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(FORM UPDATED: 08/11/2010)

WISCONSIN STATE LEGISLATURE ... PUBLIC HEARING - COMMITTEE RECORDS

2013-14

(session year)

Assembly

(Assembly, Senate or Joint)

Committee on... State Affairs and Government Operations (AC-SAGO)

INFORMATION COLLECTED BY COMMITTEE FOR AND AGAINST PROPOSAL

- Appointments ... **Appt** (w/Record of Comm. Proceedings)
- Clearinghouse Rules ... **CRule** (w/Record of Comm. Proceedings)
- Hearing Records ... bills and resolutions (w/Record of Comm. Proceedings)
 - (**ab** = Assembly Bill) (**ar** = Assembly Resolution) (**ajr** = Assembly Joint Resolution)
 - (**sb** = Senate Bill) (**sr** = Senate Resolution) (**sjr** = Senate Joint Resolution)
- Miscellaneous ... **Misc**

* Contents organized for archiving by: Stefanie Rose (LRB) (December 2014)

Assembly

Record of Committee Proceedings

Committee on State Affairs and Government Operations

Assembly Bill 344

Relating to: taste samples of intoxicating liquor provided on certain retail licensed premises.

By Representatives Kleefisch, Zamarripa, Sanfelippo, Bies, Honadel and Bewley; cosponsored by Senators Olsen, Jauch, Vinehout and Lehman.

August 27, 2013 Referred to Committee on State Affairs and Government Operations

October 03, 2013 **Public Hearing Held**

Present: (10) Representative Kuglitsch; Representatives Swearingen, August, Kleefisch, Knodl, Ripp, Neylon, Bernard Schaber, Shankland and Zamarripa.

Absent: (0) None.

Excused: (1) Representative Kahl.

Appearances For

- Joel Kleefisch - Representative - 38th Assembly District
- JoCasta Zamarripa - Representative - 8th Assembly District
- Christine Bright - Bright Promotions, LLC
- Brandon Scholz - Wisconsin Grocers Association
- Rob Richard - Hy-Vee
- Toby Spangler - Diagio
- Liesl Nelson - Diagio
- Guy Rehorst - Great Lakes Distillery
- Nick Quint - Yahara Bay Dist.
- Wayne Crokus - Steve's Liquor
- Adam Casey - Star Liquor

Appearances Against

- Paul Kruqski - Health First Wisconsin

Appearances for Information Only

- None.

Registrations For

- Eric Peterson - Wisconsin Wine & Spirit Institute
- George Klaetsch - DISCUS

- Steve Foti - Wine Institute
- Ferron Havens - Wisconsin Agribusiness Council

Registrations Against

- Maureen Busalacchi - Health First Wisconsin
- Andy Engel - Anheuser Busch
- Paul Lucas - MillerCoors
- Scott Stenger - Tavern League of Wisconsin
- Ryan Zukowski - Wisconsin Troopers Association

Registrations for Information Only

- None.

April 08, 2014

Failed to pass pursuant to Senate Joint Resolution 1

Alison Zikmund
Committee Clerk

Bright Promotions, L.L.C.
private-corporate-retail

September 30, 2013

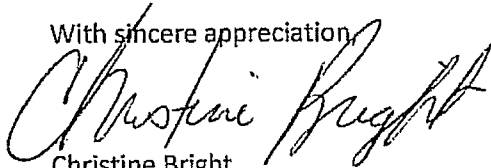
Dear Assembly State Affairs Committee Member,

I am a small business owner that is in favor of the passage of Assembly Bill 344. Bright Promotions, LLC provides talent for wine and beer sampling events at on and off premise accounts. The majority of the business revenue comes from staffing events at off premise locations (grocery/liquor stores). The passage of this bill would provide enough potential revenue to allow the addition of 3-5 part-time employees. Not only will this bill provide opportunities for local distillers to grow their business, small businesses similar to Bright Promotions will also grow and provided new jobs.

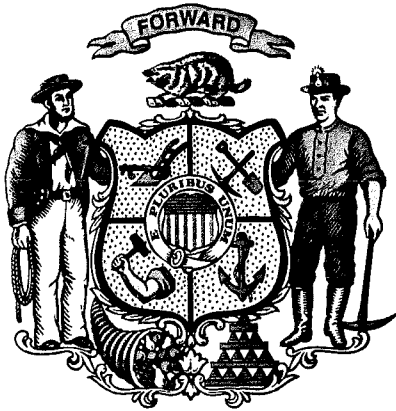
I would like to address the concern of consumers at off premise locations being over served at a sampling event. As you know, the law will have strict guidelines on how much product can be served. It is not advantageous for businesses that staff events to over serve for the following two reasons. First, the cost of product being sampled will be billed back to the distiller. If product costs are continually high due to too much product being poured a distiller will no longer use the services of the staffing company. It is in the best interest of the distillers and the companies providing staff to serve less than the law allows to help control costs. Secondly, Bright Promotions and similar companies would not risk the loss of business or the loss of the company in its entirety due to being caught over serving.

