

**HOUSE . . . . . No. 243**

The Commonwealth of Massachusetts

PRESENTED BY:

*Timothy R. Madden and Sarah K. Peake*

To the Honorable Senate and House of Representatives of the Commonwealth of Massachusetts in General Court assembled:

The undersigned legislators and/or citizens respectfully petition for the passage of the accompanying bill:

An Act regulating the direct shipment of wine.

PETITION OF:

NAME:	DISTRICT/ADDRESS:
<i>Timothy R. Madden</i>	<i>Barnstable, Dukes and Nantucket</i>
<i>Sarah K. Peake</i>	<i>4th Barnstable</i>
<i>James M. Cantwell</i>	<i>4th Plymouth</i>
<i>Daniel B. Winslow</i>	<i>9th Norfolk</i>
<i>Paul Brodeur</i>	<i>32nd Middlesex</i>
<i>Antonio F. D. Cabral</i>	<i>13th Bristol</i>
<i>Lori A. Ehrlich</i>	<i>8th Essex</i>
<i>James B. Eldridge</i>	<i>Middlesex and Worcester</i>
<i>Sean Garballey</i>	<i>23rd Middlesex</i>
<i>Jonathan Hecht</i>	<i>29th Middlesex</i>
<i>Kevin J. Kuros</i>	<i>8th Worcester</i>
<i>James R. Miceli</i>	<i>19th Middlesex</i>
<i>Alice Hanlon Peisch</i>	<i>14th Norfolk</i>
<i>Tom Sannicandro</i>	<i>7th Middlesex</i>
<i>John W. Scibak</i>	<i>2nd Hampshire</i>
<i>Cleon H. Turner</i>	<i>1st Barnstable</i>
<i>Paul McMurtry</i>	<i>11th Norfolk</i>

**HOUSE . . . . . No. 243**

By Representatives Madden of Nantucket and Peake of Provincetown, a petition (accompanied by bill, House, No. 243) of Timothy R. Madden and others for legislation to further regulate the direct shipments of wine. Consumer Protection and Professional Licensure.

[SIMILAR MATTER FILED IN PREVIOUS SESSION

SEE

□ HOUSE  
□ , NO. 1029 OF 2011-2012.]

**The Commonwealth of Massachusetts**

**In the Year Two Thousand Thirteen**

An Act regulating the direct shipment of wine.

*Whereas*, The deferred operation of this act would tend to defeat its purpose, which is to authorize the direct shipment of wine, therefore, it is hereby declared to be an emergency law, necessary for the immediate preservation of the public convenience.

□

*Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:*

1 SECTION 1. Section 1 of chapter 138 of the General Laws, as appearing in the 2008  
2 Official Edition, is hereby amended by inserting after the definition of “Alcoholic beverages” the  
3 following definition:-

4 “Alcoholic beverages expert”, an individual who is recognized for their written  
5 contributions evaluating alcoholic beverages in trade publications, newspapers, magazines,  
6 websites, newsletters, and other media for public distribution.

7 SECTION 2. Section 19B of chapter 138, as appearing in the 2008 Official Edition, is  
8 hereby amended by striking out, in line 1 of paragraph (a), the words “ For the purposes of  
9 encouraging the development of domestic vineyards, the commission shall”, and inserting in  
10 place thereof the following words: “The commission shall”.

11 SECTION 3. Chapter 138 of the General Laws, as so appearing, is hereby amended by  
12 striking section 19F and inserting in place thereof the following section:-

13 Section 19F. (a) Notwithstanding any general or special law to the contrary, an applicant  
14 that is currently licensed in the Commonwealth, or any other state, to manufacture, export and  
15 sell wine, who obtains a direct shipment license pursuant to this section, may sell and ship wine  
16 directly to a resident of the Commonwealth, who is at least 21 years of age, for such resident's  
17 personal use, and not for resale.

18 (b) The commission may issue a direct shipment license to an applicant who: (1) is  
19 authorized by their home state licensing authority to manufacture, export and sell wine; (2) files  
20 an application with the commission; and (3) pays an annual license fee per winery.

21 (c) The annual license fee for a license issued under this section shall be \$100.00 per  
22 winery; provided that an affiliate, franchise, or subsidiary thereof shall require a separate license.  
23 The applicant shall provide the commission and the department of revenue with a true copy of  
24 the applicable alcoholic beverage license to manufacture, export and sell its wine as issued by the  
25 appropriate licensing authority. A copy of the wine shipment license obtained under this section  
26 shall be sent by the commission to the department of revenue to be kept on file.

27 (d) A person licensed under this section shall ship wine in accordance with section 22.

28 (e) A licensee, licensed under this section, may ship not more than 24 cases (no more  
29 than 9 liters each case) per year of wine to a resident located within the Commonwealth.

