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Thursday, November 18, 2021

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TENNESSEE ABC APPROVES FIRST FULFILLMENT HOUSE LICENSE AHEAD OF JANUARY 1 LAW CHANGE

Most wine shipped to Tennessee consumers no longer comes directly from wineries but via third-party logistics providers known as fulfillment houses. Recent legislation created a new alcohol license to reflect this modern business practice.

NASHVILLE - The Tennessee Alcoholic Beverage Commission issued its first-ever fulfillment house license at its monthly commission meeting today ahead of its previous goal of December. Fulfillment houses are third-party businesses that provide shipping and other logistics services to wineries that sell directly to consumers. In recent years, the direct-to-consumer wine shipping practices have evolved from wineries shipping themselves to a model in which most wine is now sent via third parties on behalf of wineries on its way to consumers. Public Chapter 331 (2021) passed by the Tennessee General Assembly created a new alcohol license to reflect this modern business practice.

"The direct-to-consumer wine shipping business has evolved significantly since the first laws passed allowing it. Those laws were designed to regulate a model in which wine was shipped directly from a winery to a customer. The majority of wine shipped into Tennessee today comes via third parties that ship on behalf of wineries. The old laws did not provide adequate tools for Tennessee to monitor whether alcohol shipped into the state came from legitimate, licensed wineries in compliance with state law," states Russell F. Thomas, Director of the Tennessee Alcoholic Beverage Commission.

Alcohol shipping has grown significantly in recent years. In the third quarter of 2021, common carriers reported 70,417 shipments of wine into the state, weighing a total of 1,538,205 pounds. These shipments originated from 1,383 different addresses across the country. 1,075 wineries hold Tennessee licenses to ship wine. The new law will also require additional reporting requirements for businesses that ship wine into Tennessee. The TABC and Tennessee Department of Revenue will partner to analyze the new data to uncover unlicensed activity and collect appropriate taxes.

"Tennesseans enjoy a selection of over 1,000 wineries which are licensed to sell and ship directly to consumers. We are pleased to update our regulatory structure to adapt to changing business models in a way that ensures compliance with our laws without inhibiting the choices our consumers have grown to enjoy," stated Thomas.

Businesses may apply for a license via the TABC's online licensing system and learn more at www.tn.gov/abc/licensing/fulfillment-house.

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