Voting in favor of this bill will help Bright Promotions and other small businesses grow. Off premise sampling is an affordable, highly effective marketing tool for local distillers. It will allow local distillers to market on a more even playing field and in turn local distiller businesses will grow.

With sincere appreciation,



Christine Bright
President, Bright Promotions, LLC



THE NORTH WOODS DISTILLERY LLC

135 W. Main St.
635 Business 141 N #9
Coleman, WI 54112

September 30, 2013

Dear Assembly State Affairs Committee Member,

I look at AB 344 as a great equalizer. It is difficult for micro-distilleries to compete in this very competitive market. The Big 6, with their massive marketing budgets, are nearly impossible to compete with. Allowing all distilleries to sample our offerings gives the edge to the little guy, that most consumers have not even heard of.

My most popular product is called "Heath Rum"; tasting like candy. Getting consumers to taste this unique spirit is the best type of marketing available. Couple this taste with the location of a liquor store, and I could have a sale 25% or more of the time. Once the customer knows where this rum is located on the shelf, it may translate into repeat sales.

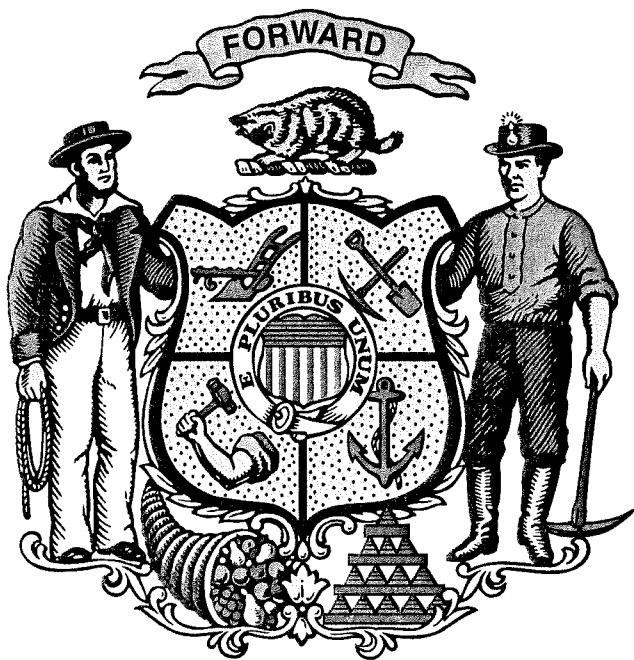
I don't believe that AB 344 will help the Big 6 market their products that much. The consumer tends to buy products based on ads and how they view themselves in their lifestyle. Since the micro-distillers don't have ads of these types, AB 344 could help us gain market share and allow us to run successful businesses and create jobs.

Many are not be aware that most of the micro-distilleries in this state are still in business because they are allowed to sample and sell bottles at the distillery location. This one bill could almost level the playing field so we have a chance to really compete against the Big 6.

Thank you for your time in considering AB 344,

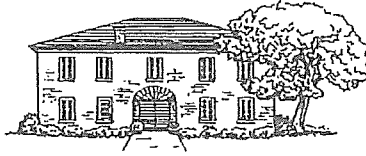


Curt Naegeli
Managing Member
The North Woods Distillery llc



WOLLERSHEIM WINERY
Experience Wine History as Old as Wisconsin

Mailing address:
PO Box 87
Prairie du Sac, WI 53578



Street address:
7876 Hwy 188
Prairie du Sac, WI 53578

October 1, 2013

Attn: Assembly State Affairs Committee Members

Dear Committee Members:

AB 344 proposes allowing tastings of distilled spirits in Wisconsin stores. We, Wollersheim Winery, write to express our support of this bill.

We are in favor of the bill because it puts distilled spirits on a level playing field with beer and wine; similar tasting practices are currently allowed in Wisconsin for beer and wine. The bill also promotes consumer awareness of the many finely-crafted spirits in our state.

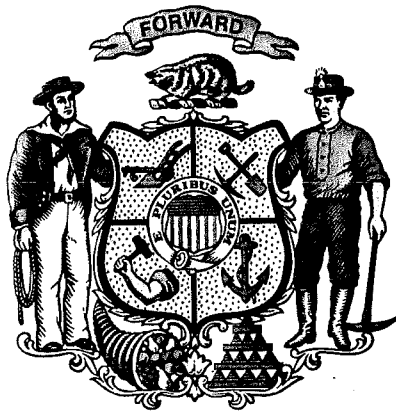
You may be aware that we released our first brandy in April 2013. We are looking forward to growing our distillery business with a range of new distilled products. In addition, we are working on plans to add a distillery section to our wine production building.

