



9/12/2023

Dear Advisory Group,

I am Steven Harrison the CEO of Zero Link Markets, Inc. dba Vinoshipper (ecommerce and compliance for the beverage alcohol business) and Chair of the Craft Wine Association Advocacy Group I understand that you are looking at the direct shipping rules related to the beverage alcohol business and feel that we have some good and relevant information to share.

For over 15 years, we have worked with craft producers, and have been early adopters of technology to ensure seamless regulatory compliance. Our commitment includes facilitating age verification, tax collection and payment, and maintaining an audit trail for all transactions. We work with over 3,000 producers, about 20 percent of all US producers, to manage both their home state and direct shipping compliance. This experience positions us to be well qualified to provide information for your evaluation of direct sales when considering licensing, consumer protections, and public safety.

Our aim is to provide information on the best successful practices in streamlining your process and sparing you the need to reinvent the wheel. We hope to instill confidence that direct sales have not only been viable but have worked well for over 25 years, proving to grow businesses and enhance consumer choice.

As background, besides being a technology business that has created one of the top three compliance applications in the country that is used in every state, we are also a California winery, so we are equally a user of the same technology to run our own business.

In 2019 Colorado approached us as a platform to become a Marketplace Facilitator in the state due to the changes in the sales tax rules (moving to destination tax rates from the original origin-based system). Overnight, Colorado went from one of the simplest reporting states to the most complex, with the home rule city structure for collection of taxes or essentially from a single return to potentially 148 returns. We did that, and overnight made collecting and reporting of sales tax significantly easier for producers and consequently easier for the state to collect. Again in 2022, CO initiated its transportation fee of 27 cents per order and as a Marketplace Facilitator we were able to help all producers on the platform comply with those changes overnight.

Members of the three-tier system have been presenting a lot of rhetoric intended to slow progress and modernization, claiming that taxes will not get paid, jobs will be lost, or minors will have easy access to alcohol. However, data and facts show that technology increases security and compliance to improve the industry overall. We also believe, having observed and participated in the market firsthand, that wine products have led the way and demonstrated how direct sales can work in a safe and efficient manner and that there is no reason why all alcohol beverages, whether beer, spirits, or wine, cannot all follow the same direct sales rules.



We have attached four current documents that you may find interesting and come from our many years of experience and actual processes and procedures that are happening in the US market today.

- National Bill of Rights for Consumers and Producers. This document modernizes the original Model Direct Shipping Bill and considers what is happening around the country in one state or more.
- Age Verification Whitepaper. In 2023 we published a whitepaper based upon statistics from Idology related to Age Verification and minors buying online. It dispels the theory that online sales drive access to alcohol by minors. Most importantly the results are statistically relevant and give a national view of the marketplace.
- Publication of Age Verification report by the Artisanal Spirits magazine on the Age Verification paper noted above.
- Technology overview sheet (Direct Alcohol Sales: The Modern Economy). This describes how and what is happening in direct sales today and what is working with great effect.

Vinoshipper has been publishing statistics over the last few years based on actual data from more than 3,000 direct shippers from all states and so has aggregate knowledge of what works to protect consumers, state regulators, and producers. Recent data out of Massachusetts shows that the traditional three tier system is not providing consumers with the choice that they want and that the three-tier system on its own cannot supply what producers have to offer. There is a huge gap in what production capabilities must be to supply wholesalers nationally, so direct sales are necessary to allow American craft producers the ability to grow their businesses both locally and nationally.

I look forward to answering any questions the advisory group may have.

With Respect,

A handwritten signature in blue ink that reads 'S. Harrison'.

Steven Harrison

CEO – Vinoshipper

Chair – Craft Wine Association – Advocacy Group

# National Bill of Rights for Consumers and Producers of Alcohol Products

1. The direct shipper must verify that the buyer is at least 21 years of age through obtaining a copy of a government issued photo identification or by via an electronic identification verification service.
  - a. All containers of alcohol shipped directly to a resident in a state are conspicuously labeled with the words "CONTAINS ALCOHOL: SIGNATURE OF PERSON AGE 21 OR OLDER REQUIRED FOR DELIVERY."
  - b. The recipient at the time of delivery is required to provide photo identification verifying their age along with a signature.
2. The direct shipper will be limited to the same quantity limits applied to the destination state liquor stores.
3. The direct shipper, either via self-reporting or via a marketplace facilitator, must pay sales taxes on a regularly specified time period to the state.
4. The direct shipper, either via self-reporting or via a marketplace facilitator, must pay excise taxes on a regularly specified time period to the state.
5. The direct shipper may ship to the ultimate consumer home address or designated access point, dry zip codes notwithstanding.
6. Any person or business licensed in a state to sell alcohol may sell and ship said alcohol directly to a person, who is at least 21 years of age, for the person's personal use and not for resale.
7. Any alcohol shipped must have an approved Federal TTB label at 7% or more ABV or FDA approval under 7%. Direct shipped products should not be subject to a secondary label registration at the State level.
8. The direct shipper, either via self-reporting or via a marketplace facilitator, must report transactions on a quarterly basis. The reports must include order number, liters shipped, and carrier tracking numbers. For privacy purposes individual consumer details should not be on the reports, but should be kept by the seller for 3 years.
9. Any person or business licensed in a state as an alcohol producer, supplier, importer, wholesaler, distributor or retailer, before sending any shipments, must obtain a direct shipper permit.
10. Any person or business currently licensed in any state as an alcohol producer, supplier, importer, wholesaler, distributor or retailer who obtains a direct shipper permit is allowed to self-distribute, without limit, all products they are licensed to sell.

# National Bill of Rights for Consumers and Producers of Alcohol Products

## Background

The “Model Direct Shipping Bill” was adopted by National Conference of State Legislatures in 1997. This standardized legislative language provided a foundation for States to base their direct shipping laws on, and many did so. Over a quarter century later, in order to continue to promote the growth of the direct-to-consumer market, there are several matters that should be updated to reflect the modern economy and technology.

