



## **THE UNIFORM ALCOHOL DIRECT-SHIPPING COMPLIANCE ACT (2022)**

### *- A Summary -*

The Uniform Alcohol Direct-Shipping Compliance Act gives states better tools to detect and stop direct-to-consumer (“DTC”) shipments of alcohol that violate existing state law. Unauthorized DTC shipments are frequently interstate shipments, and the Act promotes uniformity and cooperation among the states. This summary highlights the major provisions of the Act.

### **Fulfillment Provider Registration**

A fulfillment provider is an intermediary who works on behalf of a licensed direct shipper to ship to a consumer alcoholic beverages the state authorizes for DTC shipping (“covered alcoholic beverages”). A fulfillment provider arranges for a carrier to transport the covered alcoholic beverages to the consumer. Section 3 of the Act requires each fulfillment provider to register with the state regulator before shipping covered alcoholic beverages into or within the state. Fulfillment providers must maintain a current registration, only ship alcoholic beverages supplied by a licensed direct shipper, and mark packages containing alcoholic beverages with certain shipper information.

### **Carrier Requirements**

Under the uniform act, a carrier may only deliver packages containing alcoholic beverages to a consumer if the package is received by the carrier from a licensed direct shipper or registered fulfillment provider, whose license or registration the carrier has verified.

### **Shipment Reports**

Section 5 of the Act requires the registered fulfillment provider to submit periodic reports to the state regulator. The act includes an option for the state to harmonize this reporting with reporting by licensed direct shippers, carriers, or both. This cross-reporting is designed to help the state regulator in analyzing DTC shipping in the state.

### **Jurisdiction and Enforcement of the Act**

Section 6 of the Act asserts the enacting state’s jurisdiction over registered fulfillment providers, no matter their location, and permits the state regulator to inspect and audit the records of a registered fulfillment provider to ascertain compliance with the Act. The section also requires the registered fulfillment provider to appoint and maintain an agent for service of process. If the state’s law does not already impose similar requirements on licensed direct shippers and carriers, the act includes optional language allowing the state to do so.

## **Administrative Proceeding Regarding Unlawful Shipping**

If the state regulator believes a person has unlawfully shipped alcoholic beverages into or within the state, the regulator may provide notice to the person and allow the person an opportunity to show why the person should not be prohibited from shipping alcoholic beverages into or within the state. After an evidentiary hearing, if the state regulator determines the person engaged in unlawful shipping, then the state regulator may issue an order prohibiting the person from shipping additional alcoholic beverages in the state. If the state regulator provides the order to a carrier, the carrier may not thereafter deliver in the state alcoholic beverages received from the person.

## **Suspension, Revocation, or Nonrenewal of License/Permit**

The uniform act allows the state regulator to suspend, revoke, or not renew an alcoholic beverage license if, after an evidentiary hearing, the regulator finds that the licensee unlawfully shipped alcoholic beverages into another state in violation of that state's law. Suspension, revocation, or refusal to renew under the uniform act is subject to judicial review under the state's administrative procedures act.

The Uniform Alcohol Direct-Shipping Compliance Act offers to enacting states a clear compliance approach to detect and deter unlawful DTC shipping of alcoholic beverages. The uniform act supports states' existing policy choices with respect to whether DTC shipping is allowed, and for which types of alcoholic beverages. For more information about the Act, please contact ULC Legislative Program Director Kaitlin Wolff at (312) 450-6615 or [kwolff@uniformlaws.org](mailto:kwolff@uniformlaws.org).