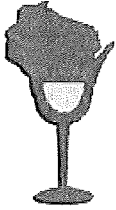
We encourage you to support AB 344 in favor of distilled spirits tasting in Wisconsin stores.

Sincerely,

A handwritten signature in black ink, appearing to read 'Julie Coquard'. The signature is fluid and cursive.

Julie Coquard
Vice President, Wollersheim Winery





Wisconsin Winery Association

211 Canal Road • Waterloo, WI 53594 USA
Phone – 920/478-4499 • 877/297-2827 • Fax – 920/478-9586
Email – info@WisWine.com • Website – www.WisWine.com

October 1, 2013

Representative Mike Kuglitsch, Chairman
Committee on State Affairs

RE: Assembly Bill 344

Dear Representative Kuglitsch:

On September 20, 2013, the Wisconsin Winery Association (WWA) Board of Directors did unanimously approve to support the passage of Wisconsin AB344 as presented, to allow tasting of spirits in stores.

The Board supports this legislation on behalf of its 60 member wineries located in all areas of the State. Several of our member wineries already have distillation permits and several more are in the permitting process to obtain permits.

Allowing tasting to increase sales of a Wisconsin agricultural product only makes sense and will help these businesses survive and thrive. Production and tasting of product is a natural outgrowth of the wine industry in the state. Spirits production allows wineries to pull one more product from their production stream, reducing waste and increasing profitability.

In 2012, the USDA undertook a special survey of Wisconsin vineyards and wineries to gain insights into the structure of the industry. That survey showed that the wine and grape industry in Wisconsin generated about \$8.9 million in state and local government revenues. In addition, the survey indicated that over 700 jobs can be attributed to the winery and vineyard industry cluster. An increase in sales through tastings, will increase sales and excise tax revenues for the state, as well as providing more specialized jobs in this area.

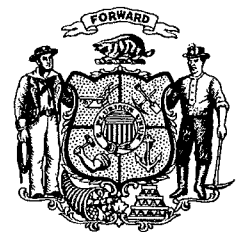
We ask the esteemed committee to pass AB 344 to allow limited and supervised tastings in stores to speed the growth of this burgeoning industry.

Sincerely,

Jonathan G. Hamilton – President
WWA Board of Directors



WISCONSIN STATE LEGISLATURE





WHITE WINTER WINERY, INC.

68323 A Lea Street, Iron River,
WI 54847

(715)372-5656 or 800-697-2006

Fax (715)372-5689

goodmead@cheqnet.net

www.whitewinter.com

October 1, 2013

Dear Assembly State Affairs Committee Member,

My name is Jon Hamilton, my business name is White Winter Winery, Inc. My wife and I started the winery almost 18 years ago, we employ 6 people. We very recently received both our federal DSP and State of Wisconsin permit for spirits production. I am in support of the proposed legislation, AB 344, allowing limited spirits tasting in stores. I have sent a letter to my State Representative Janet Bewley, and Senator Bob Jauch, asking for their support. Both have agreed to co-sponsor the bill.

This ability to taste test samples is important to our new line of products, as it has been since our inception with our wine products. We are small producers of finally crafted mead and hard cider and now spirits such as brandy, eau de vie, etc. Our products are unique and have stunning flavor profiles. We have found over the years that the correlation is 100% between a customer not trying the products and not liking them! By offering taste samples the consumer can try a new and different product without risking their cash and are more likely to make a purchase. This supports small, family run, agricultural businesses in the state, supporting more job growth in our industry. In addition, it places Wisconsin spirits producers in the forefront of innovation since there is less risk producing cutting edge products, if the consumer can taste test, like them and buy them with no risk.

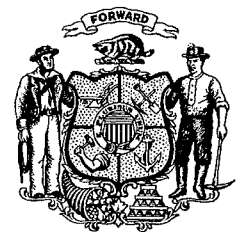
With the burgeoning wine industry in the state, (some 80+ wineries), many more will want to begin distillation as a natural revenue generator in their businesses. Passing AB344 will help us to continue to grow and be profitable by pulling one more product out of our production stream and getting it in front of the customer for sampling at the time they are ready to purchase.

Sincerely,

Jonathan G. Hamilton



WISCONSIN STATE LEGISLATURE





3939 W. HIGHLAND BLVD., P.O. BOX 482
MILWAUKEE, WI 53201-0482
414.931.2000
www.MillerCoors.com

October 2, 2013

Representative Kuglitsch
Room 129 West
Wisconsin State Capitol
Madison, WI 53708

Dear Representative Kuglitsch:

A handwritten signature in cursive script that reads "Mrs. Charman".

