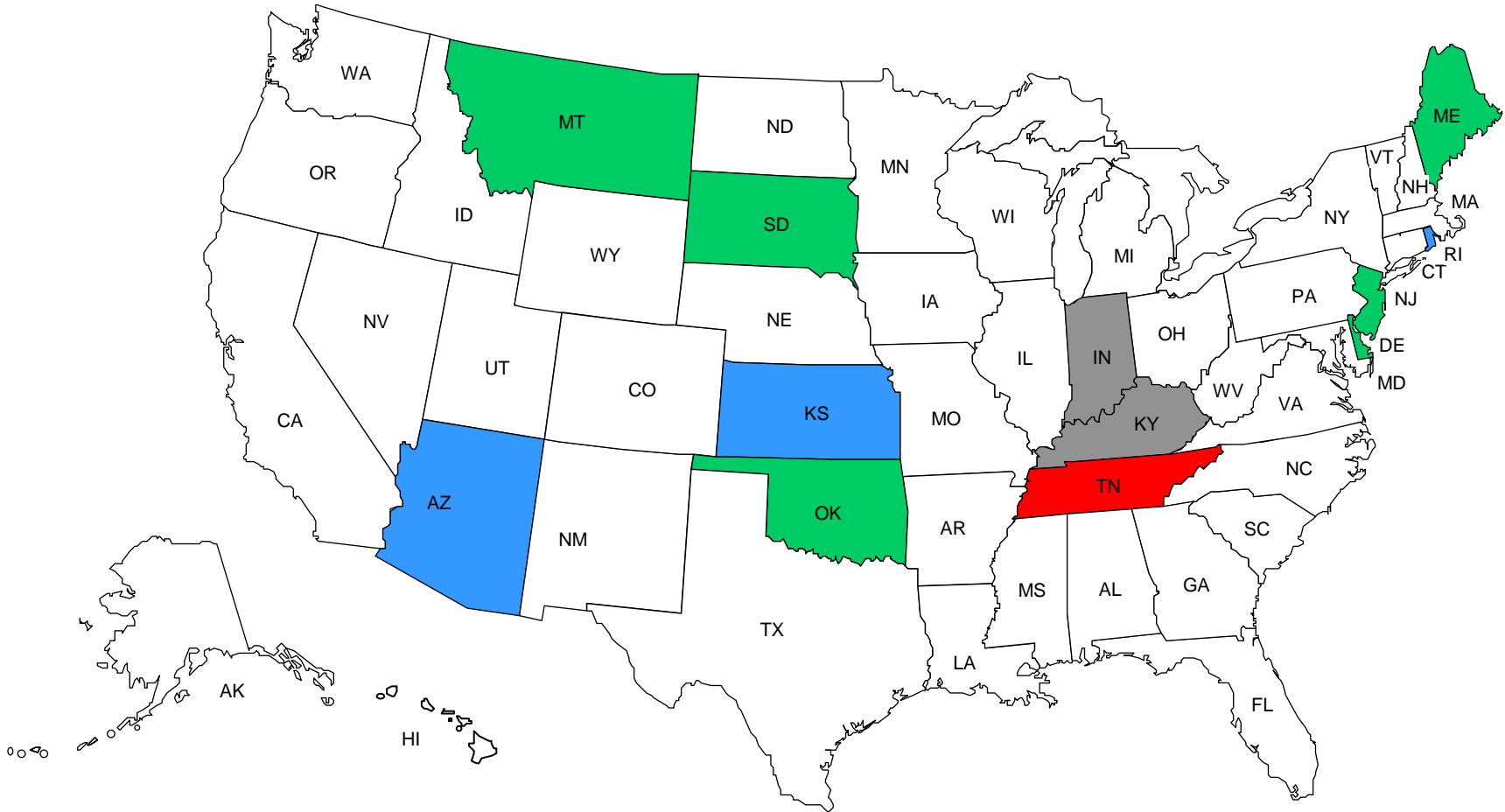
Wine Industry Responds with original “Model Direct Shipment Bill” in 1997

- *Limited/regulated shipments*
- *States can collect tax revenues*
- *Wineries file reports with states*
- *All packages are marked:
 “Contains Alcohol: Adult signature (over
 21) required for delivery”*
- *Wineries accept jurisdiction of the recipient state*

13 States Pass Limited Direct Shipping Between 1996 & 2003



States Still Affected by Federal On-Site Shipping Statute (passed 12/4/2002)



Green – Federal On-Site in effect
Blue – Separate State On-Site Legislation

Orange – State On-Site Provision Pending

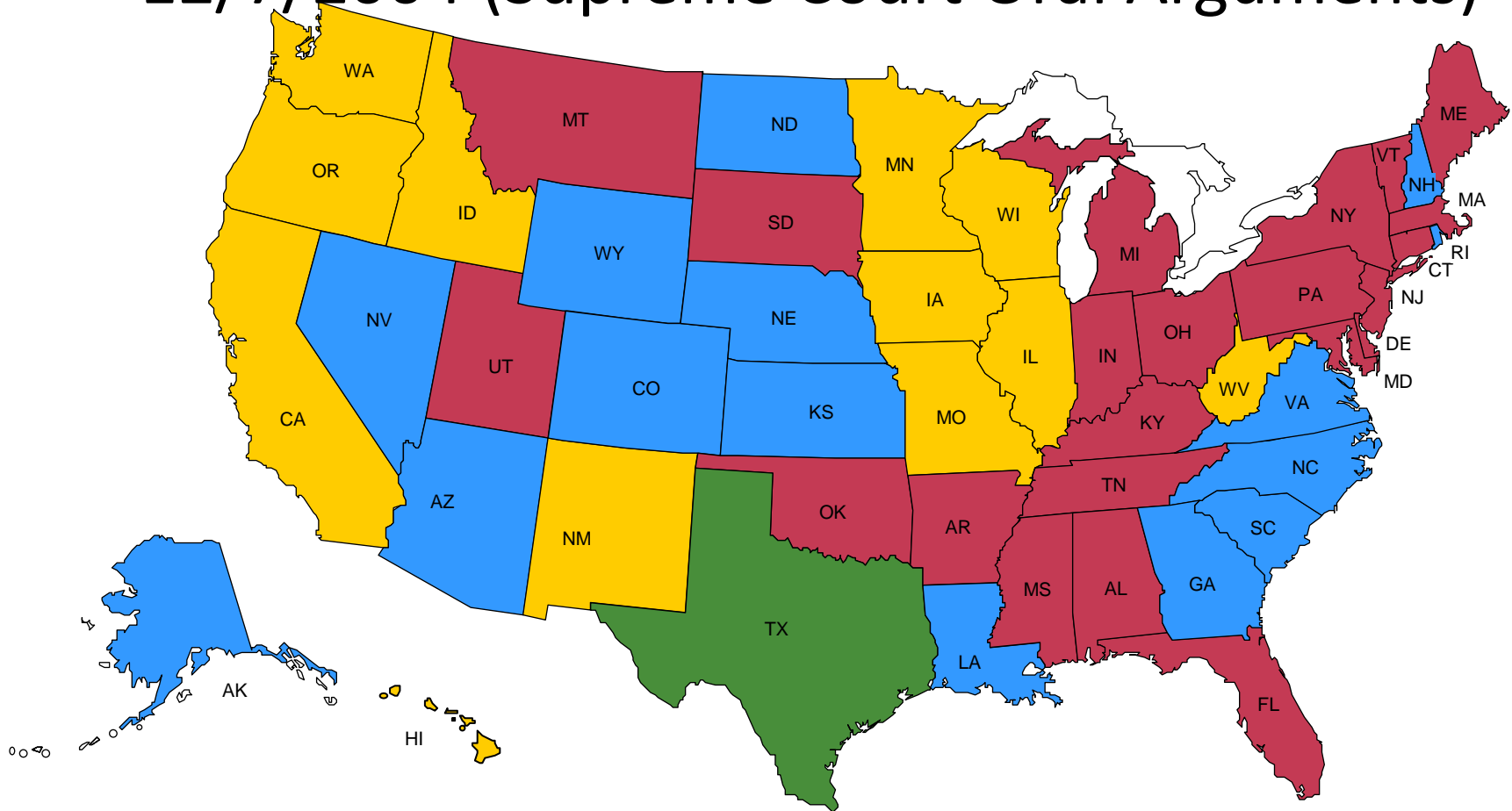
Impact of On-Site Provision

- *Delaware – unlimited but consumer must pay excise tax (per ABC letter in 2009)*
- *Maine - up to 1 gallon*
- *Montana – up to 3 gallons*
- *New Jersey - up to 1 gallon*
- *Oklahoma - up to 1 liter*
- *South Dakota - up to 1 gallon*

Suggested Procedures for On-Site Sales

- ***Keep proof of face-to-face transaction:***
 - *Copy of license*
 - *Original Signature*
 - *Other documentation?*
- ***Ensure it is a one-time only sale! (Does not allow for joining a wine club)***

Direct-to-Consumer Wine Shipping as of 12/7/2004 (Supreme Court Oral Arguments)



