

SENATE BILL 1068

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By: **Senator Patterson**

Introduced and read first time: February 28, 2020

Assigned to: Rules

A BILL ENTITLED

1 AN ACT concerning

2 **Alcoholic Beverages – Fulfillment Warehouse Permit**

3 FOR the purpose of authorizing a direct wine shipper to sell wine to a consumer through a
4 holder of a fulfillment warehouse permit; establishing a fulfillment warehouse
5 permit that the Comptroller may issue; requiring a holder of a fulfillment warehouse
6 permit to verify certain information about a direct wine shipper before accepting a
7 certain shipment; prohibiting a holder of a fulfillment warehouse permit from
8 delivering wine, claiming ownership of certain goods, advertising certain goods, or
9 shipping certain goods on behalf of a retailer; establishing a fee for the permit;
10 requiring a permit holder to submit a certain report periodically to the Comptroller;
11 requiring a permit holder to maintain certain records in a certain manner for a
12 certain period; prohibiting a person without a fulfillment warehouse permit from
13 shipping wine on behalf of a direct wine shipper to a person in the State, subject to
14 a certain exception; requiring the Comptroller to adopt certain regulations; defining
15 a certain term; and generally relating to wine shipment and fulfillment warehouse
16 permits.

17 BY repealing and reenacting, with amendments,
18 Article – Alcoholic Beverages
19 Section 2–142 and 2–146
20 Annotated Code of Maryland
21 (2016 Volume and 2019 Supplement)

22 BY repealing and reenacting, without amendments,
23 Article – Alcoholic Beverages
24 Section 2–143, 2–153, and 2–154
25 Annotated Code of Maryland
26 (2016 Volume and 2019 Supplement)

27 BY adding to
28 Article – Alcoholic Beverages

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



Section 2–155, 2–155.1, and 2–156
Annotated Code of Maryland
(2016 Volume and 2019 Supplement)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
That the Laws of Maryland read as follows:

Article – Alcoholic Beverages

2–142.

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

(b) (1) “Common carrier” means a business entity that:

(i) holds itself out as being available to the public to transport in
interstate or foreign commerce for compensation any class of passenger or property; and

(ii) holds a common carrier permit issued under § 2–151 of this
subtitle.

(2) “Common carrier” does not include a business entity that transports
only property the business entity owns or that is consigned to the business entity.

(c) “Direct wine shipper” means the holder of a direct wine shipper’s permit
issued under this part.

(D) “FULFILLMENT WAREHOUSE” MEANS A BUSINESS ENTITY THAT:

**(1) OPERATES A WAREHOUSE THAT PROVIDES STORAGE, PACKAGING,
AND SHIPPING SERVICES TO WINERIES; AND**

**(2) HOLDS A FULFILLMENT WAREHOUSE PERMIT ISSUED UNDER §
2–155 OF THIS SUBTITLE.**

2–143.

A person shall be issued a direct wine shipper’s permit by the Comptroller before the
person may engage in shipping wine directly to a consumer in the State.

2–146.

A direct wine shipper’s permit entitles the holder to sell wine manufactured by the
holder through a holder of a common carrier permit, **OR THROUGH A HOLDER OF A
FULFILLMENT WAREHOUSE PERMIT**, to a consumer by receiving and filling orders that
the consumer transmits by electronic or other means.

1 2-153.

2 A person without a direct wine shipper's permit may not ship wine directly to a
3 consumer in the State.

4 2-154.

5 Each violation of this part is a separate violation.

6 **2-155.**

7 **(A) THERE IS A FULFILLMENT WAREHOUSE PERMIT.**

8 **(B) A HOLDER OF A FULFILLMENT WAREHOUSE PERMIT MAY DELIVER WINE**
9 **THROUGH A COMMON CARRIER TO A CONSUMER IN THE STATE FOR THE**
10 **CONSUMER'S PERSONAL USE.**

11 **(C) A PERSON MAY NOT TRANSPORT WINE FROM A DIRECT WINE SHIPPER**
12 **TO A CONSUMER UNLESS THE PERSON IS A HOLDER OF A FULFILLMENT WAREHOUSE**
13 **PERMIT.**

14 **(D) THE TERM OF A FULFILLMENT WAREHOUSE PERMIT IS 1 YEAR AND**
15 **BEGINS ON JULY 1.**

16 **(E) A HOLDER OF A FULFILLMENT WAREHOUSE PERMIT MAY NOT ACCEPT**
17 **WINE FROM A DIRECT WINE SHIPPER WITHOUT VERIFYING THAT THE SHIPPER**
18 **HOLDS A VALID DIRECT WINE SHIPPER'S PERMIT.**

19 **(F) A HOLDER OF A FULFILLMENT WAREHOUSE PERMIT MAY NOT:**

20 **(1) DELIVER WINE IN THE STATE;**

21 **(2) CLAIM OWNERSHIP OF WINE THAT THE HOLDER STORES,**
22 **PACKAGES, OR SHIPS ON BEHALF OF A HOLDER OF A DIRECT WINE SHIPPER'S**
23 **PERMIT;**

24 **(3) MARKET OR ADVERTISE WINE THAT THE HOLDER STORES,**
25 **PACKAGES, OR SHIPS ON BEHALF OF A HOLDER OF A DIRECT WINE SHIPPER'S**
26 **PERMIT; OR**

27 **(4) SHIP ALCOHOLIC BEVERAGES ACROSS STATE BORDERS ON**
28 **BEHALF OF A RETAILER.**

(G) THE PERMIT FEE IS \$100.

(H) (1) THE COMPTROLLER SHALL ADOPT REGULATIONS FOR A PERSON OPERATING A FULFILLMENT WAREHOUSE TO APPLY FOR A FULFILLMENT WAREHOUSE PERMIT.

(2) THE REGULATIONS SHALL INCLUDE REQUIREMENTS FOR A FULFILLMENT WAREHOUSE TO:

(I) DEMONSTRATE THAT THE FULFILLMENT WAREHOUSE IS APPROPRIATELY LICENSED FOR THE SERVICES TO BE PROVIDED BY THE JURISDICTION WHERE ITS PLACE OF BUSINESS IS LOCATED;

(II) MAINTAIN AND SUBMIT RECORDS THE COMPTROLLER REQUIRES; AND

(III) BECOME A DESIGNATED AGENT OF A DIRECT WINE SHIPPER UNDER THIS PART.

2-155.1.

UNLESS THE PERSON IS A COMMON CARRIER UNDER THIS PART, A PERSON WITHOUT A FULFILLMENT WAREHOUSE PERMIT MAY NOT SHIP WINE ON BEHALF OF A DIRECT WINE SHIPPER TO A PERSON IN THE STATE.

2-156.

(A) EVERY 4 MONTHS, A HOLDER OF A FULFILLMENT WAREHOUSE PERMIT SHALL SUBMIT TO THE COMPTROLLER A REPORT CONTAINING:

(1) THE DATE OF EACH SHIPMENT OF WINE INTO OR IN THE STATE; AND

(2) THE NAME AND ADDRESS OF THE DIRECT WINE SHIPPER, THE RECEIVING COMMON CARRIER, AND THE RECEIVING CONSUMER OF EACH DELIVERY.

(B) FOR AT LEAST 3 YEARS, A HOLDER OF A FULFILLMENT WAREHOUSE PERMIT SHALL MAINTAIN COMPLETE AND ACCURATE RECORDS OF EACH SHIPMENT AND OTHER INFORMATION NECESSARY TO VERIFY COMPLIANCE WITH THIS PART.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2020.