

Breaking down a wine barrier



CHARLES FOX / Inquirer Staff Photographer

Joseph Maxian of Sand Castle Winery inspects some of the vines on the 72-acre Bucks County vineyard. He said the Supreme Court's ruling was a victory for small vineyards. It likely won't help consumers in the region.

Justices: States can't target only out-of-state vineyards for bans

By Charles Lane
WASHINGTON POST

WASHINGTON — The Supreme Court gave a boost to commerce between wineries and their far-flung customers yesterday, ruling that states that permit in-state vintners to sell directly to consumers may not deny that right to out-of-state producers.

In a 5-4 ruling that free interstate trade in wine trumps the states' rights to regulate alcohol sales, the court struck down New York and Michigan laws under which wineries from other states had to sell through state-licensed wholesalers, while local wineries could deal with lovers of the grape by phone and Internet. This dis-

crimination was an unconstitutional trade barrier, the court said, and calls into question laws in more than 20 states, including Pennsylvania.

The ruling does not leave state lawmakers powerless to regulate direct shipments of alcohol, but if they do so, they must not favor their own states. Nida Samona, the chairwoman of the Michigan Liquor Control Commission, said her commission would urge lawmakers to bar direct shipments for both local and out-of-state wineries.

Pennsylvania's wine consumers can order direct from in-state wineries but not from those out of state. The legislature will have to decide how to

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Pa. will have to address wine rules; N.J. already complies with decision

By Larry Fish
INQUIRER STAFF WRITER

Pennsylvania's unique State Store liquor system — hated by some as a high-priced government monopoly — is virtually certain to survive the Supreme Court decision on interstate wine sales, lawyers and wine lovers said yesterday.

The decision means that the state legislature will have to move to treat out-of-state wines the same as Pennsylvania vintages, according to Jonathan Newman, chairman of the Liquor Control Board.

But that won't have the effect that many opponents of the board were looking for.

"I don't see it having dramatic implications," Newman said of the ruling. "For those people hoping that this is an opportunity to kiss the Liquor Control Board goodbye," the decision was bound to be a disappointment, he said.

That's because until the legislature meets, direct shipment of wine from another state remains out of reach for Keystone State imbibers.

In addition, Internet-based wine retailers are not affected by the Supreme Court decision, which concerns only wineries; such retailers will remain off-limits in Pennsylvania.

The ruling has no effect at all in See **IMPACT** on A10

What's Next

Pennsylvania law allows in-state wineries, such as Chaddsford Winery in Chester County, to ship directly to state residents. Special orders of out-of-state wines must go through the State Store system, with higher taxes.

The Supreme Court's ruling means that the Pennsylvania legislature will have to change the law so in-state wineries do not receive preferential treatment.

The legislature could vote to permit direct shipping of out-of-state wines, making some provision to collect taxes.

Or, like New Jersey, the legislature could decide to stop all direct shipping of wine, including bottles from in-state wineries.

Until the legislature meets, the laws remain in effect. But if the legislature fails to act, the Pennsylvania law could be challenged in court.

— Larry Fish

ONLINE EXTRA

The court's opinion is available at <http://go.philly.com/wine>