Blue – Limited Direct/Permit
Yellow - Reciprocal

Red – Prohibited

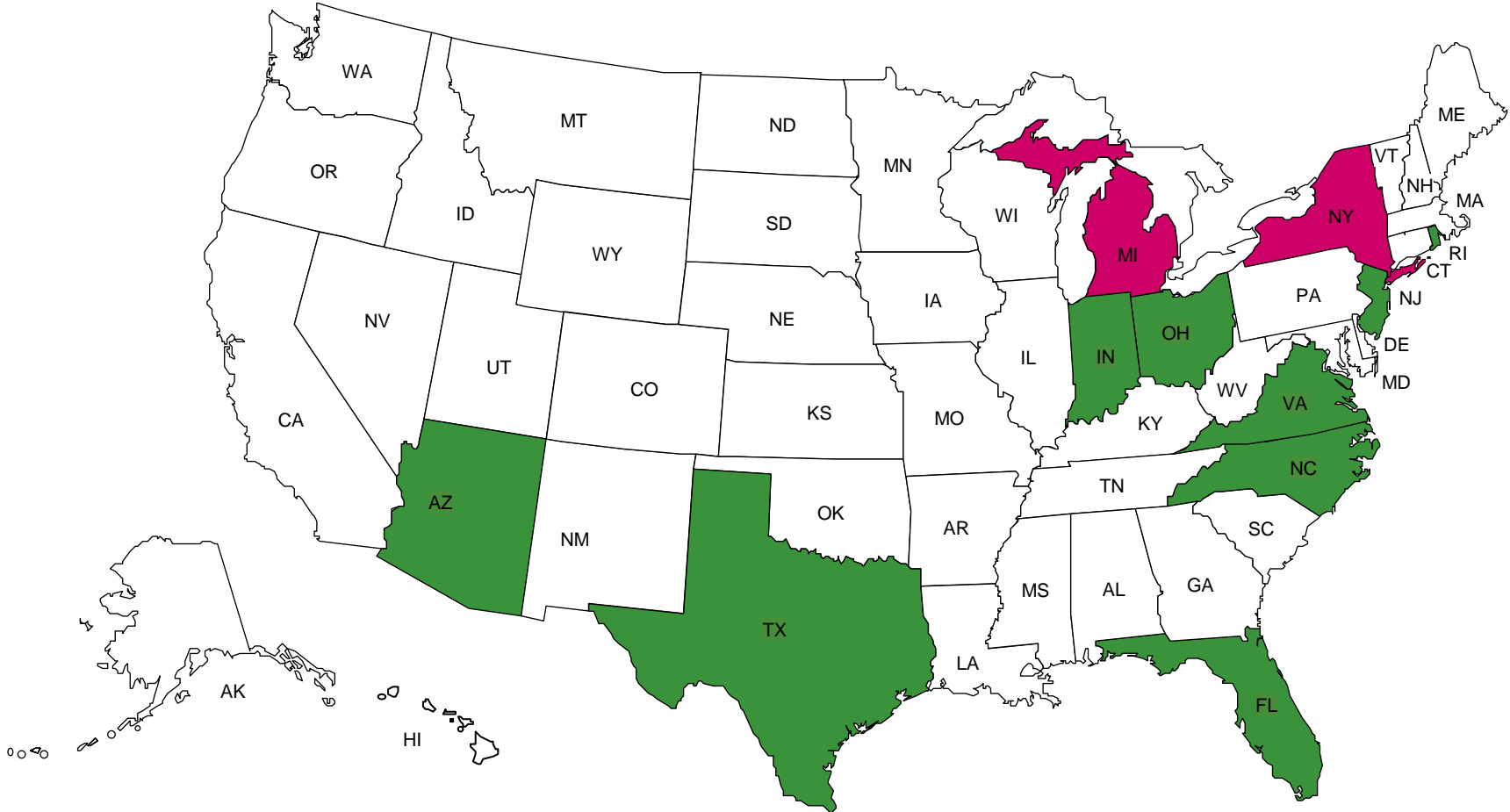
The Road to (and from!) the Supreme Court

- *How did we end up in the Supreme Court in December, 2004 anyway?*
- *What has it meant to the industry?*

Litigation began in 1996

- ***Florida sued retailers for tax payments***
- ***Consumers Sued Indiana***
- ***Consumers and Wineries jointly sue 10 states – based on “dormant commerce clause” / discrimination favoring in-state wineries.***

Litigation Filed in 11 States Prior to Supreme Court Hearing



May, 2005 Supreme Court Granholm v. Heald Ruling

- ***States can “regulate”, but they can’t “discriminate”***
- ***Any geographical or “site based” discrimination is likely to be unconstitutional (including reciprocity statutes?)***
- ***In-state and out-of-state wineries must have an equal playing field***

What did the Court's Ruling Mean?

- *After the Court decided in the Wine Industry's favor:*
 - *Legislative action was still necessary*
 - *New states were opened to direct shipments and/or*
 - *Few in-state wineries were prohibited from shipping*
- *Not all states were affected*
- *The issue is now being expanded beyond winery DTC shipments*

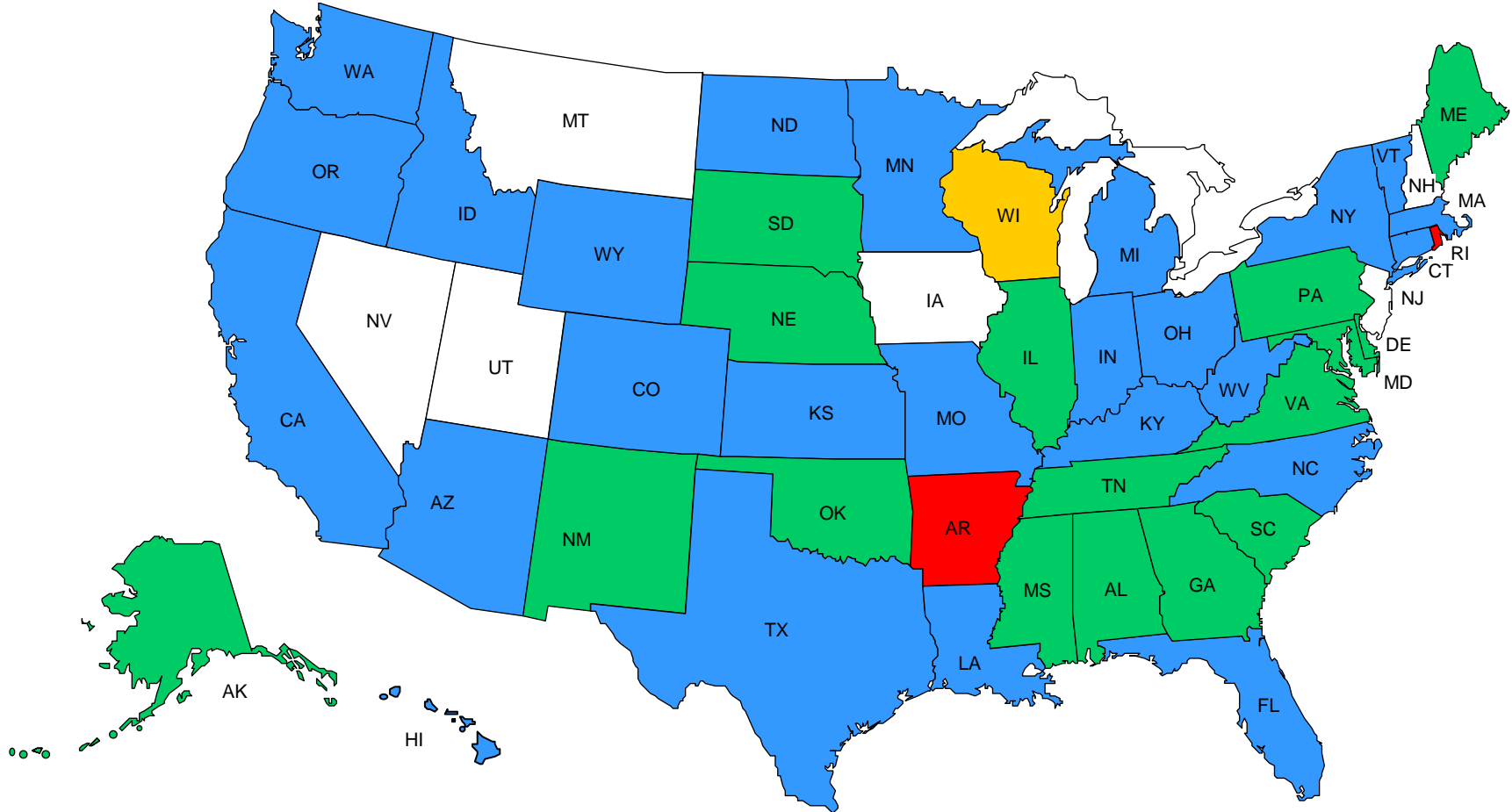
What's Actually Happened in the States Since the Supreme Court Ruling?

