



Eliminating State Trade Barriers to E-Commerce

Hans A. von Spakovsky

Like a chrysalis, we're emerging from the economy of the Industrial Revolution – an economy confined to the earth's physical resources – into [one] in which there are no bounds on the human imagination, and the freedom to create is the most precious natural resource.

Ronald Reagan, 1988

Executive Summary

The expected exponential growth of e-commerce in the near future promises great economic benefits to Georgia. However, Georgia has older statutes in place that were designed for the traditional marketplace that unduly burden or inhibit e-commerce. Georgia has also passed new legislation aimed at restricting e-commerce and erecting trade barriers to protect in-state businesses. By limiting competition, statutes that restrict Internet sales lead to higher costs for consumers and inhibit the growth of Internet companies in Georgia that could provide products and services.

In 1999, Georgia prohibited consumers from purchasing an automobile directly over the Internet from a manufacturer. A study by the Federal Trade Commission showed that even without taking the Internet into consideration, automobile dealer franchise laws like Georgia's that restrict competition raise prices for consumers an average of 6.14 percent. A 6 percent reduction in the average new car price would represent more than \$1,400, a considerable saving to Georgia consumers.

The only discernible purpose of restrictive state franchise laws is to protect in-state automobile dealerships from competition. Vehicles bought out-of-state have to be registered locally, giving the state the opportunity to impose and collect excise or use taxes. Consumers would have the same redress for problems with new automobiles bought directly from manufacturers as they have now with cars bought from in-state dealers.

Another example of anticompetitive policies that stifle e-commerce is Georgia's Prohibition-era liquor laws. The statutes create a three-tier structure that protects a monopoly controlled by a small number of wholesalers, who siphon off 18 percent to 25 percent of the cost to retailers. This increases prices for consumers, hurts producers such as small to mid-size wineries, and makes liquor distribution the most expensive in the packaged-goods industry. Georgia prevents consumers from buying directly from alcohol producers over the Internet (with some exceptions) and prevents new companies like Internet grocer Webvan from delivering wine and beer directly to its customers when they place orders. Georgia consumers can order wine from *out-of-state* wineries but only if such wines are *not* available in Georgia and the state permits only a limited amount to be shipped in any year.

There is no public policy reason that producers should not be able to sell directly to retailers or to the public whether over the Internet or through other traditional sales methods. Direct shipments to minors can easily be limited by requiring delivery companies to check the identification and age of consumers receiving such deliveries. Georgia's law on out-of-state

This Issue Analysis is also available at www.gppf.org.

Hans A. von Spakovsky is a member of the Board of Advisors of the Georgia Public Policy Foundation. The Georgia Public Policy Foundation is a nonpartisan, member-supported research and education organization based in Atlanta, Georgia, that promotes free markets, limited government and individual responsibility. Nothing written here is to be construed as necessarily reflecting the views of the Georgia Public Policy Foundation or as an attempt to aid or hinder the passage of any bill before the U.S. Congress or the Georgia Legislature.

© Georgia Public Policy Foundation (September 18, 2000). Permission is hereby given to reprint this article, with appropriate credit given.

sales limits the ability of Georgia's own wine industry to sell in other states because of reciprocity laws. The prohibition on in-state shipments unless a consumer was physically present at the winery when the wine was purchased limits the ability of Georgia's wineries to increase their market within the state. Removing these restrictions and allowing Internet sales would be an important expansion of the wineries' market reach, helping the growth of Georgia's wine industry and providing consumers with greater choice.

Statutes preventing Internet sales should be eliminated both to help Georgia consumers and to encourage the growth of e-commerce in Georgia. An open, competitive market will help strengthen and improve Georgia businesses and the state's economy and be a benefit to consumers.