On behalf of MillerCoors and our 1,350 Milwaukee-based employees, I am writing to express our strong opposition to AB 344, allowing sampling of distilled spirits in grocery, convenience and liquor stores. Our opposition is based on a number of factors, including a long-standing fight that this country's major brewers have waged with Diageo and the liquor industry concerning federal and state tax policies of alcohol beverages.

In the end, however, allowing shots of hard liquor at grocery stores and other off-premise locations is just bad public policy. Yes, it is true the state allows similar sampling for beer and wine products. But for good reason -- both wine and beer have alcohol contents far below your typical hard liquor product. In fact, long recognized as the beverage of moderation, beer, at all levels of government, is taxed at a rate far below other alcohol beverages for just that reason -- low alcohol content.

The sampling bill that will be heard in the State Affairs Committee, allows grocery store customers to sample three, ½ ounce shots of booze. In contrast, current law allows for two, 3 ounce cups of beer to be sampled. It is important to understand that 1.5 ounces of hard liquor at 40% ABV (alcohol by volume) is more than twice the amount of alcohol in two, 3 ounce samples of beer at 4.2% ABV (premium light beers), and exactly twice the amount of 5.0% ABV beer (most premium beers).

To allow that amount of spirits to be consumed while shopping for groceries -- the equivalent of just slamming a 16 ounce light beer -- is bad public policy.

Again, MillerCoors remains strongly opposed to this legislation. I respectfully ask that you consider opposing this bill.

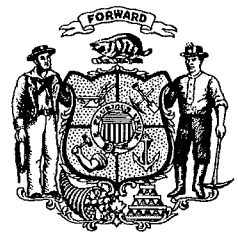
Sincerely,

A handwritten signature in cursive script that reads "Paul".

Paul Lucas
Regional Director, State Government Affairs



WISCONSIN STATE LEGISLATURE





TO: Members, Assembly Committee on State Affairs
FROM: Maureen Busalacchi, Health First Wisconsin
RE: Assembly Bill 344
DATE: October 3, 2013

This bill moves Wisconsin in the completely wrong direction. Wisconsin is plagued by binge drinking, underage drinking, and drunk driving that is costing businesses and families billions of dollars a year. The last thing our state needs is to give out free mini-shots at our gas stations and grocery stores, which would put more alcohol in our bloodstreams and could put more impaired drivers on our roads.

It is well-known that increasing alcohol access and availability are two primary factors leading to risky and problem drinking, including binge and underage drinking. Wisconsin ranks worst in the nation in binge drinking and worst in the nation in drinks per binge drinking episode. Our state also consistently ranks near the top in drunk driving arrests and drunk driving fatalities.

For a state with a serious binge drinking problem, this bill does nothing but add fuel to the fire.

Researchers from the University of Wisconsin Population Health Institute recently estimated that excessive drinking costs Wisconsin \$6.8 billion dollars per year. "The Burden of Excessive Alcohol Use in Wisconsin" report, released in March 2013, revealed that many of those costs are borne by taxpayers.

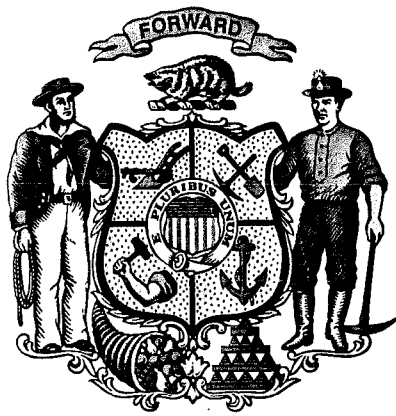
Making alcohol more accessible and available through free liquor sampling would add costs and exacerbate the rampant practice of binge drinking among youth and residents across the state.

With these serious drinking problems in mind, the state does not need to encourage alcohol consumption by allowing grocery stores, gas stations and other retailers with a "Class A" license to give away free samples of distilled spirits. Unfortunately, existing state law already allows these retailers to provide free beer samples to individuals. Given that distilled spirits have significantly higher alcohol content than beer, extending this sampling practice to distilled spirits defies common sense and could compromise public safety.

In addition, nothing in this bill prevents people from going store to store, or from one gas station to another, to get free shots of distilled spirits. More often than not, individuals who would take free liquor samples would then get into their car and drive away from the store. The last thing Wisconsin needs is more alcohol-impaired drivers on our roads.

Wisconsin needs to take our alcohol culture and alcohol-related problems seriously. We need our legislators to start addressing these alcohol issues and help us find solutions to improve the health and safety of our families, businesses, and neighborhoods. The simple fact is that AB 344 creates more alcohol-related problems for this state – not more solutions.