- *And why is the shipping world getting so much more complicated???*

Wine Industry Updates “Model Direct Shipment Bill” in 2005

- *Limited/regulated shipments*
- *INTRA-/INTERSTATE MIRRORING*
- *States can collect tax revenues*
- *Wineries file reports with states*
- *All packages are marked:*
 - *“Contains Alcohol: Adult signature (over 21) required for delivery”*
- *Wineries accept jurisdiction of the recipient state*

Snapshot of 2005/2007 DTC Legislative/Regulatory Action



Yellow – Reciprocal Changes Passed
 Red – Prohibitive Changes Passed
Blue – Limited Direct Changes Passed
 Green – legislation introduced

Legislative/Regulatory Actions Fall into Three Categories

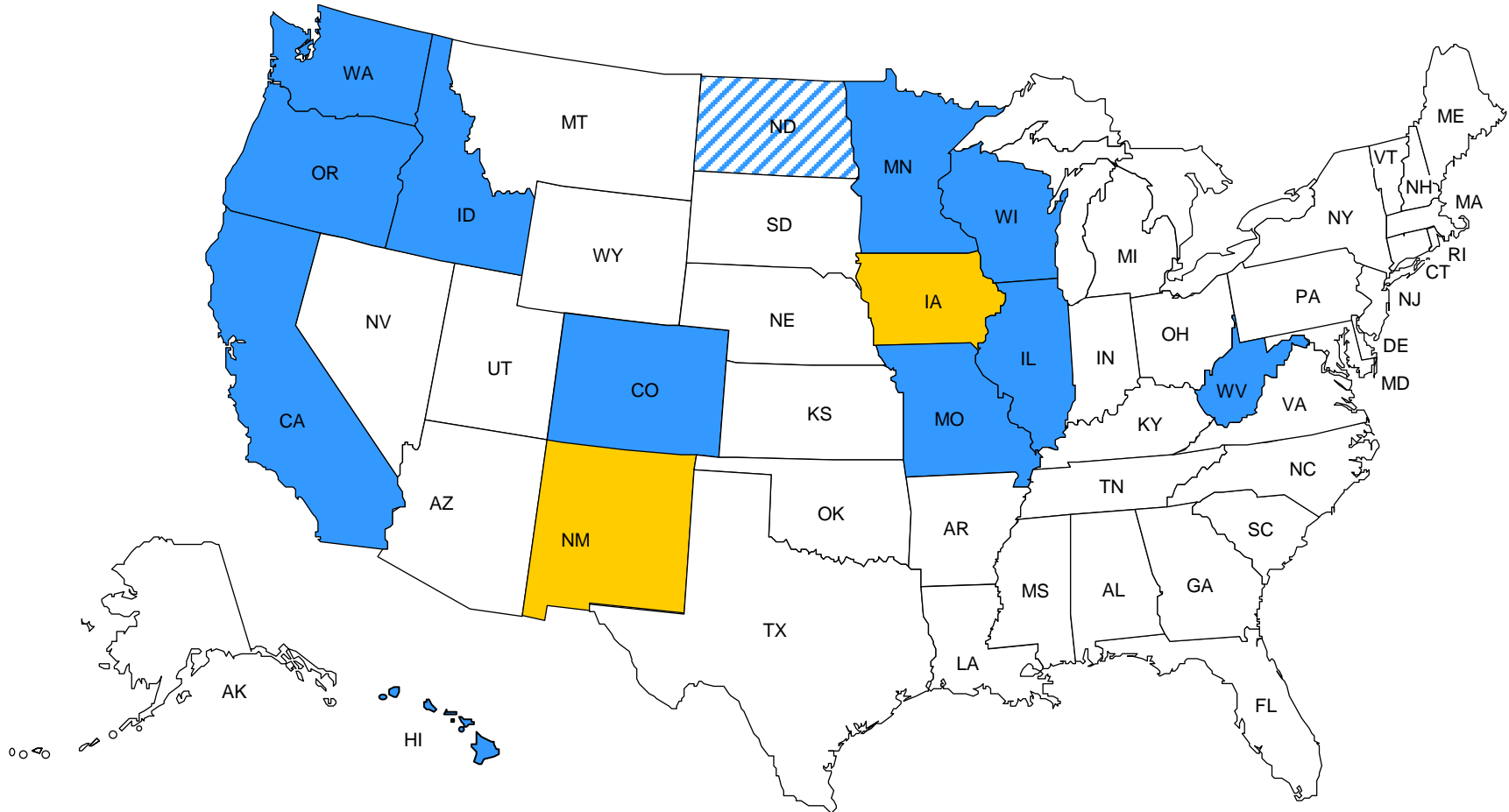
- **Transition of “Reciprocal States” to “Limited Direct/Permit” States**
- **Bringing States into Compliance with *Granholm* (level up v. level down)**
- **Addressing self-distribution (level up v. level down)**

A map of the United States with 12 states highlighted in light red. The highlighted states are Washington, Oregon, California, Nevada, Idaho, Montana, Wyoming, North Dakota, South Dakota, Minnesota, Iowa, Missouri, Arkansas, Louisiana, Mississippi, Alabama, Georgia, Florida, and West Virginia. The text is overlaid on the map.

Highlights of Specific State Actions:

Changes to Reciprocity Statutes

Transitioning Reciprocal to Permit



- *Blue – Have Transitioned from Reciprocal to Limited Direct / Permit States*

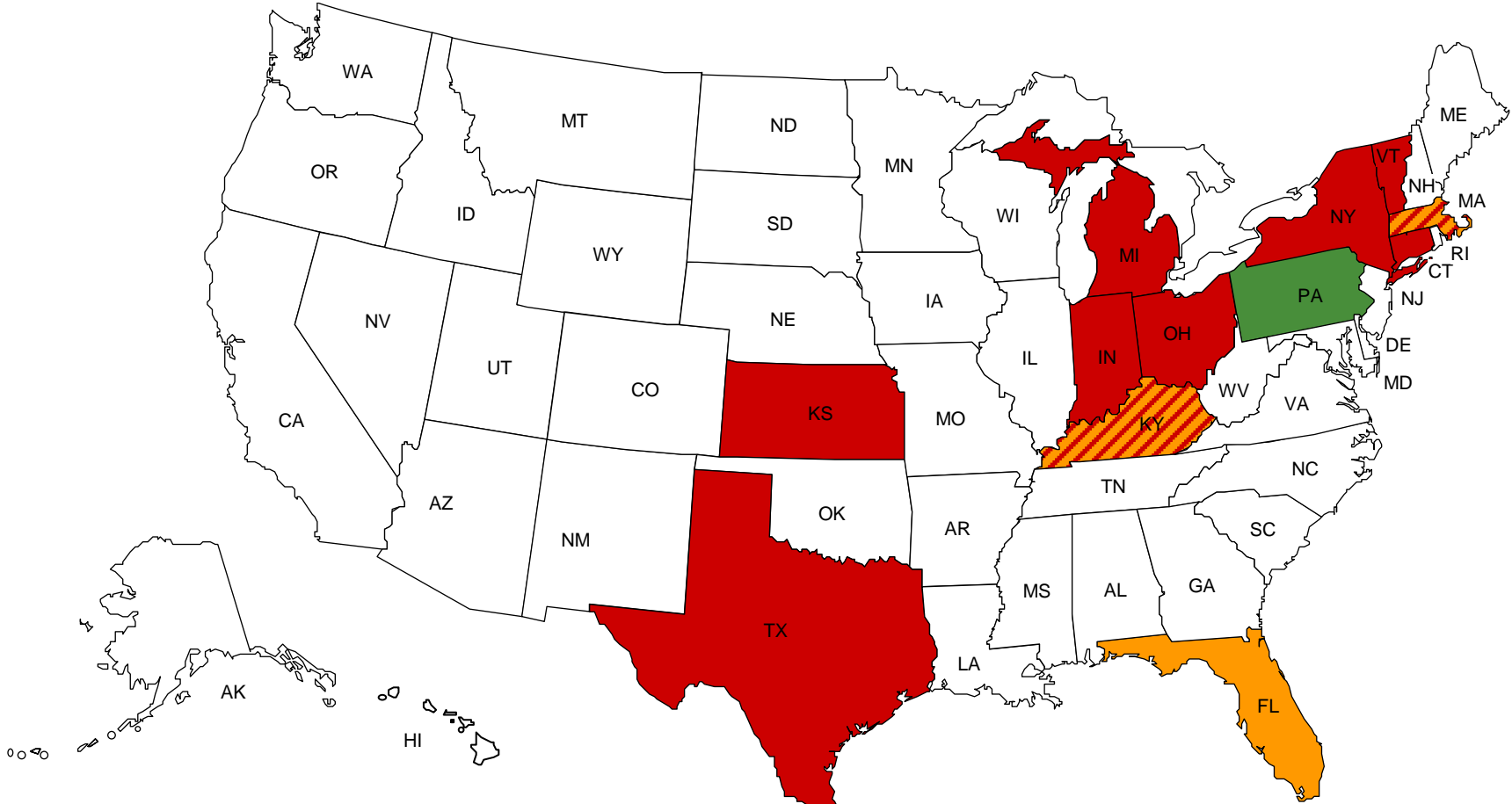


Highlights of Specific State

Actions:

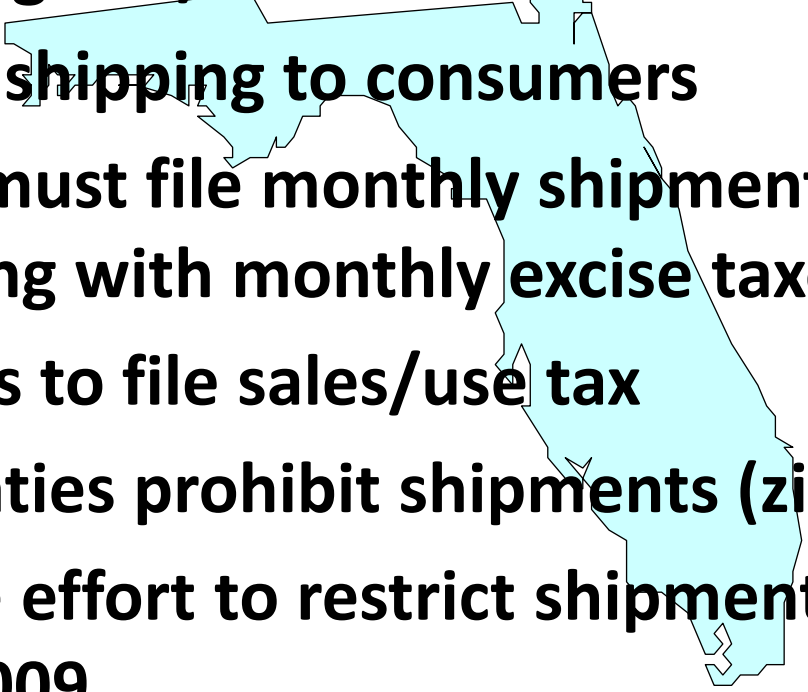
New States Opened to DTC
Shipping Since Supreme Court
Decision

New states opened to Direct-to-Consumer shipping since Supreme Ct.




- **Dark Red – Opened with Legislation since Supreme Court Ruling**
- **Orange – Opened by Regulation in response to litigation since Supreme Court Ruling**
- **Pennsylvania – court ruling / awaiting legislation or regulatory action**

Florida

- **Court ruling in 8/05 – DBPR rules in 2/06**
 - **Unlimited shipping to consumers**
 - **Wineries must file monthly shipment report to DBPR, along with monthly excise taxes.**
 - **Consumers to file sales/use tax**
 - **5 dry counties prohibit shipments (zips on website)**
 - **Legislative effort to restrict shipments was defeated again in 2009.**
- 

Georgia

- **Permit required for all off-site shipments.**
 - **On-site provision for up to 5 cases per consumer annually still intact (do not count towards permit total)**
 - **\$50 permit fee**
 - **State and local sales tax, excise tax collected**
 - **12 cases per household per calendar year per winery**
- 

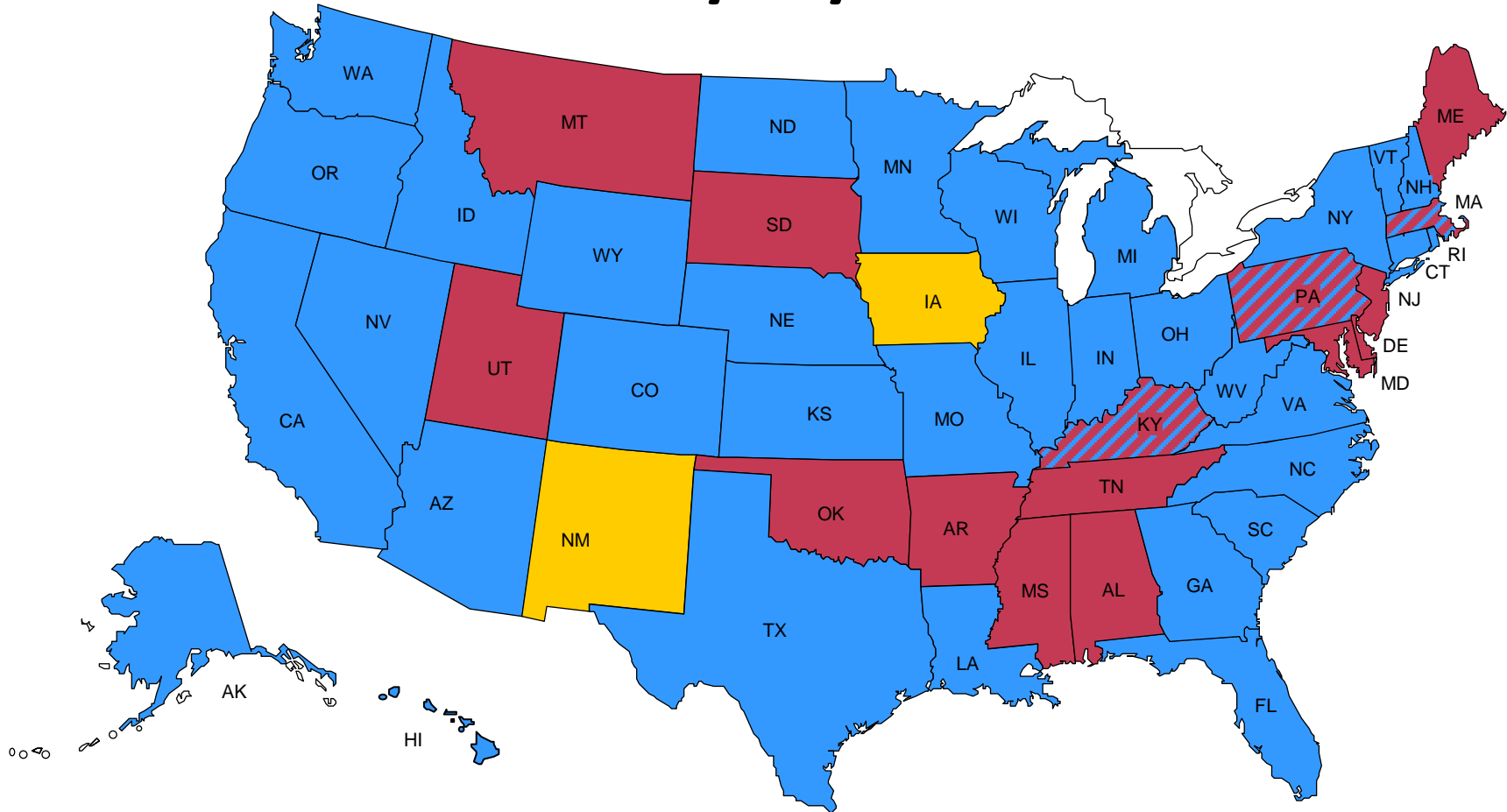
Kansas

- Hybrid legislation passed in June, 2006
- Onsite shipments allowed by any winery – consumer pays taxes – **no quantity limit on on-site** (Consumer tax forms on website)
- Current Status: Workable on-site provision stays intact. Unworkable off-site requiring delivery through retailers being replaced.
- New Statute just signed by Governor: S 212
Creates a permit for off-site sales, 12 case annual limit, annual sales & excise tax filing.

Major 2008 Legislation/Changes

- **Georgia** – liberalizes permit – 12 cases from any winery, removes wholesaler exclusion, removes 50 case maximum (Effective 7/1/08)
- **Florida** – effort to limit shipments defeated
- **Louisiana** – clarification: wineries with a wholesaler may ship labels not in distribution.
- **Maine** – effort to pass permit died
- **Maryland** – effort to pass permit died
- **New Jersey** – permit bill pending
- **New Mexico** – effort to transition to permit died
- **Ohio** – effort to remove cap failed – increase to 250K passed, tax change
- **Oklahoma** – effort to pass permit failed
- **Pennsylvania** – permit bill pending
- **Tennessee** – effort to pass permits currently pending
- **Washington** – retailer DTC permit died
- **Washington, DC** – liberalized DTC for up to 1 case per winery per person effective 7/18/08.
- **Wisconsin** – conversion to permit effective 10/1/08