Eliminating State Trade Barriers to E-Commerce

The expected exponential growth of e-commerce in the near future promises great economic benefits to Georgia. Internet-related companies are predicted to contribute more than \$850 billion to the U.S. economy this year. Business-to-consumer e-commerce reached \$33.1 billion in 1999, representing 1.4 percent of all retail sales.¹ By comparison, the Boston Consulting Group estimates that business-to-business e-commerce will grow by 33 percent per year, reaching \$2.8 trillion by 2003.² When it comes to high technology, Georgia is doing very well: it is now the fifth fastest-growing state in the U.S. in high-technology jobs, having moved from 13th place in 1993 to 11th in 1998 in total high-technology employment.³

E-commerce is a marketplace without borders that crosses state lines (and international boundaries) literally at the click of a button. The "New Economy," as the e-commerce marketplace is being termed, is growing so quickly that many state legislatures have not even begun to cope with the changes in commerce that it is causing. Some states, including Georgia, have older statutes in place that were designed for the traditional marketplace that unduly burden or inhibit e-commerce.

State legislatures have also passed new protectionist legislation aimed at restricting e-commerce and erecting trade barriers to protect in-state companies and middlemen. State attorneys general have also filed lawsuits against some e-commerce companies to prevent sales in their states. In areas ranging from interstate shipment of wine to the Internet purchase of automobiles and pharmaceuticals, states are attempting to stop or limit e-commerce for reasons that are often far-removed from any realistic concern for the safety of their citizens or the protection of consumers. This is a shortsighted policy: it is the relatively unregulated nature of the high-technology industry that has helped fuel its high growth. Although the technology that is driving the information revolution is generally available in world markets, the U.S. economy has achieved greater gains from it than other countries in part because of "a pro-competitive regime of regulation" and a "financial system and business culture prepared to take risks."⁴

By limiting competition, statutes that restrict Internet sales lead to higher costs for consumers and inhibit the growth of Internet companies in Georgia that could provide products and services in these particular markets. Rather than changing to adopt this new technology, certain businesses are persuading elected officials to restrict Internet commerce. As IBM CEO Louis Gerstner has warned, the United States and other world policymakers should take a time-out before installing regulation that could chill the growth of e-commerce.⁵

Automobile Sales

In 1999, Georgia unfortunately joined a number of other states in passing a law that prevents consumers from purchasing an automobile directly over the Internet from a manufacturer.⁶ Although O.C.G.A. Section 10-1-664.1 does not refer directly to the Internet, the law states that "no manufacturer or franchisor shall offer to sell, directly or indirectly, any new motor vehicle to a consumer in this state" except through a Georgia dealer. There are additional restrictions in the statute preventing manufacturers from owning dealerships and making it difficult to franchise new dealerships, but the clear intent is to prevent direct sales by manufacturers to consumers — including Internet sales.⁷ To date, there is no report of anyone suing in Georgia to overturn this law as a violation of the commerce clause of the U.S. Constitution, although when he reviewed almost identical language in a South Carolina bill, Charles Condon, South Carolina's Attorney General, concluded that restrictions on Internet sales would "undoubtedly be struck down by a court as violating the commerce clause" as would the provisions prohibiting manufacturers from operating a dealership.⁸ There are suits proceeding in Texas and Arizona against similar laws; a Texas federal district court recently upheld the Texas statute although Ford Motor Company has appealed to the Fifth Circuit.⁹

Regardless of its constitutionality, there are no substantive public policy reasons for such a restriction. The automo-

biles delivered by Ford or General Motors to a Georgia consumer directly would not be any different than such a vehicle bought at a dealer. The only difference would be the possibly lower cost to the Georgia consumer which should be the first consideration of the state's policymakers. A study by the Federal Trade Commission (among others) showed that even without taking the Internet into consideration, automobile dealer franchise laws like Georgia's that restrict competition raise prices for consumers an average of 6.14 percent¹⁰ compared to states without such restrictions. Since the national average retail price for a new car in 1999 was \$24,450, a 6 percent reduction in car prices would represent more than \$1,400, a considerable saving to Georgia consumers.¹¹

