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State of Minnesota
HOUSE OF REPRESENTATIVES
NINETIETH SESSION

H. F. No. **2147**

03/06/2017 Authored by Loonan and Howe
The bill was read for the first time and referred to the Committee on Commerce and Regulatory Reform

1.1 A bill for an act
1.2 relating to liquor; requiring a direct shipper's license for certain shipments of wine
1.3 to consumers; establishing reporting requirements for direct shippers; amending
1.4 Minnesota Statutes 2016, section 340A.417.

1.5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.6 Section 1. Minnesota Statutes 2016, section 340A.417, is amended to read:

1.7 **340A.417 DIRECT WINE SHIPMENTS INTO MINNESOTA; LICENSE**
1.8 **REQUIRED.**

1.9 Subdivision 1. Direct shipper license. (a) Notwithstanding section 297G.07, subdivision
1.10 2, or any provision of this chapter, a winery licensed in a state other than Minnesota, or a
1.11 winery located in Minnesota, may obtain a direct shipper license which allows the winery
1.12 to ship, for personal use and not for resale, not more than two cases of wine, containing a
1.13 maximum of nine liters per case, in any calendar year to any resident of Minnesota age 21
1.14 or over. ~~Delivery of a shipment under this section may not be deemed a sale in this state.~~

1.15 (b) A winery applicant for an initial or renewal direct shipper license shall:

1.16 (1) file an application with the department on a form prescribed by the department;

1.17 (2) pay a license fee of \$50;

1.18 (3) submit a copy of the applicant's current federal basic wine manufacturing permit;

1.19 (4) register each brand label offered for sale in this state, if not previously registered,
1.20 and pay all applicable brand registration fees under section 340A.311;

1.21 (5) hold a Minnesota sales and use tax license issued by the Department of Revenue;
1.22 and

2.1 (6) be current on the remittance of all required state taxes.

2.2 (c) A direct shipper license under this section is valid for a calendar year.

2.3 (d) A holder of a direct shipper license may only ship wine that was produced by the
2.4 direct shipper in accordance with the direct shipper's federal basic wine manufacturing
2.5 permit.

2.6 (e) A holder of a direct shipper license is deemed to have consented to the jurisdiction
2.7 of the department and the courts of this state with respect to the enforcement of this section.

2.8 (f) Any sale and shipment of wine directly to a person in this state from a winery that
2.9 does not hold a valid direct shipper license is prohibited.

2.10 ~~(b)~~ (g) The shipping container of any wine sent under this section must be clearly marked
2.11 "Alcoholic Beverages: adult signature (over 21 years of age) required."

2.12 ~~(e)~~ (h) It is not the intent of this section to impair the distribution of wine through
2.13 distributors or importing distributors, but only to permit shipments of wine for personal use.

2.14 Subd. 2. **Reporting.** A holder of a direct shipper's license shall file quarterly reports
2.15 with the department on or before the 15th day of the month following each quarterly period.
2.16 The required quarterly report shall be filed even if no business was transacted in this state
2.17 during the reporting period. The report shall include:

2.18 (1) the business name, address, and direct shipper license number of the holder of the
2.19 direct shipper license;

2.20 (2) the total gallons of wine shipped to residents of this state during the quarterly period;
2.21 and

2.22 (3) the date, type of wine, brand label, quantity, and purchase price of each shipment,
2.23 along with any taxes paid by the purchaser, during the quarterly period.

2.24 Subd. 3. **Penalties.** ~~(d)~~ (a) No criminal penalty may be imposed on a person for a violation
2.25 of this section other than a violation described in paragraph ~~(e)~~ (b) or ~~(f)~~ (c). Whenever it
2.26 appears to the commissioner that any person has engaged in any act or practice constituting
2.27 a violation of this section, and the violation is not within two years of any previous violation
2.28 of this section, the commissioner shall issue and cause to be served upon the person an order
2.29 requiring the person to cease and desist from violating this section. The order must give
2.30 reasonable notice of the rights of the person to request a hearing and must state the reason
2.31 for the entry of the order. Unless otherwise agreed between the parties, a hearing shall be
2.32 held not later than seven days after the request for the hearing is received by the commissioner

3.1 after which and within 20 days after the receipt of the administrative law judge's report and
3.2 subsequent exceptions and argument, the commissioner shall issue an order vacating the
3.3 cease and desist order, modifying it, or making it permanent as the facts require. If no hearing
3.4 is requested within 30 days of the service of the order, the order becomes final and remains
3.5 in effect until modified or vacated by the commissioner. All hearings shall be conducted in
3.6 accordance with the provisions of chapter 14. If the person to whom a cease and desist order
3.7 is issued fails to appear at the hearing after being duly notified, the person shall be deemed
3.8 in default, and the proceeding may be determined against the person upon consideration of
3.9 the cease and desist order, the allegations of which may be deemed to be true.

3.10 ~~(e)~~ (b) Any person who violates this section within two years of a violation for which a
3.11 cease and desist order was issued under paragraph ~~(d)~~ (a), is guilty of a misdemeanor.

3.12 ~~(f)~~ (c) Any person who commits a third or subsequent violation of this section within
3.13 any subsequent two-year period is guilty of a gross misdemeanor.

3.14 **EFFECTIVE DATE.** This section is effective January 1, 2018.