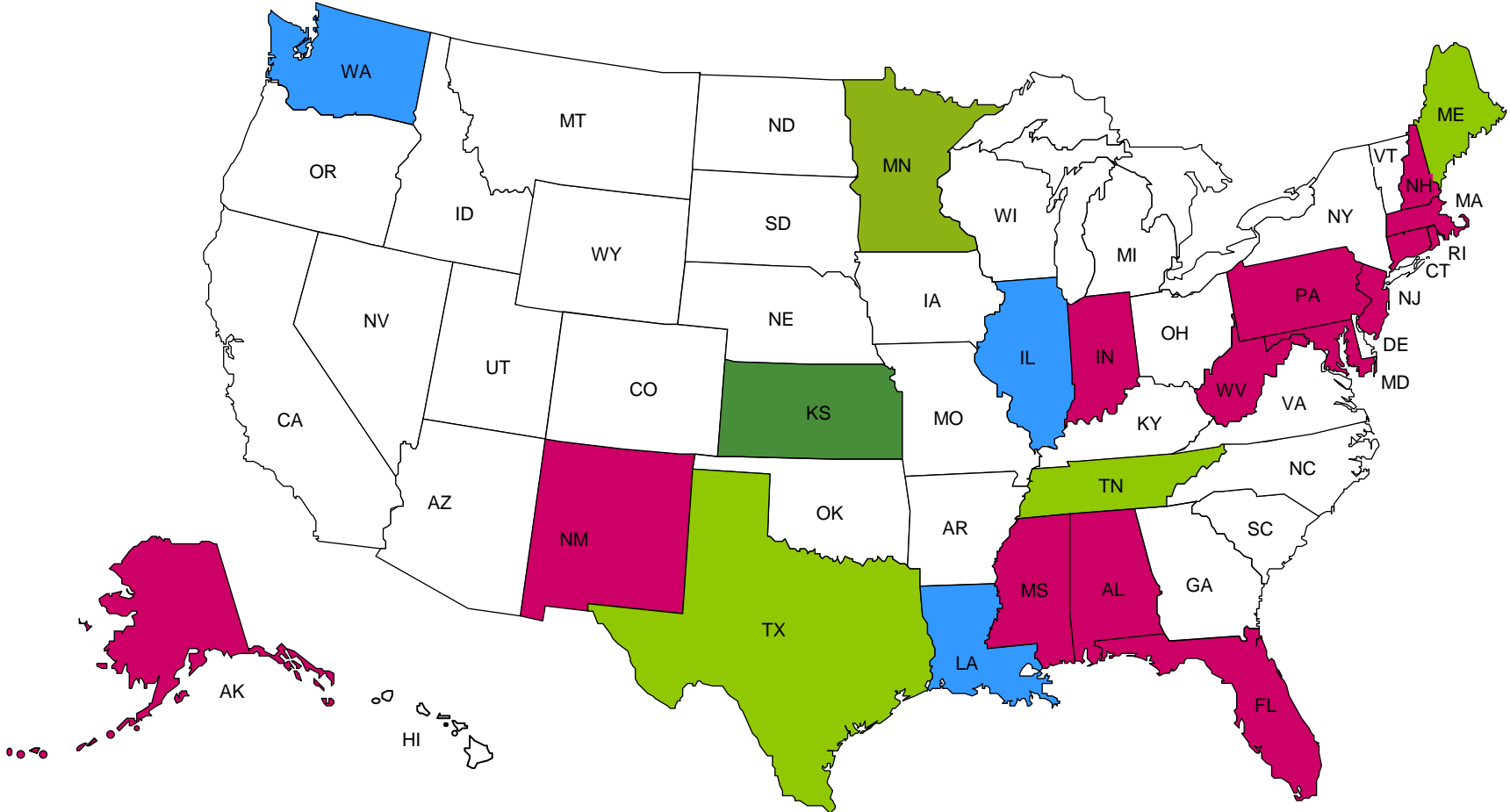
Direct-to-Consumer Wine Shipping As of 5/21/09



- Blue – Limited Direct/Permit
- Yellow - Reciprocal

Red – Prohibited

States with Direct-to-Consumer Legislation as of 5/21/09



Purple – Winery DTC

Blue – Retailer DTC

Green – passed or likely to pass

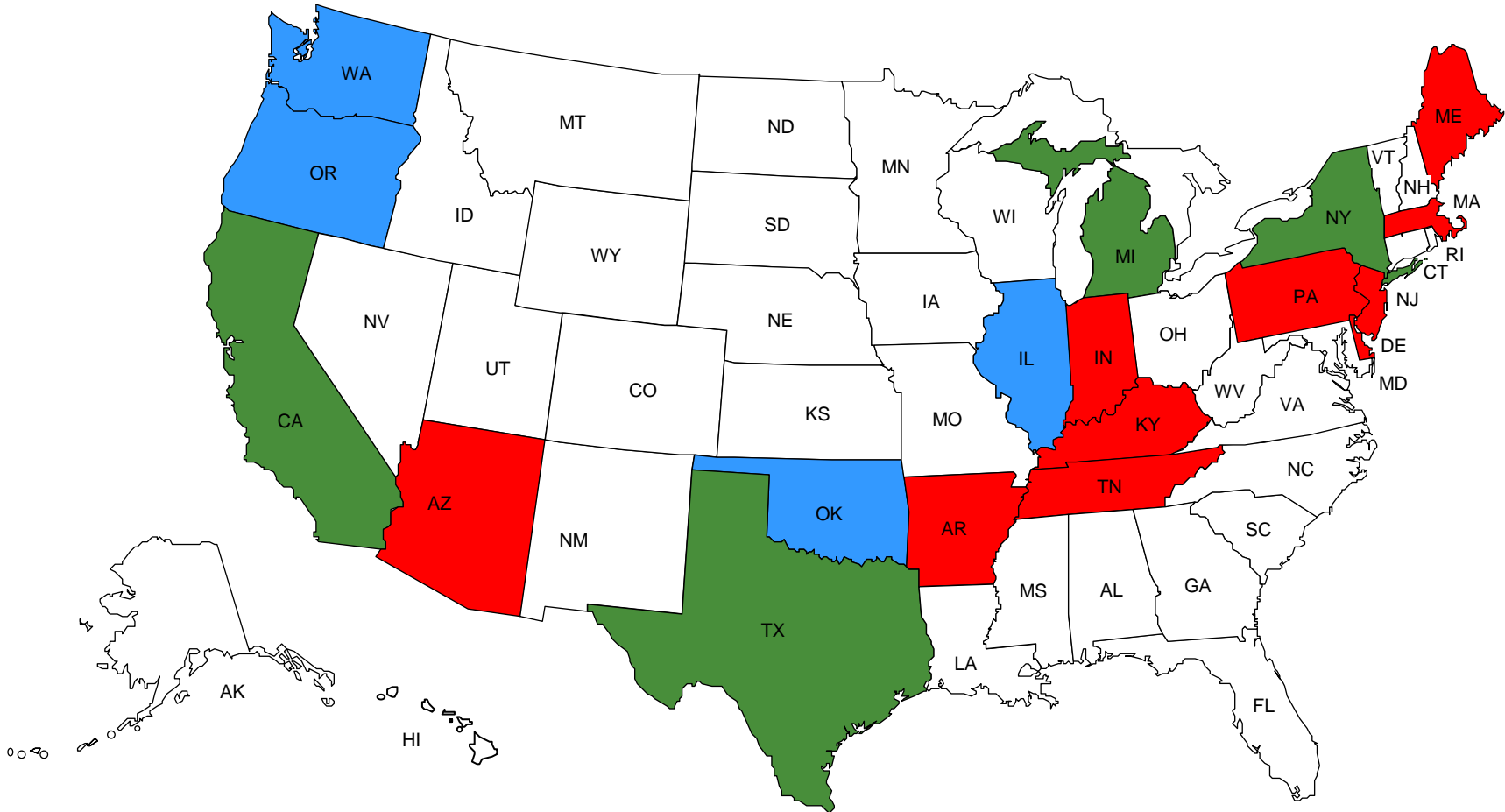
Problematic Features in DTC Statutes for Wineries

- **Capacity Caps in DTC shipping:**
 - AZ – 20,000 gallons
 - KY – 50,000 gallons
 - MA – 30,000 gallons
 - OH – (150,000) now 250,000 gallons [addt'l changes]
- **Consumer Aggregate Limits:**
 - MA, IN (workable), OH (workable)
- **Wholesaler Exclusions:**
 - [GA – recently removed], LA (partially clarified), MA, IN
- **On-Site Requirements:**
 - AZ (upheld), IN (upheld), KS [new statute just passed], KY (struck down), RI (continued)

Problematic Features in DTC Statutes for Wineries (cont.)