Automobile dealers argue that these restrictive franchise statutes, which were passed in the 1940s and 1950s, are needed to prevent "abuses and oppressive acts" by manufacturers. However, there is no evidence of "abuses" by manufacturers that cannot be corrected through private contracting or civil actions prosecuted in our judicial system. Dealers are already protected by the Federal Automobile Dealer Franchise Act that prohibits manufacturers from acting in bad faith in complying with or terminating a franchise agreement.¹² Further, in a study by the Florida Office of Program Policy Analysis and Government Accountability of Florida's regulatory program, which is the most extensive in the nation, not a single instance was found in which a manufacturer had been fined for program violations.¹³ The Florida report cited only one successful lawsuit by a dealer against a manufacturer for a violation of the Florida law.

The only discernible purpose of restrictive state franchise laws seems to be to protect in-state automobile dealerships from competition and from having to adapt to changes in the marketplace over the past 50 years. This trade protection has served dealers well: total revenue for new car dealerships reached a record \$608 billion in 1999 and dealerships reached record profitability levels.¹⁴

There is no compelling governmental interest in protecting the 602 existing dealerships in Georgia¹⁵ from competition or providing restrictive franchise laws for one particular industry. Such restrictions do not exist for other industries where manufacturers may have as much or more economic power over retailers than automobile manufacturers. These statutes create a dangerous legal precedent that could be used to restrict other Georgia manufacturers. According to an auto-retailing expert at the Consumer Federation of America, "dealers are using old franchise laws to inhibit new and creative ways to sell cars, and most of these new and creative ways are in consumers' interests."¹⁶ As the Florida report concluded, "the proper level of competition between vehicle dealers should be determined by the free market rather than government regulation." This is not to imply that consumers should not continue to purchase automobiles from dealers. However, they should have a choice, especially if such choices may lead to cost savings in making such a major purchase.

There is no argument available to opponents of direct sales that Georgia will lose tax revenue. Vehicles bought out-of-state have to be registered locally, giving the state the opportunity to impose and collect excise or use taxes during the registration process.

Consumers would have the same redress for problems with new automobiles bought directly from manufacturers as they have now with cars bought from in-state dealers. Given their extensive business contacts throughout the state, there is no question that automobile manufacturers selling directly to consumers would be subject to the jurisdiction of Georgia courts and consumer actions under the state's lemon law.¹⁷

It is clear that in passing this change in the automobile dealer franchise law, there was no concern over its effect on the prices paid by Georgia consumers. When a superior court is reviewing whether a new dealership can be established in the "relevant" market area of an existing dealer, for instance, the law states that the "financial impact may be considered only with respect to the existing dealership" and not consumers.¹⁸

Some automobile dealers and state regulators apparently do not even want consumers to be able to get pricing information from manufacturers' Web sites. Ford has established a Web site at www.fordpreowned.com that enables consumers to review information about used Ford cars, including prices, and receive a referral to a local dealership that earns a transaction fee for handling the sale. Although this service is available in the Atlanta area, state regulators in Texas ruled that this Web site was illegal and Ford was engaging in the direct sale of automobiles because it listed the prices of its cars.¹⁹

Dealers who stand in the way of Internet commerce are only going to harm themselves in the long run. They should join the host of other "brick and mortar" retailers who are adding e-commerce capabilities to the marketing of their products. E-commerce revenues in 1999 for the automotive category increased greatly (2300 percent) in the United States as a number of online retailers began to sell vehicles directly over the Internet, although the quality of those sites varies greatly.²⁰ Georgia automotive dealers should look at this tool as an opportunity to enlarge their market scope outside of their physical geographic area. In addition to direct Internet sales, dealerships have the ability to offer their sales and service support systems to consumers as well as test drives. Many Georgia dealerships have already taken advantage of the marketing ability of the Internet by establishing Web sites: an Internet search for Web sites of Georgia dealers brings up numerous dealerships, and

the National Automobile Dealers Association has a Web site called DriversSeat.com that links consumers directly to dealers' Web sites.²¹ It is clear that Georgia dealers want to restrict their competition on the Internet and prevent consumers from being able to purchase from anyone other than themselves.

