Senate Commerce Committee

Aaron Jones 271-2609

SB 563-FN, relative to direct shippers of wine.

Hearing Date: January 13, 2026

Time Opened: 10:22 a.m. **Time Closed**: 10:51 a.m.

Members of the Committee Present: Senators Innis, Ricciardi, McGough, Fenton and Reardon

Members of the Committee Absent : Senator Murphy

Bill Analysis: This bill requires a license for direct shippers of wine from small wineries for sale into the state of New Hampshire.

Sponsors:
Sen. Reardon Sen. Innis

Who supports the bill: Senator Tara Reardon, Senator Daniel Innis, Steve Duprey, Mike Somers (NH Lodging & Restaurant Association)

Who opposes the bill: Angela Brennan (Wine Institute)

Who is neutral on the bill: Mark Armaganian (NH Liquor Commission), Matthew Culver (NH Liquor Commission), Shaun Thomas (NHWSBA), Mark Valli (NHWSBA)

Summary of testimony presented in support:

Senator Tara Reardon

- This bill was filed on behalf of a constituent.
- New Hampshire relies on tourism, hospitality, and liquor for revenue. These industries have been successful due to the state's beauty, strategic marketing, and hardworking businesses.
- When the users of processes and systems identify an obstacle or barrier to being successful, Senator Reardon said they should pay attention.
- Wine choices are a way to attract frequent supporters to the hospitality industry and restaurants.

Steve Duprey

- The goal of this bill was for the state to sell more wine at the lowest minimum added cost as well as add diversity to wine choices and help restaurants.

- Mr. Duprey said the state made a 25 percent margin once they received a shipment, shipped it to a state liquor store, placed it on the shelf, and paid an employee.
- As of 2025, California had 4,864 wineries. Approximately, 72 percent of those wineries made less than 3,000 cases. In total, there were 3,189 wineries that made 1,000 to 4,900 cases.
- Mr. Duprey said 60 to 70 percent of wineries in California made less than 500 cases because the cost per acre for cabernet grapes went from $30,000 in 1983 to $800,000 in 2023. If a winery is not an established player, they are likely to only buy an acre or two of grapes.
- Mr. Duprey said Maine and Vermont have produced a larger number of James Beard Award winning restaurants in part due to greater wine diversity.
- Mr. Duprey said if he could ship wine to his new restaurant, and pair it with food, he could attract business from individuals who could not buy it in the liquor stores. He said small wineries are desperate for any channel to get rid of their wine.
- Under RSA 178:27, if more than 600 liters of any wine is shipped directly to a combination of licensees or consumers, a matching amount must be offered to the Commission at the lower of the wholesale price or the lowest price delivered to the state.
- Mr. Duprey said the solution should be to amend RSA 178:27 to allow for an exemption or raise the level, so they do not have to sell wholesale to the state. The registration fee also should be lowered from $100 to a nominal amount for restaurants and hotels, and a 25 percent fee should be assessed and remitted directly to the state.
- Based on his conversations with small wine producers in Napa and Sonoma Valley, Mr. Duprey said they would participate under this new structure. Since they are not big enough to sell in liquor stores, this would help provide differentiation, elevate the food business, and reduce the need for more state employees.
- Mr. Duprey said he did not trust most licensed carriers because most wine must be shipped during a specific temperature window with a guaranteed temperature in the vehicle.
- Mr. Duprey understood they could ship 12 cases, and apply for permission to go above that threshold, but it made it harder.
- All wineries in California need to be registered with the state, so Mr. Duprey said there would be less fraud than in the spirits business.
- **Senator McGough** asked if they would sell more if it were 8 percent instead of 25 percent.
    - **Mr. Duprey** replied yes, but he was trying to make money for the state.
- **Senator McGough** believed there was an existing fee that was around 8 percent on direct shipping.

  - **Mr. Duprey** said they should make it easier for the small guys because they survive through selling direct.

Mike Somers, President and CEO, New Hampshire Lodging and Restaurant Association

- The Association was supportive of this legislation in concept.
- Mr. Somers said there could be small amendments made to existing statute, but he deferred to Liquor Enforcement on how it would work.

Summary of testimony presented in opposition: None

Neutral Information Presented:

Mark Armaganian, Chief of Liquor Enforcement and Licensing, and Matt Culver, New Hampshire Liquor Commission

- The Commission saw this bill as being redundant because the existing direct shipper statute is robust and it has caps.
- Caps are in place to ensure the representative system remains intact. This system is used to drive sales on the marketing side of the Commission. From the enforcement side, it is used to ensure products in the market are done in a safe manner from manufacturing to service to hosting. They also rely heavily on this system for education.
- During investigations, caps have been used to find counterfeit products. Since some bottles are not numbered, they look at the glass, seal, and labeling.
- Chief Armaganian said they tried to reach a resolution on this issue, but they could not.
- Currently, Chief Armaganian said the $100 fee is what it costs for an application to be done in the office with the workers they have, so if the fee were lowered, it would burden the Division.
- If an individual would like to go above existing caps, it requires approval from the Chairman.
- Chief Armaganian said there is already a safety valve in the current process, so the Commission was not sure why this was being done.
- The license permits for direct shipping are tiered whether someone is a wine manufacturer, retailer, importer, or wholesaler.
- Businesses, who are mostly out-of-state, obtain a permit to direct ship beverage, wine or alcohol directly to consumers or on-premises licensees.
- Currently, there are 1,259 direct shippers. Of those, 1,069 are classified as wine manufacturers. The permit fee for these individuals is $100.
- Presently, a single direct shipper is not allowed to exceed 12 9-liter cases of wine, which is 144 bottles of wine, to one individual or licensee. If they exceed

that amount, permission is required from the Commission. Lieutenant Culver said permission is granted as long as it is not already sold in the state.

- Chief Armaganian said the existing cap does not impede; instead, it is in place for the Commission to see who is out there, and if there is an opportunity to sell those products. This offer is enacted when a direct shipper exceeds a total of 600 liters of a product, which is more than 66 cases.
- Currently, a licensed carrier must be used to get products into the state.
- Chief Armaganian said appropriate fees and taxes are used to help reconcile that products are not making it into the state without being vetted.
- **Senator McGough** asked if this process applied to the shipment of spirits.
    - **Lieutenant Culver** said yes, it covered spirits and beverages, but there are different threshold parameters for those liquors.

Shaun Thomas and Mark Valli, on behalf of New Hampshire Wine and Spirits Brokers Association

- From their perspective, Mr. Thomas said the system worked well and what this bill sought to accomplish could be done under current law.
- While little changes could be made, Mr. Thomas said this bill was not the right approach.
- New Hampshire has a good system when it comes to regulating, enforcing, and tracking direct wine shipments.
- Mr. Thomas said it was hard to understand why a new license with a new fee that has a surcharge of 25 percent, instead of 8 percent, was needed.
- Brokers help the state with compliance and safety, aggregate compliance reporting, provide oversight to reduce risks, and reduce the administrative burden to the state. While these types of carveouts are narrow, Mr. Thomas said it chips away at the existing framework and adds a new administrative burden.
- Mr. Thomas believed there was a likely solution without needing legislation, and he offered to be part of that conversation.

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Date Hearing Report completed: January 19, 2026