We ask this committee to oppose this legislation.



**DISTILLED
SPIRITS
COUNCIL
OF THE
UNITED
STATES**

TO: Assembly State Affairs Committee
FROM: Distilled Spirits Council of the United States (DISCUS)
DATE: October 3, 2013
RE: Support Passage of AB 344

The Distilled Spirits Council of the United States (DISCUS) encourages all members of the Assembly State Affairs Committee to support **Jobs, Economic Development, Tourism and Fairness and Equality by supporting Assembly Bill 344.**

Passage of AB 344 would allow Wisconsin to be the 39th state to allow off-premise tasting of distilled spirits. Tastings are an effective and responsible marketing tool that would benefit consumer, retailers, distillers (including Wisconsin's burgeoning craft distilling industry) and the greater economy.

Jobs

- A total of 81 new craft distilleries came into production in the U.S. from 234 in 2011 to 315 in 2012 (Time Magazine)
- A prediction based on this trend suggests that U.S. craft distilleries will grow to over 1,000 firms by 2021 (Time Magazine)
- **A total of 15 craft distilleries came into production in Wisconsin since 2000 and increased jobs in the Wisconsin distillery business by 70 fold (WI Distillers Assn.)**

Economic Development

- Wisconsin grocers and other Wisconsin retail establishments would benefit with increased sales and exposure to new product lines
- Wisconsin's hospitality industry would benefit by having additional venues promoting products that are offered in their facilities
- Regional studies have shown \$1 in sales of specific alcoholic beverages produced another \$30.78 in economic activity (Dr. Mike White, Iowa St. University)

Tourism

- Wine and beer facilities & tours are prevalent throughout Wisconsin providing a source of tourism related revenue
 - Pre-tasting legislation (2001) there were 25 WI Wineries – 80 wineries in '13
 - Pre-tasting legislation (2007) there were approx. 35 WI Breweries – 77 breweries in '13
- Regional studies have shown \$1 in sales of specific alcoholic beverages produced another \$3.60 in tourism related expenditures (Dr. Mike White, Iowa St. University)

Fairness & Equality

- **The distilled spirits industry is NOT asking for preferential treatment. In fact, the distilled spirits industry is asking for the same treatment and small business opportunities that the legislature afforded the wine industry in 2001 and the beer industry in 2007 when they passed legislation allowing both to provide tastings in off-premise establishments. AB 344 would allow adult Wisconsin consumers of age to taste distilled spirits at controlled, pre-planned tasting events.**

For these reasons, we respectfully ask members of the Assembly State Affairs committee to vote "aye" on AB 344.

AB 344 – Distilled Spirits Tasting FAQ's

What does AB 344 do?

AB 344 would allow consumers to sample distilled spirits at controlled, pre-planned tasting events held by off premise retail locations (grocery stores, liquor stores, etc). Specifically, it would allow of age adult consumers to taste a particular spirit to see if they like the taste. Customers have indicated they are reluctant to purchase a full size premium product before knowing if they like it. The tastings would be limited to three separate 0.5 ounce samples, equal to about 1 tablespoon each. Such a small amount is enough for consumers to determine if they like the taste and whether or not they want to make a purchase.

Are other alcoholic beverages (beer & wine) allowed for off-premise tastings?

Yes, AB 344 would help level the playing field across many businesses in the state. Although Wisconsin consumers can sample beer and wine in grocery or liquor stores, distilled spirits cannot be sampled in grocery stores, liquor stores and other retail establishments. This anti-competitive practice puts grocery stores, liquor stores, distillers and adult consumers at a serious disadvantage.

How does the tasting amount of distilled spirits proposed in AB 344 compare to beer and wine tastings?

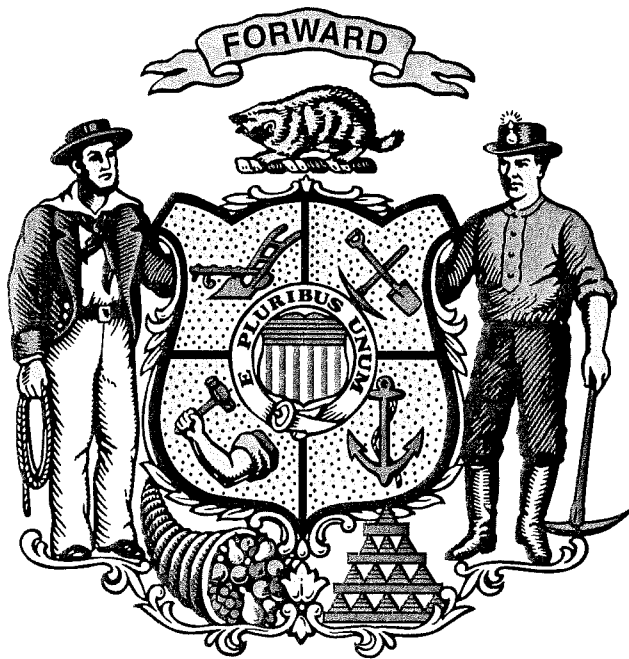
- Wine - 2001 Act 16 allowed two, 3oz tastings totaling approximately .7 fluid ounces of pure alcohol
- Beer – 2007 Act 9 allowed two, 3oz tastings totaling approximately .3 fluid ounces of pure alcohol
- Distilled Spirits – 2013 proposes three, .5oz tastings totaling approximately .6 fluid ounces of pure alcohol
- **AB 344 would have less alcohol per tasting than 2001 Act 116 allows for wine**