The dealers' market is not going to disappear – within five years, the Internet is expected to influence (not replace) 75 percent of all retail spending in the U.S., up from 43 percent in 1999. Jupiter Communications predicts that by 2005, consumers will spend \$200 billion at retail Web sites and research another \$632 billion worth of purchases on the Internet before making their actual purchases at brick-and-mortar stores.²² But dealers will be left behind in the emerging e-commerce world if they do not “leverage the strengths they have that are relevant to the new medium and combine them with new capabilities.”²³ As Robert J. Eaton, former Chairman and CEO of Chrysler Corporation, told the National Automobile Dealers Association in 1998, for the first time in the history of the industry, “the customer is going to control the retail system. Not the dealers. Not the factory. The customer.”²⁴

These restrictions may have a broader impact on Georgia's economy as well. Although Georgia has both a Ford and a General Motors manufacturing facility here, it has been remarkably unsuccessful in recent years in trying to attract new facilities – manufacturers have consistently bypassed Georgia. It does not help Georgia's efforts when it implements legislation restricting competition and direct sales over the Internet by manufacturers and out-of-state dealers.²⁵ When Georgia policymakers implement such laws, they send a signal throughout the Internet community, where news spreads as quickly as the electron, that Georgia is a hostile regulatory environment. This damages the state's extensive efforts to attract high-technology and e-commerce companies. An example of this occurred four years ago when Georgia passed a law regulating email addresses.

The Georgia Computer Systems Protection Act²⁶ made it illegal for anyone to use an email address other than the name of the mailbox owner or to use hyperlinks on Web pages without the permission of the owner of any included trade name, logo, or copyrighted symbol. Its vagueness and broad reach could have caused havoc on the Internet, from its restrictions on email names to its requirements for Web sites that could have forced Web site owners in Georgia to pull their pages off of the Internet. The statute also applied to interstate communications that passed through Georgia, potentially affecting Web sites and email users outside of the state. Word of the statute quickly spread throughout the Internet community through articles on Internet news sites such as CNET. Georgia was ridiculed as having formed a “cyber-sheriff” and an “Internet police force.”²⁷ The president of a local high-tech firm was quoted as saying, “[t]he law is so poorly written, it's obvious the author didn't understand the Internet” and because of this law “Georgia will be viewed as a technological backwater.”²⁸ Fortunately for the state's efforts to promote itself as a good location for e-commerce companies, the statute was challenged in federal court and was declared unconstitutional relatively quickly.²⁹

Alcohol Sales

Another example of anticompetitive policies that raise prices, stifle e-commerce, and protect certain businesses at the expense of the public is Georgia's Prohibition-era liquor laws. Like many states, Georgia has a three-tiered alcohol distribution system that requires sales to flow from producers to wholesalers to retailers. Most states passed these statutes after Prohibition as tools to combat the influx of mobsters into the liquor business. No one seriously contends today that Miller Brewing Company or Robert Mondavi Vineyards or the many family-owned wineries across the country are controlled by mobsters. Yet long after the end of Prohibition in 1933, the statutes have been retained as protectionism for a monopoly controlled by a small number of wholesalers, who siphon off 18 percent to 25 percent of the cost to retailers, increasing prices for consumers, hurting producers such as small to mid-size wineries, and making liquor distribution the most expensive in the packaged-goods industry.³⁰ A federal district court in Texas ruled in February that a Texas statute prohibiting direct shipments of alcohol to consumers was a violation of the Constitution's commerce clause and amounted to economic protectionism.³¹