The National Direct Shipping Bill of Rights, much like the 1997 Model Direct Shipping Bill, establishes a number of simplified and updated rules. The Bill of Rights will allow for an orderly market, will meet the 21st Amendment rights of a State to maintain the health and safety of the American people, and will provide consumers the greatest choice.

While the 1997 Model Direct Shipping Bill exclusively covered wine, the National Direct Shipping Bill of Rights expands these rights to all alcohol products covered by the TTB or FTC.

Most of the concepts and structures in this Bill exist today in one State or another. The Bill of Rights creates a uniform approach to help producers, and consumers alike, as well as simplify enforcement and tax collection for the States.

## Supported by





# **Direct sales by alcohol beverage suppliers does not increase minors access to alcohol**

By Taylor Harrison

*February 1, 2023*

## **ABSTRACT**

Certain segments of the market have claimed for decades that direct-to-consumer (DTC) shipments of alcohol increases the risk of minors accessing alcohol.<sup>1</sup>

New data, collected through direct-to-consumer transactions from 2020-2022, provides the opposite conclusion. In fact, the application of electronic age verification software used during the pre-purchase checkout of alcohol online represents the most reliable way for reducing the ills of minors access to alcohol. Properly employed pre-purchase age verification software has resulted in a 100% compliance rate. Furthermore, it provides precise data on whether minors are utilizing online platforms to attempt purchases of alcohol.

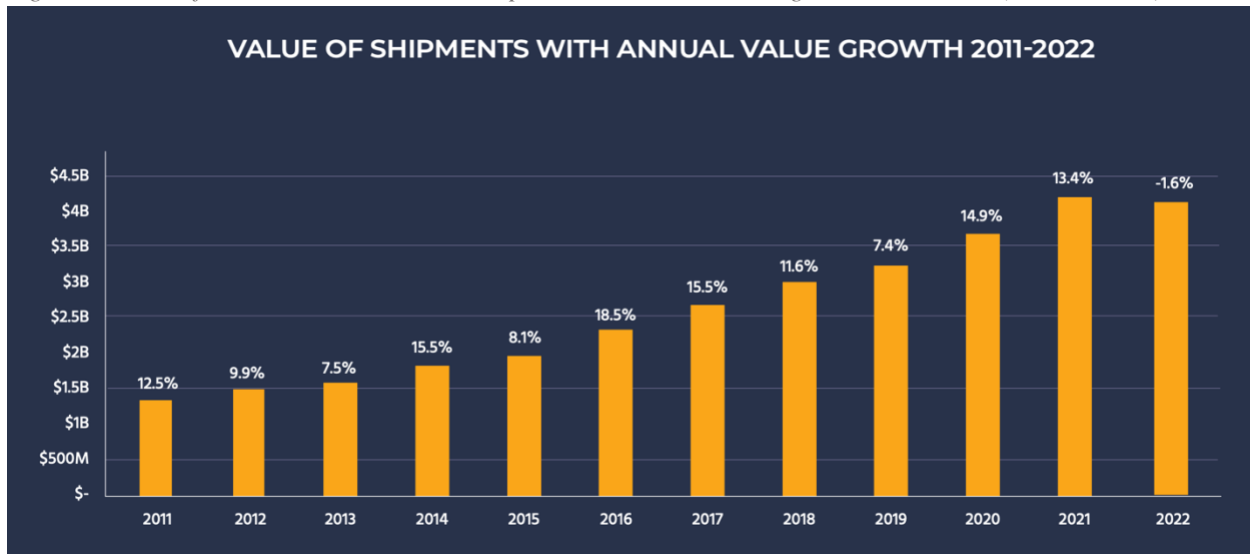
The findings in this paper point to direct-to-consumer sales as the safest way for alcohol to be sold and pre-purchase age verification software is a cost effective and reliable way to block and measure minors attempt to purchase alcohol online. Further, it demonstrates that minors are not attempting to use direct to consumer avenues in any significant number to secure alcohol.

Data analysed is from online transactions that lead to shipments by common carriers such as FedEx and UPS and not by local delivery services such as Drizly, Instacart, etc.

## **INTRODUCTION**

During the Covid-19 pandemic most hospitality venues were closed, and foot traffic decreased dramatically.<sup>2</sup> For those in the alcohol industry that relied heavily on in-person transactions, especially those operating tasting rooms, this was disastrous. To counteract this reduction in sales, many businesses turned to e-commerce to stay afloat. The increased reliance on remote purchases and emphasis on electronic marketing resulted in e-commerce purchases surging in 2020, increasing 43%.<sup>3</sup> Within the direct-to-consumer market for wine, according to the latest report from Sovos Ship Compliant, the value of direct-to-consumer shipments increased 28.2% from 2019 to 2022.<sup>4</sup>

Figure 1: Value of direct-to-consumer wine shipments with annual value growth 2011 -2011 (Source Sovos)



With an observed increase in alcohol e-commerce transactions, the FTC advised in their 2022 paper titled *Competition in the Markets for Beer, Wine, and Spirits* that, “State officials need evaluate the direct-to-consumer distribution model, both in terms of the distribution opportunities it presents for small producers and the comparative risks it may present of making alcohol available to underage drinkers.”<sup>5</sup> This White Paper examines the “comparative risk”.

### HISTORICAL BACKGROUND

Electronic, pre-purchase age verification data is provided by Vinoshipper. Established in 2006, Vinoshipper is a cloud-based sales platform that enables micro to medium-sized beverage alcohol brands to sell and ship wine nationally (where allowed) while staying compliant with all state regulatory, shipping, and tax rules.

Vinoshipper shopping carts are embedded with the IDology age verification software. Established in 2003, IDology is a leader in digital identification and authentication. IDology’s ExpectID Age is an age verification software system that deters and prevents attempted purchases from minors in digital channels by confirming minimum age requirements. IDology is an approved age verification solution in several US states including Michigan, Maryland, South Dakota, Kansas, and Massachusetts.

