



**152nd GENERAL ASSEMBLY
FISCAL NOTE**

BILL:	HOUSE BILL NO. 259
SPONSOR:	Representative Spiegelman
DESCRIPTION:	AN ACT TO AMEND TITLE 4 OF THE DELAWARE CODE RELATING TO THE DISTRIBUTION OF ALCOHOL.

Assumptions:

1. This Act is effective upon signature by the Governor.
2. This Act gives licensed farm wineries, microbreweries and craft distilleries in Delaware and other states the opportunity to procure a direct shipper license from the Alcoholic Beverage Control Commissioner ("Commissioner"). A licensed direct shipper may ship up to three 9-liter cases of wine or mead, six cases of 12-ounce containers of beer or cider, or one 9-liter case of spirits annually.
3. The Act further authorizes the Commissioner to register fulfillment providers, defined as a person that acts on behalf of a licensed direct shipper to ship covered alcoholic beverages to a consumer and arranges for transport of covered alcoholic beverages by a carrier to the consumer.
4. The Act further requires licensed direct shippers to deliver their product to a holder of a carrier permit issued by the Commissioner or to a registered fulfillment provider.
5. The Act authorizes the Commissioner to issue licenses to delivery services defined as a technology services company that provides software or an application for connecting customers or sellers to a delivery driver.
6. According to Winebusiness, there are 11,546 wineries in the United States. According to the American Craft Spirits Association, there are 2,687 craft distillers in the United States. Lastly, according to the Brewers Association, there are 2,036 microbreweries in the United States. The Division of Alcohol and Tobacco Enforcement of the Department of Safety and Homeland Security ("DATE") estimates 2,200 of these establishments would seek to be licensing as a direct shipper.
7. The Commissioner anticipates the need for additional staff to assist with the licensing of wine direct shippers and wine carriers. The estimated Fiscal Year 2025 personnel costs, including OEC's at a rate of 32.25%, for 2.0 FTEs, Paralegal III are \$127,014.
8. DATE anticipates the need for additional staff to assist with the enforcement of new laws and regulations of the Act. The estimated Fiscal Year 2025 personnel costs, including OECs at a rate of 32.25%, for 1.0 FTE Alcohol & Tobacco Enforcement Lieutenant, 1.0 FTE, Alcohol & Tobacco Enforcement Sergeant; 5.0 FTEs, Alcohol & Tobacco Enforcement Agent III; and 2.0 FTEs, Internal Auditor III are estimated at \$844,162. An additional annual cost of \$147,752 is estimated for Fleet Vehicle costs, ammunition, body-worn camera subscriptions, and cellular data access. One-time funding of \$208,420 is also estimated for projected technology, safety equipment, furniture, uniforms, radios, and other startup costs associated with the new positions.

9. Fiscal Year 2025 costs assume 9-months of implementation. Future year costs are assumed to increase at an annual rate of 2%.

Cost:

	Ongoing	One-Time
Fiscal Year 2025:	\$1,118,928	\$208,420
Fiscal Year 2026:	\$1,468,551	
Fiscal Year 2027:	\$1,494,967	

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Office of the Controller General