Georgia's laws prevent Georgia consumers from buying directly from alcohol producers over the Internet (with some exceptions) and prevent new companies like Internet grocer Webvan from delivering wine and beer directly to its customers when they place orders. This places Webvan at a competitive disadvantage to its traditional grocery store competitors.³² This year, Georgia amended its law to allow Georgia consumers to order wine from *out-of-state* wineries but only if such wines are *not* available in Georgia, and the state permits only a limited amount to be shipped in any year.³³

There is no substantive public policy reason that producers should not be able to sell directly to retailers or to the public whether over the Internet or through other traditional sales methods. The only argument that wholesalers such as the Georgia Alcohol Dealers Association put forward is that such sales will allow sales to minors.³⁴ Even the National Conference of State Legislatures admits that this is a “red herring.”³⁵ This argument does not explain why producers should not be

able to sell directly to retailers or to own retail outlets. Direct shipments over the Internet to consumers can easily be limited by requiring delivery companies to check the identification of consumers receiving such deliveries. There is no difference between a retail sales clerk checking a consumer's age on a Georgia driver's license and an Internet grocer or package delivery employee doing the same. In fact, Georgia's new statute, as well as the laws in California and other states, require conspicuous labels on boxes containing alcohol and require shippers to deliver only to adults.³⁶

Georgia's statute also requires out-of-state producers to obtain a special license and to collect all applicable excise taxes, so Georgia will not lose sales tax revenue from allowing direct shipments. In fact, wine trade associations have expressed their willingness to submit to such requirements.³⁷ It is Georgia's limitations on direct sales that will hurt the state's collection of sales tax revenues: Internet wine sales are expected to grow from \$100 million in 1998 to \$3 billion by 2005, representing 5 percent to 10 percent of all retail wine sales. By limiting the ability of Georgia consumers to purchase such wines, Georgia is limiting its tax revenue share of the growth of that Internet market.³⁸

These limitations hurt the growth of Georgia's wineries in two ways. First, Georgia's limits on out-of-state sales limit the ability of Georgia's own wine industry to sell in other states since at least 12 states have reciprocity laws that only permit shipments from states that also allow out-of-state shipments.³⁹ Second, in-state shipments are allowed only to consumers who purchase wine while physically present on the premises of the winery.⁴⁰ This limits the ability of Georgia's wineries to increase their market within the state. In-state sales through the Internet would be an important expansion of the wineries' market reach. Small producers have a very hard time competing because wholesalers only distribute a limited number of products – and if a wholesaler does not carry a producer's wine or beer, the producer cannot sell its products except to someone who physically visits the winery. As the federal court concluded in Texas, the burden on interstate commerce is “exacerbated by the marketing limitations of the three-tier scheme in Texas and the explosion of small wineries nationwide which the wholesalers cannot begin to handle and offer for sale....[M]ost wineries and customers are locked out from conducting business in most markets, including Texas.”⁴¹

Georgia's fledgling wine industry is growing, with two major wineries, Chateau Elan and Habersham Winery, and at least six other smaller wineries now established. Habersham Winery alone estimates that it could increase its sales a minimum of 25 percent and probably more if these restrictions were eliminated.⁴² There is no doubt that the ability to sell directly to consumers, retail outlets, and the new Internet grocers would help the growth of Georgia's wine industry and give the smaller wineries a way of reaching a much larger market. This would benefit the northern counties of Georgia where these wineries are located, increasing employment and sales tax revenues.

Conclusion

State regulation that impedes or prohibits Internet commerce violates the intent if not the letter of the Constitution's commerce clause, which was designed to prevent states from erecting trade barriers that inhibit the flow of interstate commerce in a national economy. E-commerce is a growing phenomenon with great potential economic benefits for Georgia. Statutes preventing Internet sales such as Georgia's automobile dealer franchise and liquor laws should be eliminated both for the benefit of Georgia consumers and to encourage the growth of e-commerce in Georgia. History has shown that governments should not try to prevent new and potentially better, more efficient business practices from being used. States that try to prevent Internet commerce will only harm their economies. Over the long term, an open, competitive market will help strengthen and improve Georgia's businesses and be a benefit to consumers and the state's economy.

