

Hello Roxanne-

I understand that you are having another meeting on July 7 to review the Alcohol study and the limitations on shipping wine to SD. I would like to share with you my opinion and why I am FOR allowing legal, regulated winery direct shipping in South Dakota. I was recently doing some research into becoming an Independent Consultant for a company called The Traveling Vineyard. This company holds in-home wine tastings and the customers can order through the consultant to have wine shipped to them. This company has EXCELLENT opportunities for people who want to achieve self-employment and start their own business. I was super-excited to learn of this business, and planned on taking advantage of this opportunity to start-up my home based business in a virtually UN-touched area (SD). I was heartbroken, however, to find out that I am unable to start this business opportunity because SD has a law which prevents wine from being shipped to SD. I have written to several of my legislators about this and have spoken to Jason Evans at the SD Department of Revenue. Jason said that by allowing shipment to only distribution centers, (which he said there are only approximately 6 of in the state of SD), they have "better control" of the taxation and regulation. Did you know that the tax is volume based and can vary from \$0.93 a gallon to \$3.93 a gallon? WOW! And, on top of that, there is a flat tax of 2% also added. I have a feeling that there is financial benefit to the SD Department of Revenue, with no consideration of the wishes and rights of the people of South Dakota. Allowing the sale of wine to SD residents would not only allow me to pursue this career opportunity for myself, but would bring in income as sales tax is charged on these purchases. In addition: some benefits of limited, regulated winery-to consumer shipping:

- Improves Consumer Choice in Wine Selection: South Dakota wine lovers can only buy wines that the local wholesalers and retailers want to stock and sell, and that is a small fraction of what is available to wine lovers in the majority of other U.S. states.
- Increases State Tax Revenues: The model direct shipping bill, which Senate Bill 114 was based on, provides a new source of state tax revenues (sales and excise tax collections and remittances). Wineries are accustomed to these requirements; they are common in other states that allow for winery direct shipment.
- Improves State Economy: Winery-related tourism drives jobs and tax collections; it provides small business revenues for hotels, inns, restaurants and affiliated businesses.
- Provides enforcement framework: SB 114 included enforcement mechanisms for the state, and the 21st Amendment Enforcement Act, which was passed in 2001, allows states to prosecute out-of-state wineries in federal court.
- Proven Solution: No state has rescinded their winery direct shipping law based on non-compliance, underage purchases, or any other reason.

Other facts about winery direct shipping:

- South Dakota is one of only 9 states – and the only one left in the Midwest – that continues an archaic ban on legal, regulated winery to consumer direct shipments.
- Wineries in South Dakota already have the option of shipping wine to consumers in states (plus D.C.) who have enacted these laws.

- This issue is about *wine* shipments only—not for beer or spirits—as is the case in nearly every other state. The impetus behind direct shipping comes from consumer demand for wine, and tourism in wine regions located across the U.S.
- There is no evidence that direct shipping hurts in-state retailers or wholesaler middlemen. The wines that are direct shipped are typically not widely available at retail anyway. So wines that are direct shipped don't replace retail or restaurant sales here in South Dakota.

I am hoping that this letter successfully conveys my thoughts and feelings and would welcome any feedback and your assistance in getting this passed.

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