Embedded age verification works behind the scenes to determine if a user’s age / identity is real. Buyers must enter data including their name, residence zip code, and year of birth. These inputs are then checked against billions of public data records from thousands of sources to confirm whether a buyer is of age or not.

Brick and mortar data used in this review is provided by the Substance Abuse and Mental Health Services Administration (SAMHSA) in their 2021 state reports titled “Underage Drinking Prevention and Enforcement”.<sup>6</sup>

## METHODOLOGY

The e-commerce transaction data analysed in this White Paper, is compiled from over 2,000 Vinoshipper client shopping carts (both retailers and direct selling producers) amounting to over 1.05m shipments. The clients and buyers are spread across 47 states. The data runs from Q1 2020 through Q4 2022. All transactions took place through the Vinoshipper platform, which is embedded with IDology age verification software. There was a total of 633,985 buyers registering across the three years of data under review.

During the checkout process one of four actions took place:

1. Of Age – The information submitted during the purchase was validated by IDology and their transaction was processed. This represents purchasers entering their home address as the ship to address.
2. Confirm Age – The information initially entered did not match IDology records (the ship to address may be a business, Access Point or other delivery address rather than home address) and the buyer was asked to submit additional data to validate their ID. The purchaser is given two additional attempts to enter correct data before the transaction is placed on hold.
3. Manual Validation – If during step 2 they could not be validated, they had to submit a government ID for electronic scanning within the IDology system.
4. Underage/ID Failure – If their information is marked as underage or the ID submitted does not pass validation the pending transaction is cancelled.

## RESULTS

From 2020 to 2022, e-commerce purchases through the Vinoshipper platform made with an embedded layer of age verification software resulted in a 100% compliance rate. The data showed that over the three years, 75.3% of those that passed, did so first time with the information provided, 24.6% of buyers required additional information and their age was confirmed, and 0.15% of potential buyers were categorized as minors and had their pending transaction cancelled and no payment was taken. Quarterly results from the three years can be seen graphically in Figure 2 and in absolute numbers in Table 1.

Figure 2: Quarterly age verification results. (Source Vinoshipper and IDology)

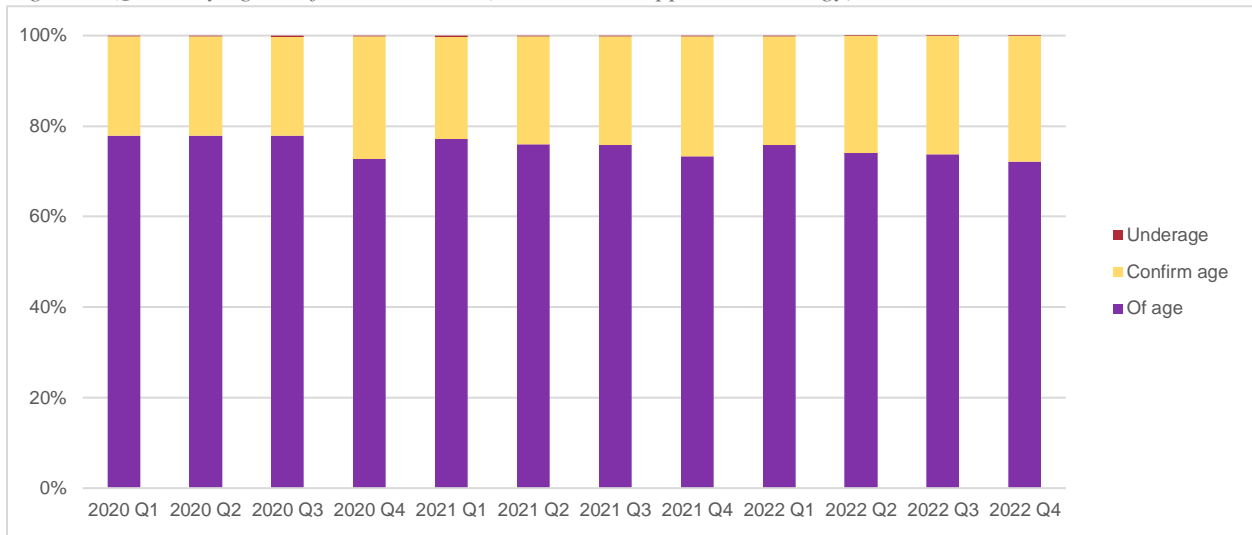


Table 1: Quarterly age verification results, shown as absolutes (Source Vinoshipper and IDology)

|                    | 2020 Q1 | 2020 Q2 | 2020 Q3 | 2020 Q4 | 2021 Q1 | 2021 Q2 | 2021 Q3 | 2021 Q4 | 2022 Q1 | 2022 Q2 | 2022 Q3 | 2022 Q4 | Totals         |
|--------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|----------------|
| <b>Of age</b>      | 23,187  | 81,247  | 45,888  | 82,372  | 36,239  | 31,996  | 27,799  | 50,007  | 21,828  | 19,861  | 21,151  | 35,813  | <b>477,388</b> |
| <b>Confirm age</b> | 6,525   | 22,978  | 12,826  | 30,727  | 10,616  | 10,012  | 8,774   | 18,051  | 6,897   | 6,942   | 7,481   | 13,825  | <b>155,654</b> |
| <b>Underage</b>    | 32      | 119     | 155     | 118     | 118     | 85      | 68      | 122     | 49      | 18      | 24      | 35      | <b>943</b>     |
| <b>Total</b>       | 29,744  | 104,344 | 58,869  | 113,217 | 46,973  | 42,093  | 36,641  | 68,180  | 28,774  | 26,821  | 28,656  | 49,673  | <b>633,985</b> |

