

## **Policy Summary**

# **Retailer Interstate Shipments of Alcohol**

This policy summary is excerpted from:

**The September 2016 Report to Congress on the Prevention and Reduction of Underage Drinking**

## Retailer Interstate Shipments of Alcohol

### Policy Description

This policy addresses state laws that prohibit or permit retailers to ship alcohol directly to consumers located across state lines, usually by ordering alcohol over the internet. It is related to, but distinct from, both the direct shipment policy, which addresses alcohol shipments to consumers by alcohol producers, and the home delivery policy, which involves retailer deliveries to consumers within the same state.

Retailer interstate shipments may be an important source of alcohol for underage drinkers. In a North Carolina study (Williams & Ribisl, 2012), a group of eight 18- to 20-year-old research assistants placed 100 orders for alcoholic beverages using internet sites hosted by out-of-state retailers. Forty-five percent of the orders were successfully completed and 39 percent were rejected as a result of age verification. The remaining 16 percent of orders failed for reasons believed to be unrelated to age verification (e.g., technical and communications problems with vendors). Most vendors (59 percent) used weak, if any, age verification at the point of order, and, of the 45 successful orders, 23 (51 percent) had no age verification at all. Age verification at delivery was also inconsistently applied.

The North Carolina study reported that there are more than 5,000 internet alcohol retailers, and that the retailers make conflicting claims regarding the legality of shipping alcohol across state lines to consumers. There were also conflicting claims regarding the role of common carriers. The North Carolina study reported that all deliveries were made by such companies, and many internet alcohol retailers list well-known common carriers on their websites. Yet carriers contacted by the study researchers stated they do not deliver packages of alcohol except with direct shipping permits. This suggests confusion regarding state laws addressing interstate retail shipments. North Carolina prohibits such shipments, which means that at least 43 percent of the retailers in the study appeared to have violated the state law.

The National Research Council/Institute of Medicine report on reducing underage drinking recognized the potential for young people to obtain alcohol over the internet. It recommended that states either ban such sales or require alcohol labeling on packages and signature verification at the point of delivery (NRC and IOM, 2004).

There are several potential barriers to implementing and enforcing bans on retailer interstate alcohol sales, including:

1. States will have difficulty securing jurisdiction over out-of-state alcohol retailers.
2. States may have little incentive to use limited enforcement resources to crack down on in-state alcohol retailers that are shipping out of state because they are not violating state law, taxes are being collected, and any problems occur out of state.
3. Enforcing bans on retailer interstate shipments may prompt online retailers to locate outside the country (many already are foreign based), creating additional jurisdictional and enforcement problems.

### Types of Restrictions on Interstate Internet Sales

The restrictions addressed in this policy vary by beverage type (beer, wine, distilled spirits). Interstate shipments may be prohibited for one beverage type, more than one beverage type, or

all three beverage types. Some states place restrictions on interstate internet sales including requiring a direct shipping permit and limiting the amount of beverage that may be shipped.

**Current Status of Interstate Internet Sales**

As shown in Exhibit 4.3.34, 33 states prohibit retailer interstate sales of all 3 beverage types, 8 prohibit sales of 2 beverage types, and 2 prohibit sales of 1 beverage type. Spirits are the most commonly prohibited beverage (43 states), followed by beer (41 states) and wine (33 states). In eight states, retailer interstate sales laws were deemed uncodable for at least one beverage type (beer, wine, liquor). For the purposes of this summary, these states are treated as *not* expressly prohibiting interstate internet sales for the uncodable beverage types.

**References and Further Information**

Legal research and data collection for this topic are planned and managed by the Substance Abuse and Mental Health Services Administration (SAMHSA) and conducted under contract by The CDM Group, Inc. To see definitions of the variables for this policy, visit [stopalcoholabuse.gov](http://stopalcoholabuse.gov) and go to Report to Congress, Supplemental Information, “Definitions of Variables.” For further information and background see:

National Research Council (NRC) and Institute of Medicine (IOM). (2004). *Reducing underage drinking: A collective responsibility*. Washington, DC: National Academies Press.

N.C. Gen. Stat. § 18B-102.1; N.C. Gen. Stat. § 18B-109.

Williams, R. S., & Ribisl, K. M. (2012). Internet alcohol sales to minors. *Archives of Pediatrics & Adolescent Medicine*, 166(9), 808–813. doi:10.1001/archpediatrics.2012.265

**Exhibit 4.3.34: Number of Beverage Types for which Interstate Internet Sales Are Expressly Prohibited as of January 1, 2015**