Endnotes

¹ “Online Retailing in North America Reached \$33.1 Billion in 1999 and Is Projected to Top \$61 Billion in 2000,” Boston Consulting Group, April 17, 2000, http://bcg.com/new_ideas/new_ideas_subpage1.asp.

² “New BCG Study Re-Evaluates Size, Growth and Importance of Business-to-Business E-Commerce,” Boston Consulting Group, December 21, 1999, http://www.bcg.com/media_center/media_press_release_archive2.asp.

³ Cyberstates 4.0, American Electronics Association; see also press release of AEA at http://www.aeanet.org/adenet/aeacommon/display.asp?file=/aeenet/PressRoom/statmk0040_cs40_ga_press.htm.

⁴ “Digital Economy 2000,” U.S. Department of Commerce, June 2000, p. vii. The information technology industry has contributed nearly a third of real U.S. economic growth between 1995 and 1999, while reducing overall U.S. inflation by an average of 0.5 percent a year from 1994-1998 because of the falling prices of its goods and services. It has also increased labor productivity, contributing at least half or more of the acceleration in labor productivity growth in the second half of the 1990s. *Id.* at page vi.

⁵ “E-Commerce Regulations Are Coming Too Fast,” *TechWeb*, <http://www.techweb.com/wire/finance/story/TWB1998/1008S0002>, October 8, 1998. “H.B. 356; “Car Dealers’ Driveway Blues; Pushing for a Crackdown on Sales Done Directly Online,” Keith Bradsher, *The New York Times*, January 25, 2000.

