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SALES TAX & COMPLIANCE

Louisiana Adds More Compliance Regs to Wineries and Fulfillment Houses

Louisiana has been a bit of a roller-coaster ride for beverage alcohol fulfillment houses and wineries that use them.

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By [Gail Cole](#)

Louisiana has been a bit of a roller-coaster ride for beverage alcohol fulfillment houses and wineries that use them. First, fulfillment houses had no registration or reporting requirements in the state, but also no guidance on what they could or couldn't do. Then, fulfillment houses were outlawed, or at least told to stop operating in the state. And recently, Louisiana implemented new reporting requirements for fulfillment houses.

The state also changed registration and license renewal requirements for wineries that use fulfillment houses.

First, what are fulfillment houses?

Fulfillment houses are third-party logistics centers that store and package wine (or other alcoholic beverages) on behalf of wineries (and other producers), then transfer it to common carriers for final shipment. They're widely used in direct-to-consumer (DTC) wine shipping because most wineries don't have the space or resources required to store and package the wine they produce.

Despite the widespread use of fulfillment houses in DTC beverage alcohol shipping, most states haven't established laws or rules to govern their use. That's starting to change.

States basically have five options:

1. Do nothing except require licensees to comply with existing rules
2. Require DTC shippers and/or common carriers to report tracking numbers
3. Authorize fulfillment houses to make direct shipments
4. Create a unique license for fulfillment houses
5. Require fulfillment houses to file reports with the state

You can learn more about each of these options [here](#).

There's one more option, of course: Ban fulfillment houses from operating in the state. [Tennessee](#) came close to banning fulfillment houses in 2021, but after lawmakers learned the critical role fulfillment houses play in DTC wine shipping, they changed course. The Tennessee Alcoholic Beverage Commission (TABC) issued its [first fulfillment house license](#) in November 2021.

Louisiana came close to banning fulfillment houses in 2021, too.

The fluctuating fate of fulfillment houses in Louisiana

In late 2021, the Louisiana Office of Alcohol and Tobacco Control (ATC) issued cease-and-desist orders to fulfillment houses that were shipping wine into the state. At the time, Louisiana neither authorized nor forbade the use of fulfillment houses; though it required (and requires) a license to produce, sell, or ship beverage alcohol, the state had no specific requirements for fulfillment houses.

Louisiana ultimately decided to hold the cease-and-desist orders in abeyance and establish reporting requirements for fulfillment houses, as [Illinois](#) did in 2017. At the time, it seemed Louisiana would not pursue new licensing requirements for fulfillment houses.

As expected, the rules are now live. In August 2022, the [Louisiana Administrative Code](#) (pages 428–429) was updated to define “fulfillment house.”

Fulfillment houses that make DTC wine shipments into Louisiana on behalf of a direct shipper permittee “shall consent to the jurisdiction of the Office of Alcohol and Tobacco Control and the State, and shall file quarterly reports detailing each shipment due.” Per the rules, the quarterly reports are due annually on January 15, April 15, July 15, and December 15. It’s possible the December 15 date is an error and should read October 15.

The law allows a [civil penalty](#) of up to \$25,000 for unlicensed shipments.

New registration requirements for direct wine shippers

Louisiana now also requires direct shipper permittees to register the name and address of any fulfillment license authorized to ship wine on their behalf to consumers in Louisiana and submit a copy of the written appointment of the fulfillment house(s) to the ATC with the Direct Shipper’s application/renewal. The Fulfillment House Appointment form is included in the code. All direct wine shipment permit renewals in Louisiana are due annually by December 31. The ATC accepts paper submissions but encourages businesses to submit new applications and renewals and manage many permitting needs through its [online permitting system](#).

The code specifies that since a fulfillment house ships wine on behalf of a direct shipper permit holder, it’s the agent of the direct shipper. Thus, the direct shipper permit holder is “responsible for the acts and omissions of the fulfillment house.”

All this is good information, but we're still waiting for the [Louisiana ATC](#) to update its website with official guidance. The following questions remain outstanding:

1. When will licensing applications and renewal forms be updated to include the new information about the need to appoint fulfillment houses? Will this new requirement be included on the online applications and renewal forms?
2. How do fulfillment houses submit to a jurisdiction in Louisiana?
3. When are the first reports due for fulfillment houses?

We'll update this post once we have more information from the ATC.

The bigger picture

We've seen many states update fulfillment house rules over the past several years. That trend will likely continue in 2023.

Some, like Louisiana, may require fulfillment houses to file returns on a quarterly basis. Others could emulate Illinois and require annual reports. And still other states may follow the lead of Tennessee and require fulfillment houses to register with the state in addition to filing returns.

Learn more about what's required to [ship wine directly to consumers in Louisiana](#), and how [automating beverage alcohol tax collection and remittance](#) can streamline compliance.

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