30 (f) A person licensed under this section shall: (i) report yearly to the commission and the  
31 department of revenue the total number of gallons of wine shipped into the commonwealth for  
32 the preceding month; (ii) pay to the department of revenue, under the department's rules and  
33 regulations, all taxes due, the amount of such taxes to be calculated as if the sale were at the  
34 location where the delivery is made; provided, however, that the licensee shall pay, for each  
35 shipment of wine, the excise levied on importations of wine calculated under section 21 and any  
36 and all other applicable taxes, including sales tax; and (iii) upon request, allow the commission  
37 or the department of revenue to perform an audit of the licensee's records.

38 (g) No person shall direct ship wine to consumers without a license to sell and ship wine.  
39 A person who manufactures, transports, imports, exports, or receives wine in violation of this  
40 chapter shall be deemed to have engaged in a deceptive act or practice under chapter 93A. The  
41 commission shall enforce the requirements of this section, by administrative proceedings, against  
42 a licensee who ships wine in violation of this section as follows: for a first violation, by a fine of  
43 no more than \$500; for a second violation, by a fine of \$1000; for a third violation within one  
44 calendar year, by a prohibition of the winery from making any direct shipment of wine under this  
45 section, by a fine of up to \$2,000, or both; provided that after one year, the winery may reapply  
46 for the authority to directly ship wine under this section.

47 If a violation of this section involves a sale or delivery to a person under 21 years of age,  
48 a first offense may be punishable by a fine of \$500; for a second violation, a fine of \$1000; for a  
49 third violation within one calendar year, by a prohibition of the winery from making any direct  
50 shipment of wine under this section, by a fine of up to \$2,000, or both; provided that after one  
51 year, the winery may reapply for the authority to directly ship wine under this section. Nothing in  
52 this clause shall preclude punishment under section 34.

53 (h) The commission may promulgate rules and regulations to effectuate the purposes of  
54 this law in accordance with its powers under section 24 of chapter 138. The department of  
55 revenue may promulgate rules and regulations necessary to effectuate the tax oversight,  
56 collection and enforcement provisions of the General Laws as they relate to this section.

57 (i) The commission shall issue an annual report to the house and senate committees on  
58 ways and means and the joint committee on consumer protection and professional licensure,  
59 which shall include, but is not limited to, a determination of direct shipment licenses issued, a  
60 review of violations and enforcement measures under this section, and an analysis of the need for  
61 changes in the law and regulations relative thereto.

62 SECTION 4. Section 22 of said chapter 138 is hereby amended by striking out the ninth  
63 paragraph and inserting in place thereof the following paragraph:

64 Notwithstanding any other provision of this section, any individual, partnership, or  
65 corporation, regularly and lawfully conducting a parcel delivery service, or a general express or  
66 trucking business, or regularly and lawfully engaged in the business of leasing trucks for hire,  
67 with or without drivers, may make application to the commission and shall be issued a permit to  
68 transport or deliver the products sold by farmer-winery licensees under section 19B, farmer-  
69 brewer licensees under section 19E, and licensees under sections 19F. The fee for such permit  
70 shall not exceed \$150. Persons operating a vehicle when engaged in such transportation or  
71 delivery shall be required to carry such permit or certified copy thereof. In lieu of such permit,  
72 the commission may issue a fleet permit for an annual fee of not more than \$5000. Such fleet  
73 permit shall cover any and all vehicles owned or hired and operated by such permittee. The fleet  
74 permit shall be maintained at the offices of the transportation company and produced upon  
75 request. Parcels transported or delivered under this paragraph shall be clearly labeled as  
76 containing alcoholic beverages and requiring the signatures of, and restricting delivery to, an  
77 adult recipient 21 years of age or older, or to a licensee with a valid alcohol license in the  
78 commonwealth. Notwithstanding the foregoing, a delivery company may use an electronic  
79 device to receive the signature of a person accepting delivery of a parcel under this section and to  
80 certify that the person has displayed a valid identification as so required.

81 SECTION 5. Section 22A of said chapter 138 is hereby amended by inserting after the  
82 second paragraph the following two paragraphs:-

83           Upon payment of an annual fee of \$100.00, the commission may grant to an alcoholic  
84 beverages expert a permit which shall authorize such individual to accept delivery of alcoholic  
85 beverages from a licensee under this chapter. These beverages, known as samples, are acquired  
86 otherwise than by purchase and are not intended for sale. The holder of a permit issued under  
87 this section shall use the samples obtained for the express purpose of evaluation and analysis  
88 related to consumer consumption of an item having a brand name. The permit shall allow for the  
89 delivery of the samples to the premises where the research is to be conducted.

90           Before an individual may qualify as an expert under this section, the individual shall  
91 submit credentials, with their initial application fee, to be approved by the commission.

92           SECTION 6. This act shall take effect upon its passage.