What are the benefits of distilled spirit product tastings?

- They are a critical marketing tool for the distilled spirits industry
- They level the playing field – currently 38 states allow “off-premise” distilled spirits tastings (including every single state that borders Wisconsin)
- Product tastings are a traditional, responsible way of connecting with Wisconsin consumers

Has a state ever repealed or reduced previously passed tasting legislation?

No. No state has reported abuse, social consequences or enforcement problems related to laws that permit limited distilled spirits tasting.



DIAGEO

Toby J. Spangler
Senior Director, State Government Relations

9101 Silverstone Lane
Madison, WI 53593

Tel 608-497-0744
Fax 608-497-0233
toby.spangler@diageo.com

TESTIMONY

Of

Toby J. Spangler
Senior Director, Diageo State Government Relations
Madison, WI

On

AB 344 - Spirits Tastings

Assembly Committee on State Affairs
October 3, 2013

Chairman Kuglitsch, Members of the Committee:

I am here today on behalf of Diageo, the world's leading supplier of premium spirits, beer and wine. You may recognize some of our brands; Smirnoff, Captain Morgan, Johnnie Walker, Crown Royal and Baileys Irish Cream. We also have a large portfolio of beer and wine products; Guinness, Harp and Red Stripe as well as wine labels BV and Sterling to name a few.

I want to thank Representative Kleefisch for his leadership on this issue as well as Chairman Kuglitsch and the members of the Assembly Committee on State Affairs for the opportunity to offer our support for Assembly Bill 344. This legislation would allow adult consumers to taste up to: three 0.5 ounces of a particular brand of distilled spirits to determine whether that product suits their palate before having to pay for a full-sized premium product.

However, before I proceed any further on the current legislation. I think it is important to step back in time for some history on the issue. Six years ago, similar legislation was amended into the 2007-2009 biannual budget and passed by the Assembly and Senate. Governor Doyle decided to veto that provision. There were misconceptions about how tastings would take place. Others felt the bill should have gone through the normal committee process. During the 2011-2012 session; Representative Kleefisch introduced AB 480. The legislation was granted a hearing, but did not become law.

I and others hope today's hearing will address both of those concerns. There seems to be a fair amount of misunderstanding about how spirits tasting are conducted. I have asked Liesl Nelson, Diageo Division Marketing Manager, Wisconsin to help demonstrate for the committee, how we conduct our tasting events in a very responsible manner.

I would also like to bring to your attention that since 2007, seventeen states have passed spirits tasting legislation or made changes to their existing laws. This brings the total number of states to forty four that allow some form of tastings of distilled spirits.

I would now like to share with the committee some key points about responsible drinking and Diageo's commitment to Social Responsibility.

- 2011 was a milestone year for progress in the reduction of drunk driving and underage drinking. Recent reports released this month by highly respected independent and government organizations demonstrate the serious progress that can be made when public and private stakeholders work together for a common cause, the type of work that Diageo supports across the country with a number of programs.
- In addition, the National Highway Traffic Safety Administration recently announced alcohol-impaired driving fatalities are at an historic low, despite the increase in miles driven. Since 1982 when recordkeeping began, the number of deaths has been cut by more than half and by nearly five percent in the last year alone.
- Over the last several years, Diageo's iconic brands including Johnnie Walker, Captain Morgan and Ciroc have partnered with the Department of Transportation (DOT) in a number of states including New York, Florida, Illinois and Nevada to ensure people get home safely, providing free debit cards and single ride Metro Cards for New Yorkers to use in taxis, trains and subways. The Safe Rides Home program enlists revelers, their friends and family members, as well as the city's transportation professionals: cab, livery and bus drivers and subway operators to make sure everyone gets home safely.
- In addition to the Safe Rides Program, Diageo supports the federal government's "We Don't Serve Teens Campaign" aimed at preventing adults from providing alcohol to underage persons.

- To address responsible drinking in retail establishments, bars and communities, Diageo supports the Responsible Retailing Forum and the Responsible Hospitality Institute. Both groups have been awarded government grants for their evidence-based approaches.