Table 2: Quarterly age verification results, shown as percent of quarterly buyers. (Source Vinoshipper and IDology)

|                    | 2020 Q1 | 2020 Q2 | 2020 Q3 | 2020 Q4 | 2021 Q1 | 2021 Q2 | 2021 Q3 | 2021 Q4 | 2022 Q1 | 2022 Q2 | 2022 Q3 | 2022 Q4 | Totals       |
|--------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|--------------|
| <b>Of age</b>      | 77.96%  | 77.86%  | 77.95%  | 72.76%  | 77.15%  | 76.01%  | 75.87%  | 73.35%  | 75.86%  | 74.05%  | 73.81%  | 72.10%  | <b>75.3%</b> |
| <b>Confirm age</b> | 21.94%  | 22.02%  | 21.79%  | 27.14%  | 22.60%  | 23.79%  | 23.95%  | 26.48%  | 23.97%  | 25.88%  | 26.11%  | 27.83%  | <b>24.6%</b> |
| <b>Underage</b>    | 0.11%   | 0.11%   | 0.26%   | 0.10%   | 0.25%   | 0.20%   | 0.19%   | 0.18%   | 0.17%   | 0.07%   | 0.08%   | 0.07%   | <b>0.15%</b> |

During the 3-year span, of the 633,985 registered buyers, only 0.15% or 943 of the buyers were attempted purchases by minors. Less than one minor a day attempted to make a DTC purchase across the network of 2,000+ Vinoshipper shopping carts.

Comparatively, using a conglomeration of 2021 SAMHSA state reports, traditional on and off trade retailers in the United States averaged an 89.6% compliance rate.

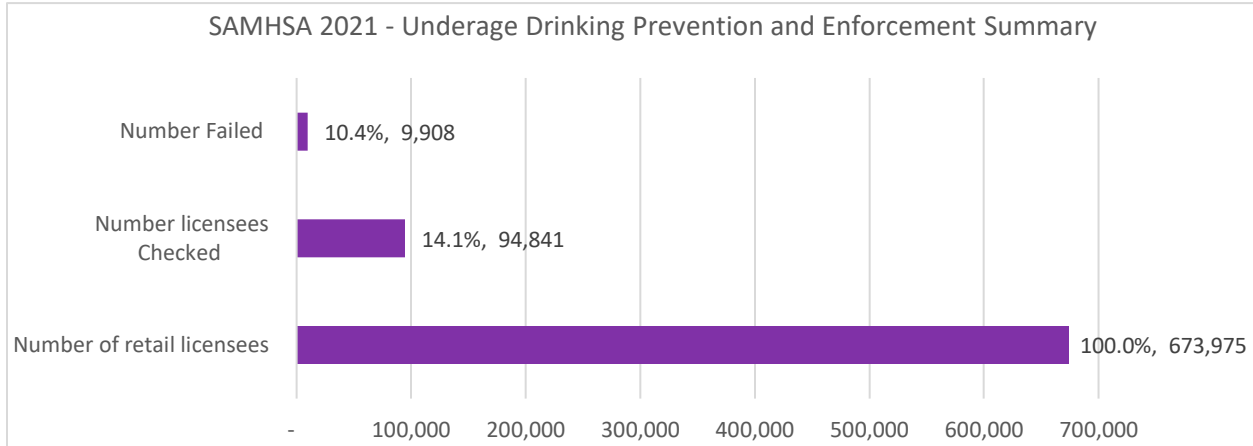
State agencies submit to SAMHSA the number of retail licensees in state, the number of licensees checked for compliance by state agencies, and the number of licensees that failed state compliance



checks. The compliance rate is derived from the number of licensees that passed state compliance checks relative to the number of licensees checked for compliance.

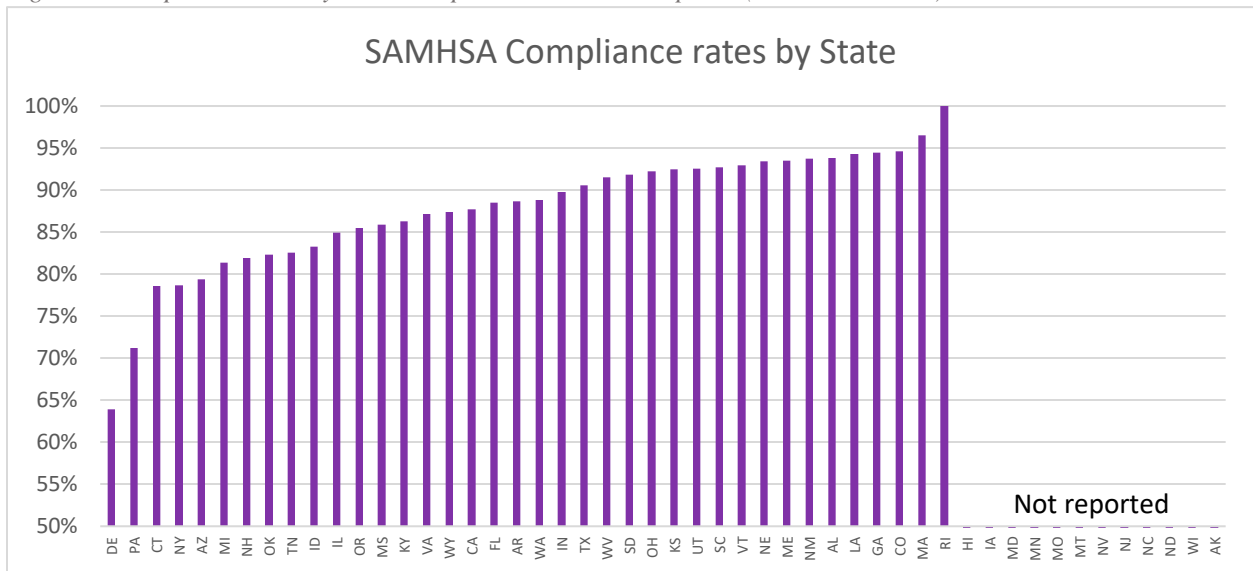
In the data reported to SAMHSA, States reported checking 14.1%, or 94,841, of the 673,975 reported retail establishments throughout the United States.

