



Legislation Text

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Res. No. 1007

Resolution calling upon the New York State Legislature to adopt and the Governor to sign A.7379A and S.1450A legislation permitting direct-to-consumer wine shipments in and out of New York State.

By Council Members Reed, Brewer, Foster, Gerson, Nelson and Liu

Whereas, New York is the second largest wine market in the nation, home to extremely sophisticated wine consumers; and

Whereas, New York State ranks third nationally in wine production, boasting nearly 200 family-owned vineyards, employing over 18,000 people, and generating over \$85 million in state and local revenues by producing roughly 100,000,000 bottles of wine annually; and

Whereas, The grape and wine sector is the fastest growing segment of the agriculture and tourism industry in New York, generating some \$500 million annually; and

Whereas, The majority of New York State wineries are too small to partner with wine distributors or wholesalers and thus sell their wines directly to consumers either at the vineyard or through direct intrastate shipments; and

Whereas, The U.S. Supreme Court in *Granholm v. Heald* has recently invalidated New York's current ban on interstate shipping of wine holding all states must treat both in-state and out-state wineries equal; and

Whereas, Under this new Court edict, in order to protect New York's domestic wineries ability to ship in-state, the New York State Legislature must extend the same privilege to out-of-state wineries; and

Whereas, allowing direct interstate wine shipment in New York will expand the markets for New York's wineries, permitting them to ship to consumers in almost two dozen states; and

Whereas, In 1995, both the State Senate and Assembly passed legislation to allow direct wine sales to

New York consumers by out-of-state wineries from states that give the reciprocal right to New York wineries; this bill was vetoed by the Governor; and

Whereas, Wine makers and wine connoisseurs alike have continued to call for such legislation in recent years; and

Whereas, New York is the largest wine producing state in the nation that does not allow direct shipment; and

Whereas, Governor Pataki's 2004-2005 budget proposal includes provisions to allow reciprocal direct-to-consumer wine shipment in and out of New York; and

Whereas, Current proposals would allow adults 21 or older to have wine delivered to their homes for personal use only, and not for resale and would charge a license fee and collect taxes for out-of-state wineries shipping into New York; and

Whereas, The New York Division of the Budget estimates that such a system would raise about \$3 million in 2005 and more money in following years; and

Whereas, New York Senators Schumer and Clinton, along with United States Representatives from around New York State, have called on the State Legislature to pass the proposed legislation; and

Whereas, The Federal Trade Commission's economic analysis of prohibitions against direct shipment of wine and found that such prohibitions are anticompetitive, result in higher prices for consumers, and that permitting the direct shipment of wine to consumers does not yield problems related to underage drinking or tax evasion; now, therefore, be it

Resolved, The Council of the City of New York calls upon the New York State Legislature to adopt and the Governor to sign A.7379A and S.1450A legislation permitting direct-to-consumer wine shipments in and out of New York State.