Diageo is a founding member of The Century Council and supports its award-winning programs to reduce drunk driving and underage drinking in states across the country.

I would now like my colleague Liesl Nelson to demonstrate how a spirits tasting would work in Wisconsin.

As you can see, competition is the name of the game. There is thousands of brands of distilled spirits in the market place, with many new brands being introduced each year. Innovation has led to strong growth in the spirits category as well as an explosion in the Craft Beer segment.

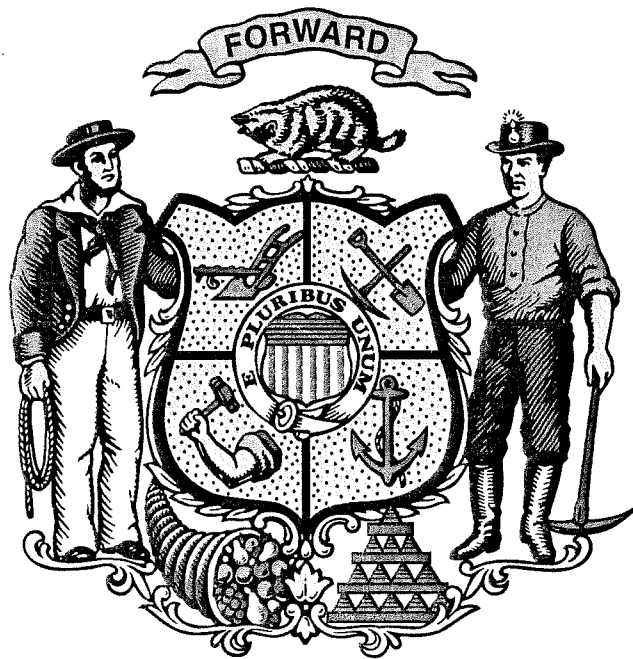
Consumers expect variety and companies are working hard to meet that demand. This trend is helping both on-premise and off-premise businesses as consumers move up to premium brands that increase their profit margins.

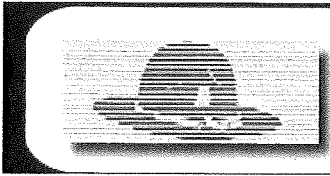
Tastings are a customary, longstanding, effective and responsible way to both introduce customers to new brands and to acquaint them with the wide variety of distilled spirits products that are available for purchase. This allows the large suppliers as well as the specialty producers an opportunity to compete in the market place. Assembly Bill 344 is a positive step forward in the highly competitive beverage alcohol marketplace.

This legislation also creates a leveling of the marketplace with respect to wine and malt beverage tastings, which are currently allowed under state statute.

Retail sales of beverage alcohol products, enhanced by effective marketing tools like tastings, contribute to jobs, tax revenues and the economy of Wisconsin as a whole. Tastings, conducted in a professional and responsible manner, are currently permitted in some form in 44 states.

We thank you for the opportunity to express our views on this issue and we urge your positive support of Assembly Bill 344. I would be happy to answer any questions from the Chairman or members of the committee.





Wisconsin Troopers' Association

Executive Director – Ryan Zukowski

Glen Jones – President

4230 East Towne Blvd. #322

Madison, WI 53704

<http://www.wi-troopers.org/>

To: Chairman Mike Kuglitsch and Members of Assembly Committee on State Affairs
From: Ryan Zukowski, Executive Director
Date: October 3, 2013
RE: Opposition to Assembly Bill 344 – expanding liquor sampling to certain retail licensees

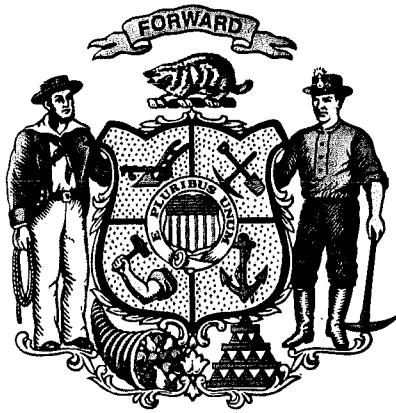
Thank you for the opportunity to submit comments regarding Assembly Bill 344. I write on behalf of the 350 members of the Wisconsin Troopers' Association to express our opposition to the bill.

As Troopers, our main concern is and always will be public safety. Our duties relating to highway safety are far-reaching and include OWI and speed enforcement, as well as technical crash reconstruction, which far too often can be the after effects of drunk driving.

We believe that this bill runs counter to the public's growing concern and perception about drunk driving and our ability to prevent traffic crashes and fatalities.