Figure 3: Underage drinking prevention and enforcement summary. Source (SAMHSA)



In the 2021 reports, the states varied in compliance rates. Delaware had the lowest compliance rate at 63.9% and Rhode Island had the highest compliance rate at 100%. There were twelve states that did not report any statistics.

Figure 4: Compliance rates by state as reported in the 2021 reports. (Source SAMHSA)



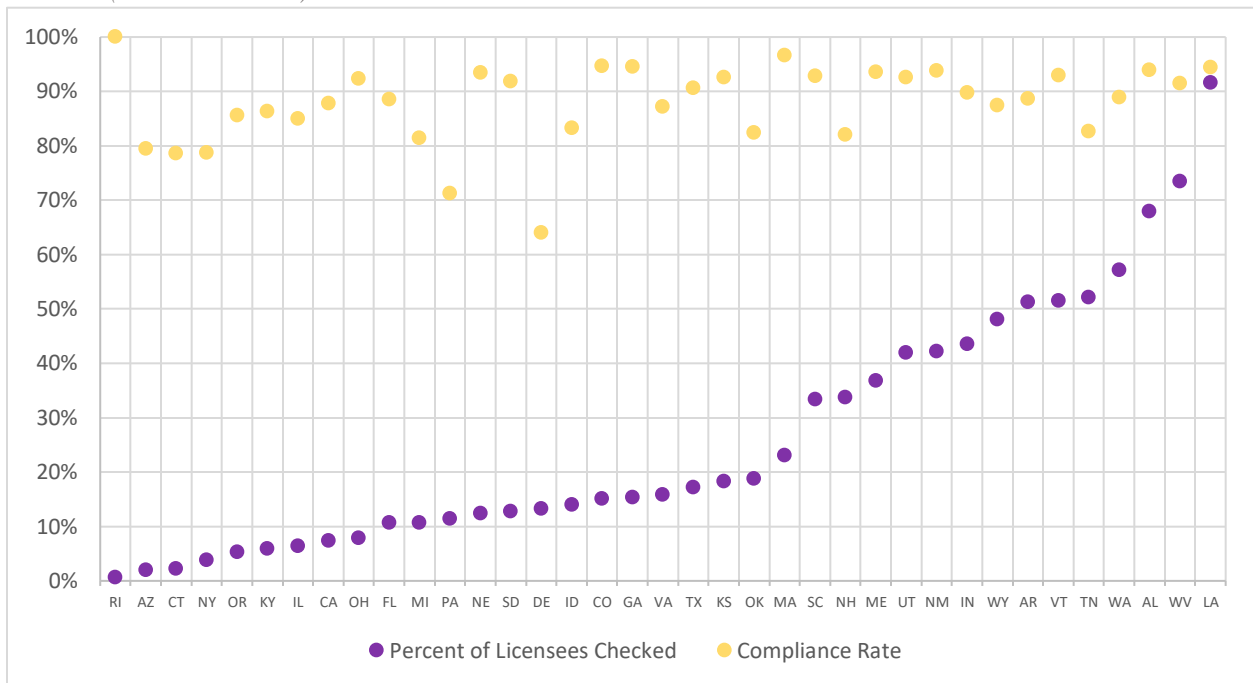
State agencies also ranged in their due diligence. Rhode Island checked just six out of 986 retailers in the state. Louisiana checked 7,273 of 7,940 licensees in the state.

Figure 5: Number of licenses checked relative to the number of licenses in the state as reported in the 2021 reports. (Source SAMHSA)



There is weak statistical correlation between the number of checks undertaken by the state and the compliance rate of the state, which is seen in Figure 6 below.

Figure 6: Correlation between the percent of licenses checked in the state to the compliance rate of the licenses in the state. (Source SAMHSA)



## **DISCUSSION**

From 2020 to 2022, the increase in direct to consumer sales did not increase the access of alcohol to minors. Embedded pre-purchase age verification software ensured a 100% compliance rate on alcohol purchases. The age verification software also allowed for increased insight into the number of minor purchase attempts.

According to the 2021 SAMHSA reports, traditional brick and mortar ranged from a 60% to a 100% compliance rate, with an average of 90%.

Traditional brick and mortar do not track the number of minor purchase attempts so there is no way of examining if retail practices are working in discouraging minors from attempting purchases from retail locations.

To address the added cost of embedded age verification, the cost is not prohibitive at roughly \$0.50 per verified buyer. Once a buyer is verified electronically that information is stored, and it does not cost anything for later verifications.

As evidenced by the data above, the safest way for alcohol to be purchased is online using a state approved embedded age verification software. Relative to the growth and size of the direct sales market, minors are attempting purchases in minute numbers and even when they do, they are blocked from transacting.

## SOURCES

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2. Jeff Quackenbush (01 Dec 2022) *Really a cause for alarm: Wineries urged to go digital as tasting room traffic decline*, North Bay Business Journal, <https://www.northbaybusinessjournal.com/article/industrynews/really-a-cause-for-alarm-wineries-urged-to-go-digital-as-tasting-room-tr/>, accessed December 2022.
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5. U.S. Department of Treasury (9 February 2022) *Competition in the Markets for Beer, Wine, and Spirits*, U.S Department of Treasury, <https://home.treasury.gov/system/files/136/Competition-Report.pdf>, accessed December 2022.
6. Substance Abuse and Mental Health Services Administration (n.d.) *Underage Drinking Prevention and Enforcement 2021*, SAMHSA, <https://www.samhsa.gov/>, accessed December 2022.

# Age Verification

As the direct-to-consumer (DTC) alcohol market continues to grow, so does the scrutiny. Some critics argue that DTC sales make it too easy for minors to obtain alcohol, which leads them to suggest restrictions or even banning DTC sales altogether.

Producers who sell their products online need to be prepared to defend their DTC businesses against such criticism. A recently distributed age verification study published by Zero Link Markets shows DTC sales can be conducted safely and responsibly.

