

HOUSE BILL 742

By Lamberth

AN ACT to amend Tennessee Code Annotated, Title 57,
relative to alcoholic beverages.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 57-3-217(b), is amended by deleting subsection (b) and substituting instead the following:

(b) A winery direct shipper, meeting the requirements of this section, may make sales and delivery of wine, as defined in § 57-3-101, by common carrier to the citizens of this state over the age of twenty-one (21) who have purchased the wine directly from the winery direct shipper, subject to the limitations and requirements imposed by this section; provided, that a winery direct shipper may only ship wine sold under a brand name owned by or licensed to the winery, which is either:

(1) Produced by the winery;

(2) Produced exclusively for the winery under an existing written contract with the winery; or

(3) Produced and bottled exclusively for the winery.

SECTION 2. Tennessee Code Annotated, Section 57-3-217(c), is amended by deleting the language "issuance of a winery direct shipper's license" and substituting instead the language "issuance or renewal of a winery direct shipper's license".

SECTION 3. Tennessee Code Annotated, Section 57-3-217, is amended by adding the following new subsections:

(i)

(A) Notwithstanding any law to the contrary, a fulfillment house is not eligible for licensure or renewal of a winery direct shipper's license.

(B) As used in this subsection (i), a "fulfillment house" means an in- or out-of-state entity, other than a winery, that handles logistics, including warehousing, packaging, order fulfillment, or shipping services on behalf of the holder of a winery direct shipper's license for products the winery direct shipper is eligible to ship to residents in this state.

(j) The commission may require a winery direct shipper licensed under this section to provide periodic reports to the commission. The commission may request information or records that the commission may deem necessary to enforce the provisions of this section to be included in such reports.

SECTION 4. Tennessee Code Annotated, Title 57, Chapter 3, Part 4, is amended by adding the following new section:

(a) As used in this section, "fulfillment house" means an in- or out-of-state entity that handles logistics, including warehousing, packaging, order fulfillment, or shipping services for alcoholic beverages.

(b) Wine must not be shipped into this state, unless such wine is shipped directly from the premises of a licensed winery direct shipper.

(c) Notwithstanding any law to the contrary, a holder of a license or permit issued under this title shall not use the services of a fulfillment house in its operations. The commission may adopt rules and conduct investigations and audits as it may deem necessary for enforcing and preventing violations of this section.

(d) A licensee or permittee found to be in violation of this section may be subject to a fine, suspension, or revocation of its license or permit for violations of this section.

(e) The commission shall not issue a license or permit to an in- or out-of-state entity operating as a fulfillment house in this state or in another state.

SECTION 5. Sections 1 through 3 of this act take effect upon becoming a law, the public welfare requiring it, and apply to a winery direct shipper's license issued or renewed after such date. Section 4 of this act takes effect upon becoming a law, the public welfare requiring it.