

## **Direct Wine Shipment Draft Legislation Philosophy and Overview**

July 7, 2014 meeting of the Alcoholic Beverage Shipping and  
Distribution Interim Committee

The goal in creating this draft was to craft a law that allows wineries to meet the demand for wines not currently available in South Dakota to be delivered directly to consumers' homes.

Our philosophy in developing the draft language was to meet this goal in a manner that is consistent with existing regulation and taxation of alcoholic beverages in South Dakota. We believe this consistency creates the most fair and equitable treatment of all businesses involved and creates the most simple, and therefore most efficient, regulatory model for the direct delivery of wine to consumers' homes.

This draft legislation was based upon last session's SB 114 and, with the changes we suggest, will:

- Allow doorstep delivery for wines not in distribution in SD.
- Provide a mechanism through the product-labeling requirement to designate wine for distribution or direct delivery.
- Require shipments be done through common carriers who must register with the state as wine carriers and who must report to the Department of Revenue.
- Impose all taxes on direct-shipped wine that are currently imposed on other wine sold in SD.
- Require reporting and tax payment on the same timeline currently required of SD distributors.
- Include standards for age verification suggested by proponents in SB 114.
- Leave in place the mechanism for a consumer to order a wine not in distribution through their local liquor store.

Prepared by: South Dakota Licensed Beverage Dealers' Association, Republic National Distributing Company – South Dakota, and the South Dakota Beer Distributors' Association.