The study revealed that a layer of embedded pre-purchase age verification technology is 100 percent effective at preventing minors from purchasing alcohol online, far surpassing the compliance rates of traditional brick-and-mortar outlets. Furthermore, the study concluded that minors were not utilizing DTC to make purchases of alcohol online. This led to the conclusion that companies who use pre-purchase age verification technology can be confident that they are complying with the law and that they are not putting minors at risk.

Although some have criticized the study's data as not being statistically relevant to the overall market, it is relevant mathematically.

To accurately represent the 50 million alcohol shipments per year with a 99 percent confidence level and a 0.25 percent margin of error, the study would require a sample size of 264,000 shipments. Vinoshipper used over 350,000

annual data points, which is more than enough to be considered a statistically significant representation of nationwide shipments.

There is debate over the best way for consumers to access alcohol at home. Parties are divided over direct-to-consumer shipping and local delivery.

When comparing the two, it becomes clear that DTC shipping offers advantages to the consumer, producer, and authorities. Firstly, DTC alcohol shipping provides the widest selection of products, including rare and unique options that may not be available locally. When shipped, tax is charged on these items at the state, county, and/or city level, providing tax revenue to all from this new channel. Embedded pre-purchase age verification should put local government agencies, who have a focus on stopping access of alcohol to minors, at ease.

Those who sell their products online can use the results of the Zero Link Markets study to show that DTC sales can be conducted safely, responsibly, and conveniently, helping them to defend their DTC businesses against criticism and to continue to grow in a safe, sustainable way.

*White Paper:  
Direct sales by  
alcohol beverage  
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Written by  
Taylor Harrison

## Abstract

Certain segments of the market have claimed for decades DTC shipments of alcohol increases the risk of minors accessing alcohol.<sup>1</sup>

New data, collected through direct-to-consumer transactions from 2020-2022, provides the opposite conclusion. In fact, the application of electronic age verification software used during the pre-purchase checkout of alcohol online represents the most reliable way for reducing the ills of minors’ access to alcohol. Properly employed pre-purchase age verification software has resulted in a 100 percent compliance rate. Furthermore, it provides precise data on whether minors are utilizing online platforms to attempt purchases of alcohol.

The findings in this paper point to direct-to-consumer sales as the safest way for alcohol to be sold, and pre-purchase age verification software is a cost effective and reliable way to block and measure minors’ attempt to purchase alcohol online. Further, it demonstrates that minors are not attempting to use direct-to-consumer avenues in any significant number to secure alcohol.

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Figure 1: Value of direct-to-consumer wine shipments with annual value growth 2011-2021. (Source Sovos)

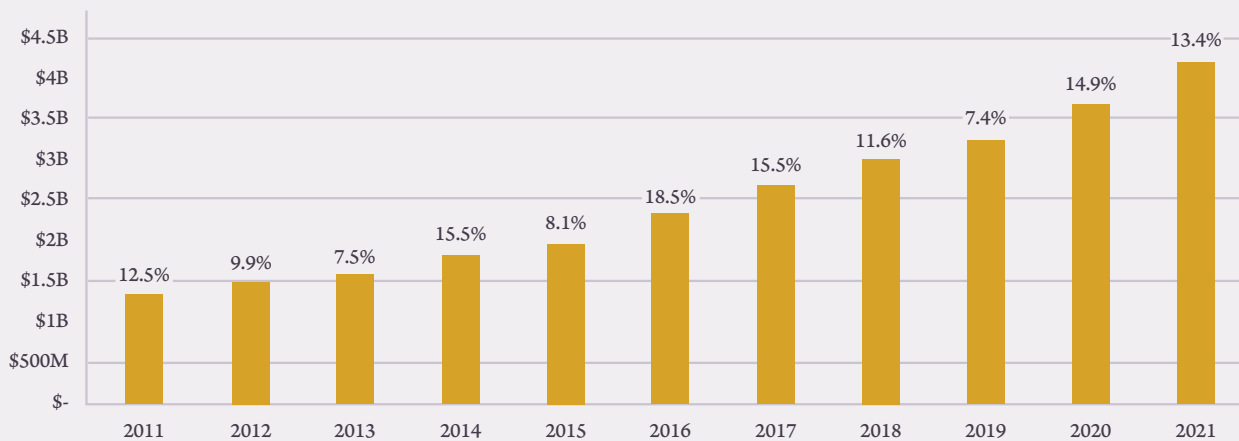


Figure 2: Quarterly age verification results. (Source Vinoshipper and IDology)



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## Results

From 2020 to 2022, e-commerce purchases through the Vinoshipper platform made with an embedded layer of age verification software resulted in a 100 percent compliance rate. The data showed that over the three years, 75.3 percent of those that passed, did so first time with the information provided, 24.6 percent of buyers required additional information and their age was confirmed, and 0.15 percent of potential buyers were categorized as minors and had their pending transaction canceled and no payment was taken. Quarterly results from the three years can be seen graphically in Figure 2 and in absolute numbers in Table 1.

During the three-year span, of the 633,985 registered buyers, only 0.15 percent or 943 of the buyers were attempted purchases by minors. Less than one minor a day attempted to make a DTC purchase across the network of more than 2,000 Vinoshipper shopping carts.