- ⁷ See letter of November 29, 1999, from Wayne R. Allen, Asst. Legislative Counsel to Senator Mike Polak, Report of the Georgia Electronic Commerce Study Committee (1999).
- ⁸ Quoted in Solveig Singleton, "Will the Net Turn Car Dealers into Dinosaurs? State Limits on Auto Sales Online," The Cato Institute, July 25, 2000, page 8.
- ⁹ Donna Harris, "Court whacks Web plans," Automotive News, July 31, 2000, autonews.com; Ford Motor Company v. Texas Department of Transportation, U.S. District Court for the Western District of Texas, Austin Division, Docket No. A-99-CA-764, July 20, 2000.
- ¹⁰ Robert P. Rogers, "The Effect of State Entry Regulation on Retail Automobile Markets," Bureau of Economics, Federal Trade Commission, 1986.
- ¹¹ "The New-Vehicle Department," 2000 National Automobile Dealers Association Data, www.nada.org.
- ¹² 15 U.S.C. 1221 *et. seq.*
- ¹³ "Review of the Automobile Manufacturer Licensing Program," Office of Program Policy Analysis and Government Accountability, Florida Legislature, Report No. 95-41, February 29, 1996. The four states that have studied automobile franchise laws, Hawaii, Florida, Tennessee, and Texas, all concluded that such laws restrain trade and should be eliminated.
- ¹⁴ "Average Dealership Profile," 2000 NADA Data, www.nada.org.
- ¹⁵ "New Car Dealerships," 2000 NADA Data, www.nada.org. In 1999, the average new car dealer in Georgia had \$34,142,000 in sales with a total of \$20,555,000,000 in sales for the entire state, representing 21.1 percent of all retail sales. "Total Dealership Sales Dollars," 2000 NADA Data.
- ¹⁶ Bradsher, The New York Times.
- ¹⁷ O.C.G.A. Section 10-1-781 *et. seq.*
- ¹⁸ H.B. 356, Section 10, codified at O.C.G.A. Section 10-1-664 (b)(1).
- ¹⁹ Solveig Singleton, "Will the Net Turn Car Dealers into Dinosaurs? State Limits on Auto Sales Online," The Cato Institute, July 25, 2000, page 3; Ford Motor Company v. Texas Department of Transportation, U.S. District Court for the Western District of Texas, Austin Division, Docket No. A-99-CA-764, July 20, 2000.
- ²⁰ Boston Consulting Group, April 17, 2000; see generally "Car buying: New rules, new tools, new prices," Consumer Reports, April 2000.
- ²¹ See webfanatix.com/georgia_automobile_dealers_at_we.htm.
- ²² "The Net's Future Effect on All Retail," <http://www.businessweek.com/ebiz/0006/dm0605.htm>, June 5, 2000.
- ²³ Joseph Davis and Steven Gunby, "Winning on the Net: Can Bricks-and-Mortar Retailers Succeed on the Internet?" Boston Consulting Group, 1999, http://www.bcg.com/publications/search_view_ofas.asp?pubID=441.
- ²⁴ "R.J. Eaton, Keynote Speech, National Automobile Dealers Association," January 31, 1998, www.theautochannel.com:8080/content/new/date/19980202/eaton19980202.html.
- ²⁵ "The Business Climate Plays a Crucial Role," Atlanta Business Chronicle, June 4-10, 1999.
- ²⁶ HB 1630, codified at O.C.G.A. Sec. 16-9-93.1.
- ²⁷ "Cyber-Sheriff's in Town," Jeff R. Kuester, The National Law Journal, July 1, 1996, "The Internet Police Law: The Day the Sites Went Out in Georgia?" David R. Rothman, <http://www.clark.net/pub/rothman/ga.htm>.
- ²⁸ Quoted in "Cyber-Sheriff's in Town."
- ²⁹ American Civil Liberties Union of Georgia v. Miller, U.S. District Court for the Northern District of Georgia, Atlanta Division, Civil Action No. 1:96-CV-2475-MHS, June 23, 1997.
- ³⁰ Clint Bolick, "Wine Wars: Lift the Ban on Out-of-State Sales," The Wall Street Journal, February 7, 2000, p. A39.
- ³¹ Dickerson v. Bailey, Texas Alcohol Beverage Commission, U.S. District Court for the Southern District of Texas, Houston Division, Civil Action No. H-99-1247, Memorandum and Order of February, 2000.
- ³² The profit margin in the grocery business is one of the lowest in the retail industry, averaging 1.03 percent in 1998-1999. "Competition and Profits," Food Marketing Institute, www.fmi.org. Traditional grocery stores as well as Internet grocers should be able to include wine and beer in making home deliveries. According to Webvan's Atlanta counsel, Robert Highsmith, Webvan's business model for Georgia shows that wine and beer sales could add 7 percent to the company's revenue. Interview on August 31, 2000.
- ³³ H.B. 1273 was signed by Governor Barnes on May 1 and became effective on July 1, 2000.
- ³⁴ Karen Lundegaard, "Internet Company Wants Georgia to Let It Bring Its Own Booze," The Wall Street Journal, March 1, 2000, page S3.
- ³⁵ Claire Nolan, "Internet Raises Questions About States Rights," January 18, 2000, www.stateline.org.
- ³⁶ O.C.G.A. Section 3-6-31(c)(5); "Little Wineries Need a Safety Net," Los Angeles Times, June 13, 2000.
- ³⁷ See <http://www.freethegrapes.org>.
- ³⁸ "Those Musty Wine Sales," The Wall Street Journal, June 1, 2000.
- ³⁹ Clint Bolick, "Wine Wars: Lift the Ban on Out-of-State Sales," The Wall Street Journal, February 7, 2000, page A39.
- ⁴⁰ H.B. 1273, Section 2, codified at O.C.G.A. Section 3-6-32.
- ⁴¹ Dickerson at page 13-14.
- ⁴² Interview with Steve Gibson, General Manager, Habersham Winery, August 21, 2000. Due to the limited interest of wholesalers in smaller producers, only about 10 percent of Habersham sales are through a distributor.