153rd GENERAL ASSEMBLY
FISCAL NOTE

BILL:	**HOUSE SUBSTITUTE NO. 1 FOR HOUSE BILL NO. 187**
SPONSOR:	**Representative Michael Smith**
DESCRIPTION:	**AN ACT TO AMEND TITLE 4 OF THE DELAWARE CODE RELATING TO DIRECT PURCHASING AND SHIPMENT OF WINE.**

Assumptions:

1. This Act becomes effective 120 days upon signature by the Governor.

2. This Act gives licensed wine producers in Delaware and in other states the opportunity to procure a wine direct shipper license from the Alcoholic Beverage Control Commissioner ("the Commissioner"). The Act further allows the wine direct shipper licensed producer to ship up to three 9-liter cases of wine per year directly to a Delaware resident.

3. The wine direct shipper licensed producer must use a shipper who has obtained a carrier permit issued by the Commissioner to ship wine to a Delaware resident. Both the wine direct shipper license and the carrier permit are to be valid for two years.

4. The estimated number of wineries in the United States is 11,500. Of this amount, the Division of Alcohol and Tobacco Enforcement (DATE), within the Department of Safety and Homeland Security, estimates that there would be 1,300 eligible wineries that would seek licensing in Delaware as a wine direct shipper. The estimated number of international wine producers is over 90,000, but the number of those who may be eligible and would seek licensing in Delaware is unknown.

5. The Commissioner anticipates the need for additional staff to assist with the licensing of wine direct shippers and wine carriers:
    a. The estimated Fiscal Year 2026 personnel costs, including other employment costs (OECs) at a rate of 33.34%, for 1.0 FTE Management Analyst III and 1.0 FTE Paralegal III are $87,250.
    b. One-time funding of $16,700 for supplies, software, telephones, computers, and other startup costs associated with the new positions.

6. DATE anticipates the need for additional staff to assist with the enforcement and regulations of the Act:
    a. The estimated Fiscal Year 2026 personnel costs, including OECs at a rate of 33.34%, for 1.0 FTE, Alcohol & Tobacco Police Sergeant; and 3.0 FTE, Alcohol & Tobacco Police officer III is estimated at $272,355.
    b. An additional annual cost of $84,152 is estimated for fleet vehicle costs, ammunition, body-worn camera subscriptions, cellular data access, and other operational costs associated with the new positions.

c. One-time funding of $117,090 is also estimated for projected technology, safety equipment, furniture, uniforms, radios, and other startup costs associated with the new positions.
d. Additionally, DATE anticipates that it would require analytical software to process incoming reports for compliance, the one-time costs of which is estimated at $200,000. Annual licensing costs for this analytical software are unknown at the time of this fiscal projection.

7. This Act also requires the Commissioner to study the impact of this Act on wine retailers located in Delaware and submit results of the study to the Governor and the General Assembly by June 1, 2027.

8. Fiscal Year 2026 costs assume six months of implementation. Future year personnel costs are assumed to increase at an annual rate of 2%.

Cost:

	Operating	One-Time
Fiscal Year 2026:	$443,757	$333,790
Fiscal year 2027:	$817,746	
Fiscal Year 2028:	$832,418	

Prepared by Nyair Stanford
Office of the Controller General