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| <b>Of age</b>      | 77.96%  | 77.86%  | 77.95%  | 72.76%  | 77.15%  | 76.01%  | 75.87%  | 73.35%  | 75.86%  | 74.05%  | 73.81%  | 72.10%  | <b>75.3%</b> |
| <b>Confirm age</b> | 21.94%  | 22.02%  | 21.79%  | 27.14%  | 22.60%  | 23.79%  | 23.95%  | 26.48%  | 23.97%  | 25.88%  | 26.11%  | 27.83%  | <b>24.6%</b> |
| <b>Underage</b>    | 0.11%   | 0.11%   | 0.26%   | 0.10%   | 0.25%   | 0.20%   | 0.19%   | 0.18%   | 0.17%   | 0.07%   | 0.08%   | 0.07%   | <b>0.15%</b> |

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Figure 3: Underage drinking prevention and enforcement summary. (Source SAMHSA)

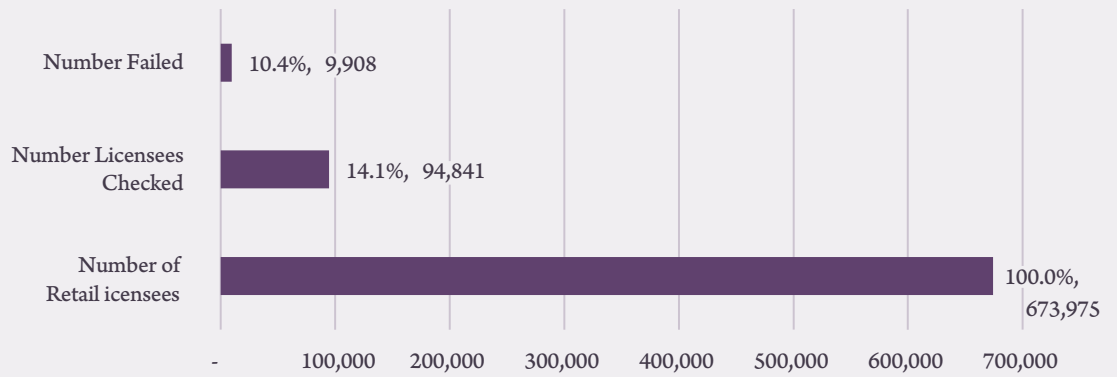


Figure 4: Compliance rates by state as reported in the 2021 reports. (Source SAMHSA)

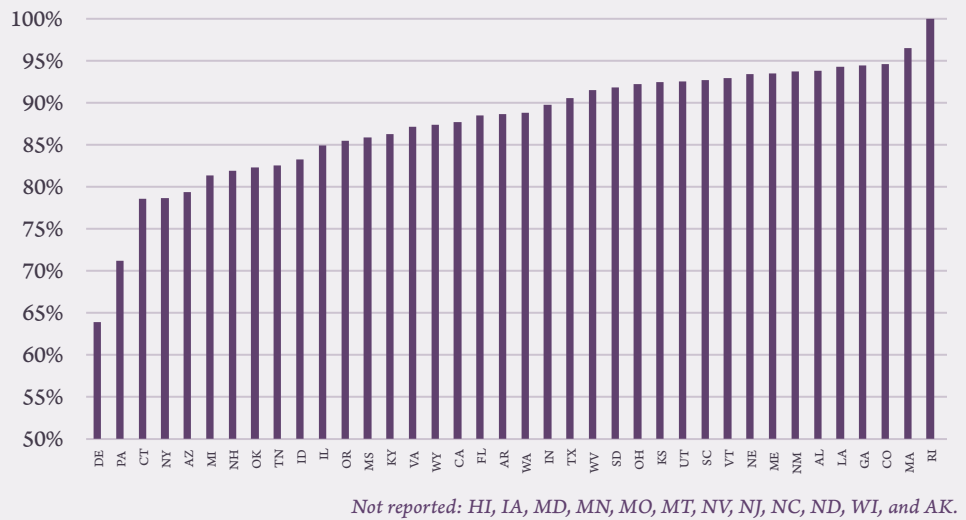


Figure 5: Number of licenses checked relative to the number of licenses in the state as reported in the 2021 reports. (Source SAMHSA)

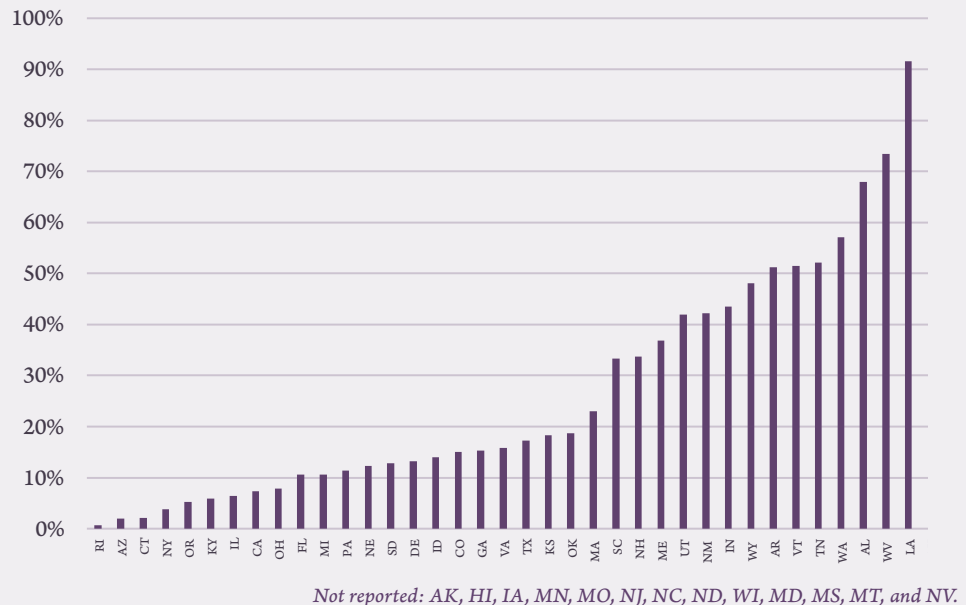
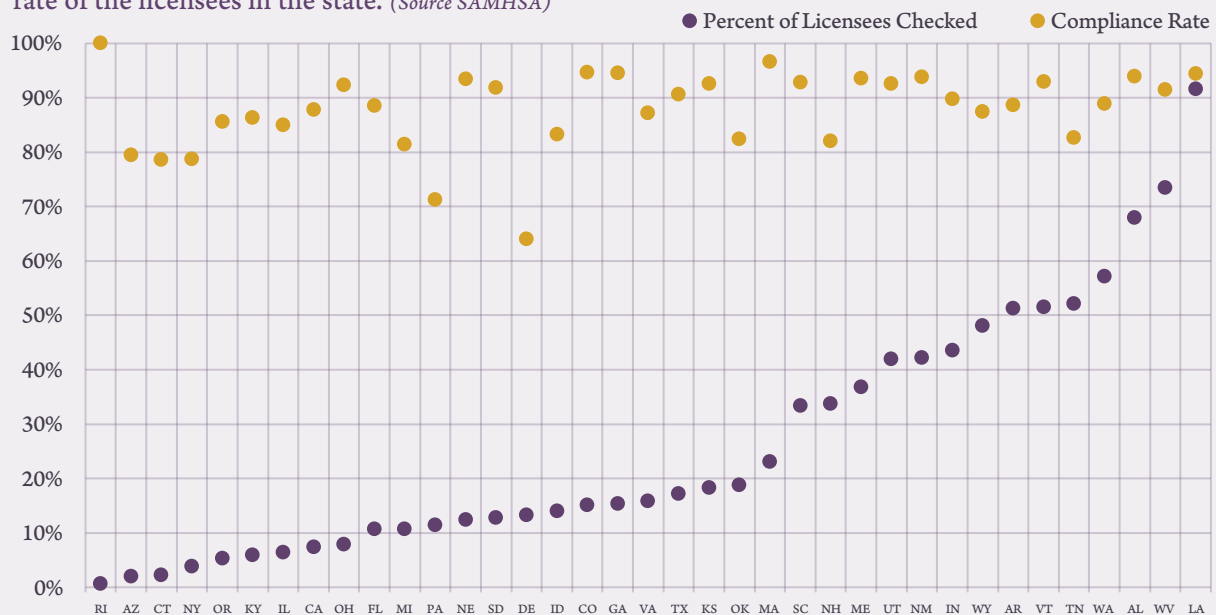