- **SOS Registration / Dept. of Revenue**
 - (CA, IN, WV, TX - franchise tax, etc.)
- **Local Sales tax jurisdictions**
 - (NY, AZ, VA, etc.)
- **Extensive Background Checks**
 - (GA, VA – removed)
- **Bonding Requirements**
- **Label & Brand Registration (new OH requirement)**
- **Monthly and No-Activity Reports (TX improving)**
- **High Permit Fees (NE & SC – now is time 8/even)**
- **Age Verification & Spam Requirements (MI, UT)**

Ongoing Litigation Snapshot



• **Green – Retailer “Granholm” litigation**

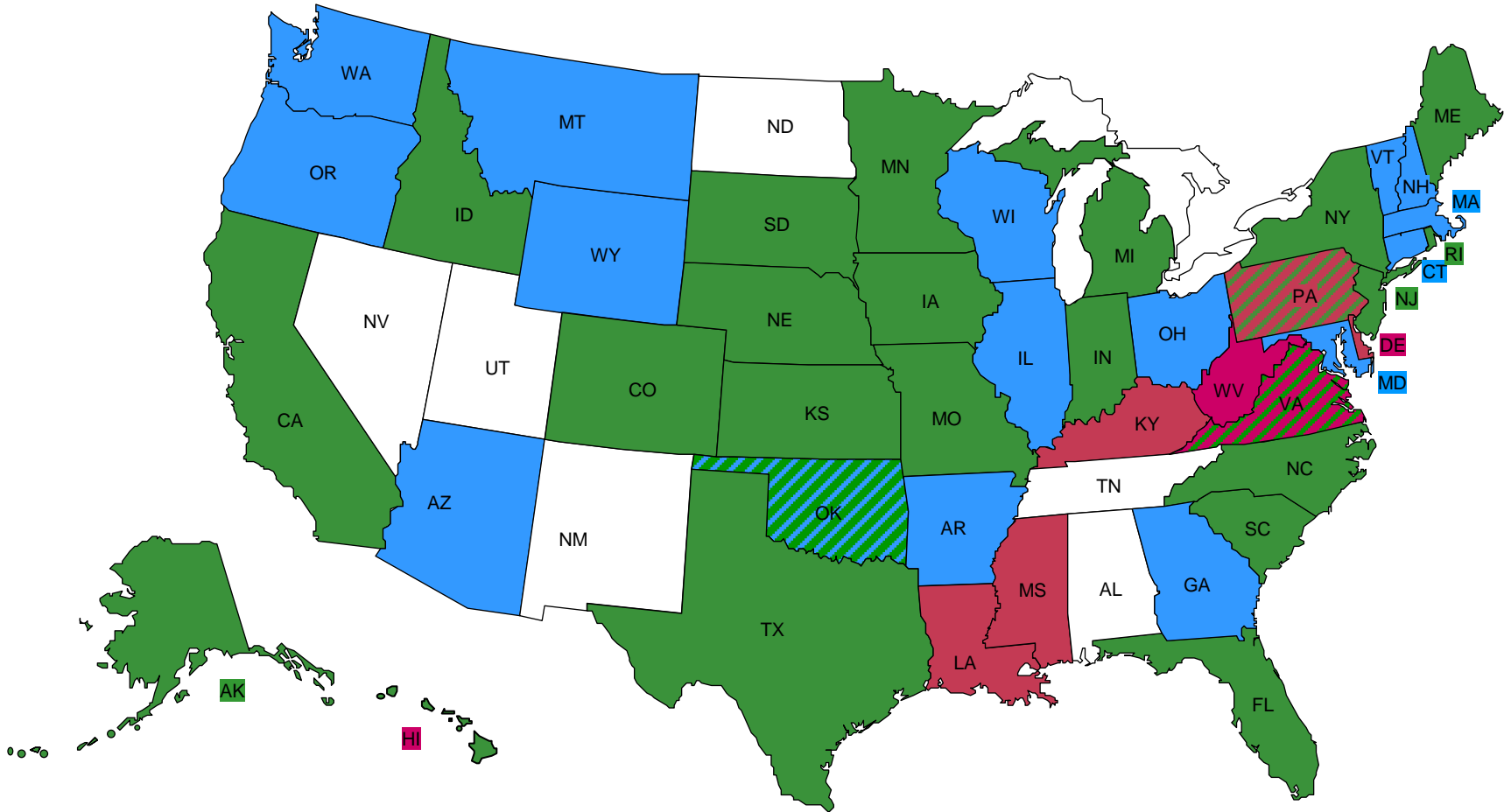
• **Red – DTC litigation**

Blue – Costco / SD Litigation

Items under dispute in winery DTC litigation

- **Capacity Caps**
- **On-Site sale requirements (face-to-face)**
- **Exclusion of wineries with existing wholesale contracts**

Snapshot of Self-Distribution Legislative Actions



Green – Allowed SD Status has Remained Unchanged

Red – SD Privilege Removed Blue – Limited SD expanded to out-of-state wineries

Passed Self-Distribution Legislation

LEGISLATION PASSED ALLOWING INTERSTATE SD:

- **Georgia** – *wineries growing grapes (40% in-state) may sell up to 24,000 gallons after offered to wholesaler*
- **Montana** – *SD via common carrier up to 4,500 cases annually (additional 4,500 in own vehicle)*
- **New Hampshire** – *60 bottles per licensee w/ DTC permit.*
- **Oregon** – *unlimited SD effective 1/1/08.*
- **Vermont** – *up to 2,000 gallons annually with DTC permit.*
- **Washington** – *unlimited SD w/ COA endorsement.*
- **Wyoming** - *limited amounts under DTC permit structure to retailers.*

Passed Self-Distribution Legislation

LEGISLATION PASSED CONTAINING CAPACITY CAPS OR OTHER “DISCRIMINATORY” COMPONENTS:

- **Arizona** – wineries under 20,000 gallons with “domestic farm winery permit.
- **Arkansas** – law passed creating a “small farm winery” permit for under 250,000 gallons that can SD and sell in grocery stores – effective immediately
- **Connecticut** – wineries under 100,000 gallons w/ permit.
- **Illinois** – SD limited to 5,000 gallons from wineries under 25,000 gallons 6/08.
- **Maryland** – wineries under 27,500 gallons w/ permit.
- **Massachusetts** – wineries under 30,000 with no wholesaler.
- **Ohio** – Budget limits SD to wineries under 150,000 w/ permit. (250,000 under new law)
- **Oklahoma** – ballot measure for wineries under 10,000 – own vehicle required.
- **Virginia** – law passed to create a state owned non-profit wholesaler to distribute VA wines up to 3,000 cases per winery.
- **Wisconsin** – limited amounts via “small co-ops”

Passed Self-Distribution Legislation

LEGISLATION PASSED ELIMINATING IN-STATE SD

- **Delaware** – removed SD privilege for in-state wineries.
- **Kentucky** – removed SD privilege for in-state wineries.
- **Louisiana** – removed SD privilege for in-state wineries.
- **Mississippi** – removed SD privilege for in-state wineries.
- **North Dakota** – clarified existing ban on all SD.
- **Pennsylvania** – removal of SD privilege by PLCB overturned by courts – practice is currently permitted once again.
- **Virginia** – removed SD privilege for in-state wineries for 18 months – state operated wholesale operational (see previous slide)
- **West Virginia** – removed SD privilege for in-state wineries.

Where to now?

- ***Back to the state capitols:***
- *Defend/Convert existing reciprocity statutes to permits*
- *Open states directly affected by the Court's decision*
- *Use any momentum to open other states as well*
- *Address new Self-Distribution issues & retailer litigation*

Navigating the Compliance Rapids

- *What we're doing to try and make your jobs easier....*

A Useful Resource!

- www.wineinstitute.org/shipwine

State Shipping Laws

Direct Shipping Map - The Wine Institute - Internet Explorer provided by Dell
http://wineinstitute.shipcompliant.com/Home.aspx?SaleTypeID=1

File Edit View Favorites Tools Help
Google Search
San Francisco, CA (94118) 55° F Partly Cloudy 65° F 70° F Weekend 10-Day Local golf course conditions
Direct Shipping Map - ... x SFGate: Daily Dish

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COMPANY OUR INITIATIVES MEMBERSHIP PRESS ROOM

Our Initiatives [Home](#) > [Our Initiatives](#) > [State Shipping Laws](#) > [State Shipping Laws Map](#)

Overview
State Shipping Laws
Direct Shipping Map
Who Ships Where Table
Current Events
FAQs
State Control Directory
Legislatures
Background Information
Excise Tax Rates
Volume Converter

Sustainable Winegrowing
Issues and Policy
California Wine Export Program
Meetings and Workshops

State Shipping Laws

Offstate Onstate

Quick Navigation:
Select State...

