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Mississippi legalizes direct-to-consumer wine shipping, effective July 1

New law allows wine shipments across state lines but faces challenges with dry counties and ambiguous regulations.

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Mississippi has taken a significant step by legalizing direct-to-consumer (DtC) wine shipping, effective from July 1. This new law allows Mississippi residents to receive wine shipments directly from producers across state lines. It also enables the few wineries

within the state to sell directly to consumers. The legislation aligns with DtC regulations in most other U.S. states, requiring shippers to hold an active license from the Alcohol Beverage Control (ABC) division of the Department of Revenue. Shippers must also file quarterly reports detailing the wine shipped into the state.

However, the law presents some challenges. Alex Koral, regulatory general counsel at ShipCompliant, notes that 31 counties in Mississippi remain dry. Some communities within these counties have voted to allow local alcohol sales, creating a complex map of where wine can be shipped. Additionally, DtC shippers are prohibited from selling wines available through Mississippi's control system, except for those labeled as 'highly allocated' by the state. This term is ambiguous, with little guidance on how a wine achieves this status. Koral criticizes this restriction, stating it limits wineries' ability to engage in both DtC and wholesale markets.

The law also includes strict penalties for any violations of the state's wine shipping laws. This could deter wineries, carriers, and consumers from participating in the DtC market due to the risk of criminal charges. Koral warns that harsh penalties could discourage potential shippers from selling to Mississippi consumers. He cites past instances where states imposed severe penalties, leading experts to advise against shipping until risks were mitigated.

Mississippi, a control state for wholesale wine sales, will impose a 15.5% monthly tax on the listed price of wine sold. This tax substitutes for the markup that Mississippi ABC would typically apply. Historically, Mississippi was a dry state until 1966, with some of the strictest alcohol laws in the U.S. The state's climate, bordering on tropical, limits its viticultural options. The Mississippi Delta is the state's only American Viticultural Area (AVA), and there are only three official wineries.

Despite these challenges, Mississippi wineries can ship wines to consumers in states that permit DtC sales. The 2023 annual DtC report by Sovos ShipCompliant and WineBusiness Analytics showed a 5% growth in the volume of wines priced at $80 or more. However, the 2024 report indicated that growth in this price category slowed to just 2% last year. This new law could potentially impact these figures as Mississippi enters the DtC market.