Figure 6: Correlation between the percent of licensees checked in the state to the compliance rate of the licensees in the state. (Source SAMHSA)



Comparatively, using a conglomeration of 2021 SAMHSA state reports, traditional on- and off-trade retailers in the United States averaged an 89.6 percent compliance rate.

State agencies submit to SAMHSA the number of retail licensees in state, the number of licensees checked for compliance by state agencies, and the number of licensees that failed state compliance checks. The compliance rate is derived from the number of licensees that passed state compliance checks relative to the number of licensees checked for compliance.

In the data reported to SAMHSA, states reported checking 14.1 percent, or 94,841, of the 673,975 reported retail establishments throughout the United States.

In the 2021 reports, the states varied in compliance rates. Delaware had the lowest compliance rate at 63.9 percent and Rhode Island had the highest compliance rate at 100 percent. There were twelve states that did not report any statistics.

State agencies also ranged in their due diligence. Rhode Island checked just six out of 986 retailers in the state. Louisiana checked 7,273 of 7,940 licensees in the state.

There is weak statistical correlation between the number of checks undertaken by the state and the compliance rate of the state, which is seen in Figure 6 above.

## Discussion

From 2020 to 2022, the increase in direct-to-consumer sales did not increase the access of alcohol to minors. Embedded pre-purchase age verification software ensured a 100 percent compliance rate on alcohol purchases. The age verification software also allowed for increased insight into the number of minor purchase attempts.

According to the 2021 SAMHSA reports, traditional brick and mortar ranged from a 60 percent to a 100 percent compliance rate, with an average of 90 percent.

Traditional brick and mortar do not track the number of minor purchase attempts so there is no way of examining if retail practices are working in discouraging minors from attempting purchases from retail locations.

To address the added cost of embedded age verification, the cost is not prohibitive at roughly \$0.50 per verified buyer. Once a buyer is verified electronically that information is stored, and it does not cost anything for later verifications.

As evidenced by the data above, the safest way for alcohol to be purchased is online using a state approved embedded age verification software. Relative to the growth and size of the direct sales market, minors are attempting purchases in minute numbers and even when they do, they are blocked from transacting. <sup>AS</sup><sub>M</sub>




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## CRITICAL CONCERNS MANAGED BY TECHNOLOGY

- Age Verification**      Electronic verification has been around for over 15 years and is 100% effective
- Licensed sellers**      License process exists, but can be expanded
- Taxes**                      Excise & sales tax collected & remitted, enhanced by Marketplace Facilitators
- Auditable/Trackable**      Transactions are tracked from purchase to delivery, no break in traceability
- Rule Based Purchases**      Limits can be controlled




### CONSUMER NEEDS & BENEFITS

-  Increases product choice allowing access to craft products, not just those chosen by distributors
-  Flexibility to choose shipment, local delivery, or pick up
-  Monthly or annual quantity limits should not be required






### STATES & COUNTRY NEEDS & BENEFITS

-  Growth in job opportunities as producers expand
-  Growing domestic agricultural business with value added products
-  States have jurisdictional control allowing for reviews & audit
-  Technology simplifies tracking, reporting & collection of excise & sales tax, and reduces cost and risk to the states from losing taxes





### RESTAURANT & RETAILER NEEDS & BENEFITS

-  Increased consumer choice
-  Allows venues to have special products for events without having to find a distributor to clear small orders
-  Provides retailer choice of supply rather than limiting to local wholesale inventory

### PRODUCER NEEDS & BENEFITS

-  Ship from any location  
*Fulfillment warehouse or production site*
-  Build closer consumer relationships with greater understanding of purchaser behavior
-  Ability to sell direct should not be subject to production limits
-  Gain access to markets that are unattainable through the historical 3 tier system
-  Direct sales allow for market experimentation and ability to change quickly to market conditions and consumer taste

### GOVERNMENT NEEDS & BENEFITS

-  Accurately calculated & remitted taxes  
*Marketplace facilitators are driving this forward*
-  Pre-purchase electronic age verification to ensure buyers are 21 or older
-  Trackability of product shipments from source to destination
-  Licensed sellers ensuring accountability & auditability of transactions