Download Map PDF
[Download Adobe Acrobat Reader](#)

Reciprocal	Limited	Prohibited
Iowa	Alaska	Alabama
New Mexico	Arizona	Arkansas
	California	Delaware
	Colorado	Kentucky
	Connecticut	Maine
	Florida	Maryland

Technology provided by [ShipCompliant](#)

http://wineinstitute.shipcompliant.com/Home.aspx?SaleTypeID=1

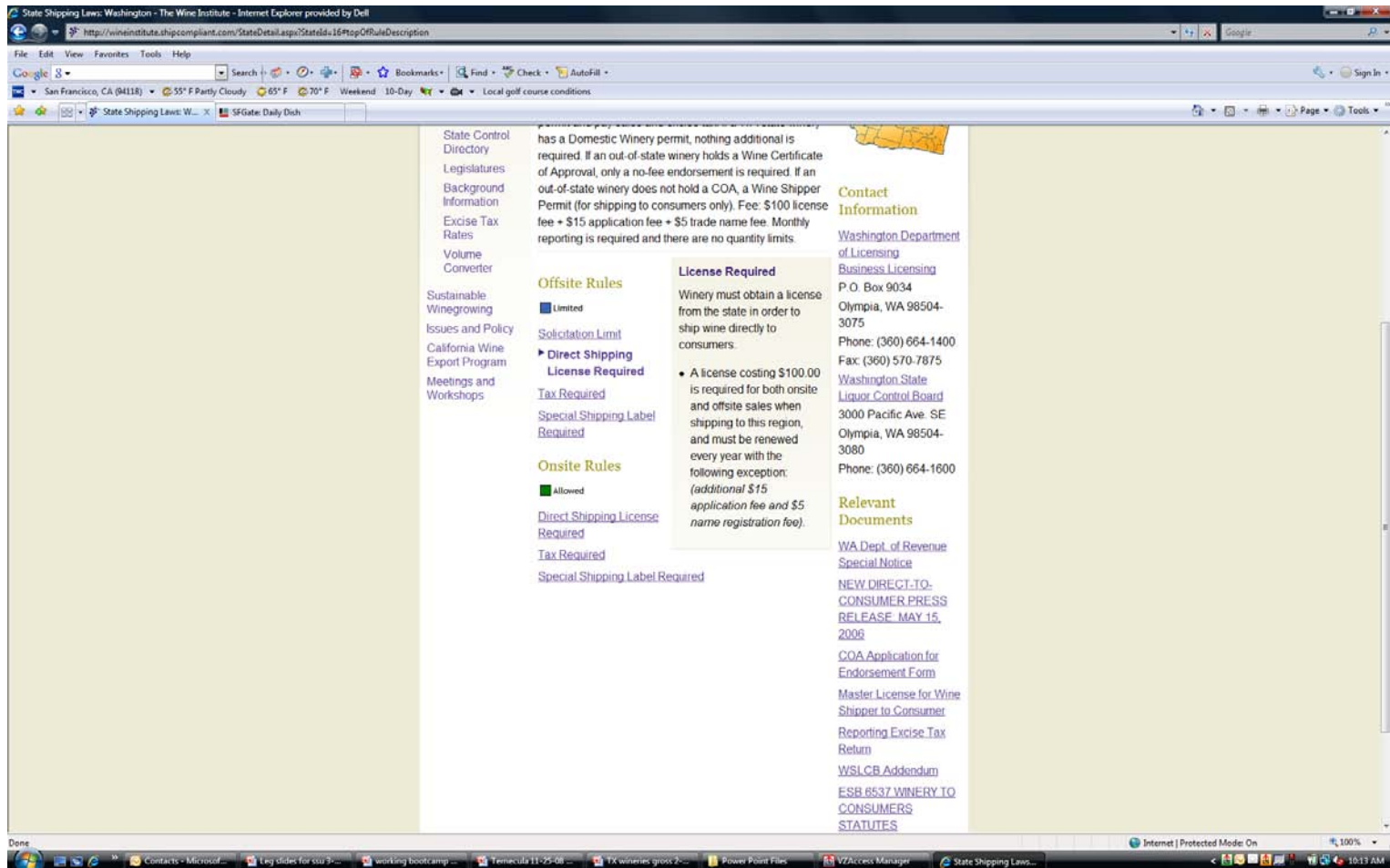
Internet | Protected Mode: On 100%

Contacts - Microsoft... Key slides for ssa 3... working bootcamp... Yemecula 11-25-08... TX wireless group 2... Power Point Files VZAccess Manager Direct Shipping Ma...

Click on any state for details...

The screenshot shows a web browser window displaying the Wine Institute's website. The page is titled "State Shipping Laws: Washington" and is part of a series of pages for various states. The website features a navigation menu with links for "COMPANY", "OUR INITIATIVES", "MEMBERSHIP", and "PRESS ROOM". A sidebar on the left lists various topics under "Our Initiatives", including "Direct Shipping Map", "Who Ships Where Table", "Current Events", "FAQs", "State Control Directory", "Legislatures", "Background Information", "Excise Tax Rates", "Volume Converter", "Sustainable Winegrowing", "Issues and Policy", "California Wine Export Program", and "Meetings and Workshops". The main content area is titled "State Shipping Laws: Washington" and includes a "Quick Navigation" section with a "Select State..." dropdown menu. Below this is a "Summary" section with the following text: "Effective July 1, 2006 wineries must have an approved permit and pay sales and excise tax. If a WA state winery has a Domestic Winery permit, nothing additional is required. If an out-of-state winery holds a Wine Certificate of Approval, only a no-fee endorsement is required. If an out-of-state winery does not hold a COA, a Wine Shipper Permit (for shipping to consumers only). Fee: \$100 license fee + \$15 application fee + \$5 trade name fee. Monthly reporting is required and there are no quantity limits." To the right of the summary is a map of Washington state. Below the map is a "Contact Information" section for the "Washington Department of Licensing, Business Licensing", providing the address, phone, and fax numbers. At the bottom of the page, there is a "Relevant" section. The browser's address bar shows the URL "http://wineinstitute.shipcompliant.com/StateDetail.aspx?StateId=16". The taskbar at the bottom of the screen shows several open applications, including "Contacts - Microsoft...", "Teg slides for ssa 3...", "working bootcamp...", "Ternecuda 11-25-08...", "TX wineries gross 2...", "Power Point Files", "VZAccess Manager", and "State Shipping Laws...". The system clock in the bottom right corner shows "10:12 AM".

Each state has an interactive page



Links to necessary forms:

State Shipping Laws: Washington - The Wine Institute - Internet Explorer provided by Dell
http://wineinstitute.shipcompliant.com/StateDetail.aspx?StateId=16#topOffRuleDescription

File Edit View Favorites Tools Help
Google Search
San Francisco, CA (94118) 55° F Partly Cloudy 65° F 70° F Weekend 10-Day Local golf course conditions
State Shipping Laws: W... x SFGate: Daily Dish

Sustainable Winegrowing
Issues and Policy
California Wine Export Program
Meetings and Workshops

Offsite Rules
■ Limited
[Solicitation Limit](#)
▶ **Direct Shipping License Required**
[Tax Required](#)
[Special Shipping Label Required](#)

Onsite Rules
■ Allowed
[Direct Shipping License Required](#)
[Tax Required](#)
[Special Shipping Label Required](#)

Winery must obtain a license from the state in order to ship wine directly to consumers.

- A license costing \$100.00 is required for both onsite and offsite sales when shipping to this region, and must be renewed every year with the following exception: *(additional \$15 application fee and \$5 name registration fee).*

P.O. Box 9034
Olympia, WA 98504-3075
Phone: (360) 664-1400
Fax: (360) 570-7875
[Washington State Liquor Control Board](#)
3000 Pacific Ave. SE
Olympia, WA 98504-3080
Phone: (360) 664-1600

Relevant Documents
[WA Dept. of Revenue Special Notice](#)
[NEW DIRECT-TO-CONSUMER PRESS RELEASE: MAY 15, 2008](#)
[COA Application for Endorsement Form](#)
[Master License for Wine Shipper to Consumer](#)
[Reporting Excise Tax Return](#)
[WSLCB Addendum](#)
[FSB 6537 WINERY TO CONSUMERS STATUTES](#)

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Done
Contacts - Microsoft... | Log slides for ssa 3... | working bootcamp... | Tenebris 11-25-08... | TX wineries groot 2... | Power Point Files | VZAccess Manager | State Shipping Laws... | Internet | Protected Mode: On | 100% | 10:13 AM

Tax Tool

The screenshot shows a web browser window with the following elements:

- Browser Title:** Wine Institute Tax Tool Sign-up - Internet Explorer provided by Dell
- Address Bar:** <https://portal.shipcompliant.com/Web/WineInstitute/ShipCompliantRegistration.aspx>
- Navigation:** COMPANY, OUR INITIATIVES, MEMBERSHIP
- Logo:** WINE INSTITUTE THE VOICE FOR CALIFORNIA WINE
- Image:** A photograph of a vineyard with rows of grapevines.
- Our Initiatives:** Home > Our Initiatives > State Shipping Laws > Tax Lookup Tool
- Section Header:** Tax Lookup Tool Overview
- Text:** Wine Institute is making ShipCompliant's tax lookup tool available to all winery members, free of charge. This tool contains up-to-date sales and excise tax rates for every jurisdiction in the US, for shipments from both onsite and offsite purchases. Tax rates can be searched by state or by street level address. This allows wineries of all sizes to easily charge accurate sales tax at the time of purchase instead of charging a low state-wide rate to the customer then having to pay higher, more granular rates to the states.
- Text:** Please read below to create an account and get started!
- Link:** [Tax Rate Lookup Tool Screenshot](#)
- Section Header:** Returning User Login
- Form:** Email Address: Password: [Forgot your username?](#)
- Section Header:** Create a FREE account today!
- List-Group:**
 1. Fill out the form below to generate a request to Annie Bones at the Wine Institute. She will approve the account based on membership status.
 2. Look out for an email to the address you provided in the form. This will contain a link to get to the tool and a way to recover your password if you have forgotten it.
 3. Click the link to the tool, make sure you can log in, and you're off and running!
- Form:** First Name: Last Name:
- Taskbar:** Shows various open applications including Contacts, slides for ssa, working bootcamp, Yemecuda 11-25-08, TX wineries groc 2..., Power Point Files, VZAccess Manager, and Wine Institute Tax Tool. The system clock shows 10:15 AM.

Printable View Now Available

The screenshot shows a web browser window displaying the Wine Institute's website. The page is titled "State Shipping Laws: Colorado" and features a navigation menu with options like "COMPANY", "OUR INITIATIVES", "MEMBERSHIP", and "PRESS ROOM". The main content area includes a sidebar with "Our Initiatives" and "State Shipping Laws" sections. The main text discusses the changes to Colorado's shipping laws starting on July 1, 2006, and lists "License Required" and "Tax Required" sections. A "Printable View" button is visible in the top right of the content area.

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COMPANY OUR INITIATIVES MEMBERSHIP PRESS ROOM

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Issues and Policy
California Wine Export Program
Meetings and Workshops

Home > Our Initiatives > State Shipping Laws > State Shipping Laws: Colorado

State Shipping Laws: Colorado

View Printable View Quick Navigation Select State...

Colorado

Starting on July 1, 2006 Colorado is no longer a reciprocity state for direct shipping and requires wineries to have an approved direct shipping permit. Wineries that have been shipping to Colorado under the reciprocity law DO NOT have to complete a new application. The annual renewal fee for applications will remain \$50.00. Wineries must pay excise taxes on a monthly basis. The excise tax payment forms will be mailed to wineries that have completed the Winery Direct Shipper's Permit Application. A physical visit to the winery is no longer required and there are no quantity limits.

Offsite-Specific Rules

License Required

Winery must obtain a license from the state in order to ship wine directly to consumers.

- o A license costing \$50.00 is required for both onsite and offsite sales when shipping to this region, and must be renewed every year.

Tax Required

Winery is required to pay sales, excise and/or markup tax to consumer's region of residence.

- o Shipments to this region require an excise tax of \$ 0.733 per 1 liter on both onsite and offsite sales of wine, to be paid within 1 month after

A Few Other Resources: Common Carrier Information

The screenshot shows the Wine Institute website's 'State-by-State Carrier Status' page. The page includes a navigation menu, a sidebar with 'Our Initiatives' and 'State Shipping Laws', and a main content area with a table of shipping regulations. The table is titled 'State-by-State Carrier Status' and includes a 'Select State...' dropdown. The table columns are: State, General Interstate Shipping Provisions, Legal Amount, FedEx (Offsite, Onsite), UPS (Offsite, Onsite), and Intrastate Allowed.

State	General Interstate Shipping Provisions	Legal Amount	FedEx		UPS		Intrastate Allowed
			Offsite	Onsite	Offsite	Onsite	
Alabama	Direct Shipments Prohibited	Prohibited	x	x	x	x	x
Alaska	Limited Quantity	A reasonable quantity	✓	✓	✓	✓	✓
Arizona	Limited Quantity / Permit Required	2 cases per year	✓	✓	✓	✓	✓
Arkansas	Direct Shipments Prohibited	Prohibited	x	x	x	x	✓
California	Permit Required	No Limit	✓	✓	✓	✓	✓
Colorado	Permit Required / Excise Tax Required	No Limit	✓	✓	✓	✓	✓
Connecticut	Permit Required / Taxes Paid	5 gallons every 2 months	✓	✓	✓	✓	✓
Delaware	Federal on-site 1 liter	Prohibited	x	✓	x	✓	x
Florida	Consumer and Excise Taxes Paid	No Limit	✓	✓	✓	✓	✓
Georgia	Permit Required / Taxes Paid	12 cases per year	✓	✓	✓	✓	✓

Volume Converter

The screenshot shows a web browser window displaying the Wine Institute's Volume Converter tool. The browser's address bar shows the URL <http://wi.shipcompliant.com/VolumeConverter.aspx>. The page features a navigation menu with links for COMPANY, OUR INITIATIVES, MEMBERSHIP, and PRESS ROOM. A large banner image of a vineyard is positioned above the main content area. The main heading is "Volume Converter", with a sub-heading "Enter the volume you would like to convert to another measure. Select the units you are converting from and the units you are converting to and hit 'convert'." The form includes a "Volume Measure" input field with the value "0", "Convert From" and "Convert To" dropdown menus, and a "Convert" button. A sidebar on the left lists "Our Initiatives" and "State Shipping Laws" with various sub-links. The footer contains links for "About The Wine Institute", "About ShipCompliant", "Terms of Use", "Contact Us", and "Site Map", along with a search bar. The browser's taskbar at the bottom shows several open applications, including "Contacts - Microsoft...", "working bootcamp...", "Temenclia 11-25-08...", "TX wireless groc 2...", "Power Point Files", "VZAccess Manager", and "Volume Converter...". The system tray indicates the time is 10:17 AM.

State ABC Directory

The screenshot shows the Wine Institute's State Control Directory website. The page is viewed in Internet Explorer. The main content area is titled "State Control Directory" and includes a "Select State" dropdown menu. Below this, there are contact details for several state departments:

State	Department	Address	Phone	Fax
Alabama	Alabama Alcoholic Beverage Control Board	2715 Gunter Park Drive West Montgomery, AL 36109	334 271 3840	334 277 2150
Arizona	Arizona Department of Liquor Licenses and Control	800 W. Washington Fifth Floor Phoenix, AZ 85007	602 542 5141	602 542 5707
Arizona	Arizona Department of Revenue Transaction Privilege (Sales) and Use Tax returns and payments	P.O. Box 29010 Phoenix, AZ 85038-9204	800 843-7196	
Arkansas	Arkansas Department of Finance and Administration Alcohol Beverage Control - Enforcement	1515 W. Seventh Street, Rm 305 P.O. Box 2259 Little Rock, AR 72203	501 682 8174	501 682 3874
California	California Department of Alcoholic Beverage Control	3927 Lennane Drive Suite 100 Sacramento, CA 95834	916 419 2500	916 419 2599

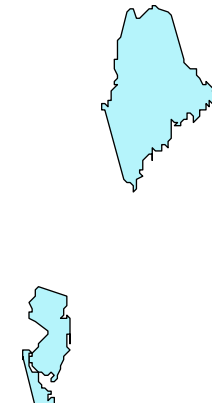
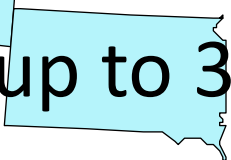
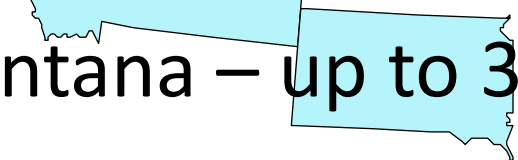
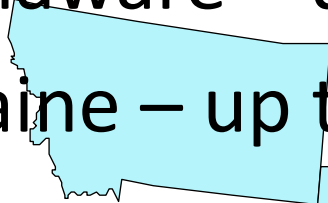
The sidebar on the left lists various "Our Initiatives" and "State Shipping Laws" topics, including Direct Shipping Map, Who Ships Where Table, Current Events, FAQs, State Control Directory, Legislatures, Background Information, Excise Tax Rates, Volume Converter, Sustainable Winegrowing, Issues and Policy, California Wine Export Program, and Meetings and Workshops.

Recent Updates:

- “ShipCompliant Blog” access from our website
– sign up for regular updates
- “Tax Tool” allows member wineries to determine appropriate state and local tax rates
- “Map Tool” allows wineries to generate winery specific “we ship here” maps

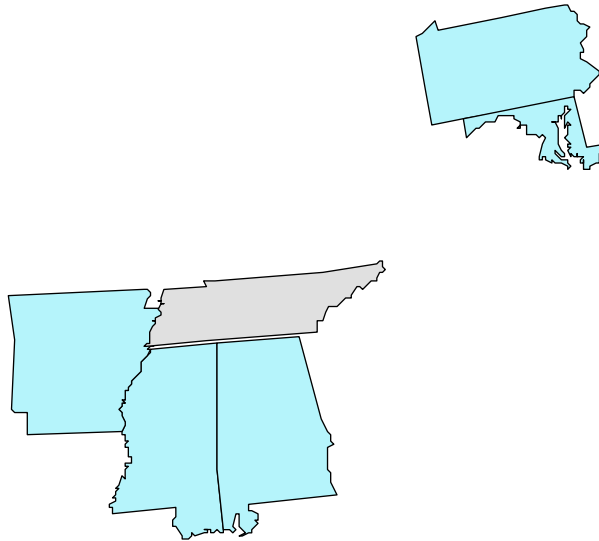
Reminder – Federal On-site states

- Delaware – up to 1 liter
- Maine – up to 1 gallon
- Montana – up to 3 gallons
- New Jersey – up to 1 gallon
- Oklahoma – up to 1 liter
- South Dakota – up to 1 gallon



States with NO Direct-to-Consumer (other than 3-tier) as of 5/21/09

- Alabama
- Arkansas
- Maryland
- Mississippi
- Pennsylvania
- Tennessee
- Utah



Questions?

Contact information:

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