- Assembly Bill 344 fails to identify the major differences between sampling beer or wine and sampling shots of liquor. By attempting to create a level playing field for the three separate industries, the serious public safety difference between them goes unnoted.
- Distilled spirits generally contain significantly more alcohol than beer or wine, this poses a threat to safety of the customer and all others they may encounter on the drive home. This bill would allow for three, ½ ounce samples of liquor, and assuming the liquor sampled is 80 proof, it is the equivalent in alcohol content of consuming more than 12 ounces of beer.
- It is important to note it's already legal to sample liquor in a controlled setting of a Class B licensed establishment. Expanding this to allow liquor sampling in other establishments is not necessary and runs counter to the growing concerns of drunk driving and highway safety.

Thank you for the opportunity to submit this letter. We hope that you take into account our reasoning behind opposing this bill.





JoCasta Zamarripa

STATE REPRESENTATIVE

Testimony on Assembly Bill 344

I am Rep. JoCasta Zamarripa and I am the co-author of AB 344, the distilled spirits tasting bill.

I first became aware of this bill last session as a freshman legislator. Guy Rehorst, the owner of Great Lakes Distillery, came to testify in support of the legislation and I immediately recognized him as a business owner in my district. Great Lakes Distillery makes its home in my 8th Assembly District, on the near south side of Milwaukee, and I cannot tell you how proud I am of that. Guy has grown his small business from the ground up. I remember when I first visited Great Lakes Distillery there was just a small bar in the warehouse part of the distillery. Guy has now invested in an outdoor patio area and a beautiful brand new bar upstairs from the warehouse.

Guy is a perfect example of the entrepreneurial spirit we must cultivate in Wisconsin. In the 21st century, it is the small business owner that truly grows good jobs and the strong economy that our state so desperately needs. Guy began his business by himself. He now employs six full-time employees and eight part-time employees with good paying middle-class jobs.

This bill would allow Guy to have his spirits sampled at grocery stores and liquor retailers by customers who are of legal drinking age. Wine and beer can already be sampled at these locations. This bill levels the playing field so that distilled spirits can be sampled, too, and in a much smaller amount. No more than three, 1/2 oz. pours may be given to a customer. That's the equivalent of one shot and the likelihood that they would be given all three, 1/2 oz. pours is slim. These may be "free" samples for the customer, but the producer, Guy, has to pay a licensed representative to dole out these samples in a professional and responsible manner in order to continue to grow the credibility of his business, grow jobs, and strengthen our economy.

This bill, AB 344, is an economic development bill that promotes commerce in our great state. If you believe in free market economics, and I know so many of my colleagues on the other side of the aisle do – you should support this bill. Distillers like Guy Rehorst are at a competitive disadvantage in comparison to beer and wine producers, who have been able to offer samples since 2001 and 2007 respectively.

Since AB 104 passed in 2001 & AB 122 passed in 2007, which allow the sampling of wine and beer in our state, we have seen an explosion in the number of wineries and craft breweries throughout Wisconsin. These small businesses are thriving, they're growing jobs, and they're growing our economy.

It is time for Wisconsin to support distillers like Guy Rehorst and Great Lakes Distillery, by simply leveling the playing field. Our U.S. Senator, Tammy Baldwin so often says this about Wisconsinites:

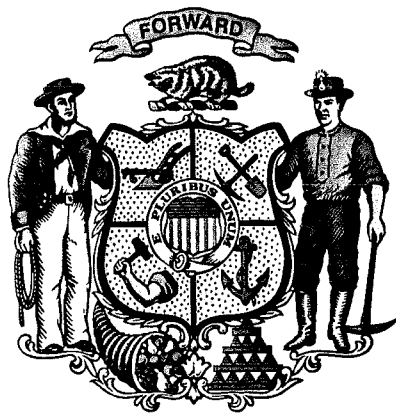
"We work hard, and we want a fair shot. That is all." I bet we hear something very similar from Guy and the other small business owners here today.

They work hard. And they want a fair shot. Nothing more, nothing less. Thank you for your time.

8TH ASSEMBLY DISTRICT

State Capitol: P.O. Box 8953, Madison, WI 53708-8953 • (608) 267-7669 • Toll-free: (888) 534-0008 • Fax: (608) 282-3608
Email: rep.zama@legis.wi.gov • Web: <http://zamarripa.assembly.wi.gov>





Support AB 344 Testimony*

- Rep. Kleefisch
- Rep. Zamarripa
- Nick Quint (Yahara Bay Distillery)
- Guy Rehorst (Great Lakes Distillery)
- Toby Spangler (Diageo)
- Wayne Crokus (Steve's Liquor)
- Adam Casey (Star Liquor)
- Christine Bright (Bright Promotions)*
- ~~Tim Metcalf (Metcalf's Sentry) or HyVee~~

ROB RICHTER ↗

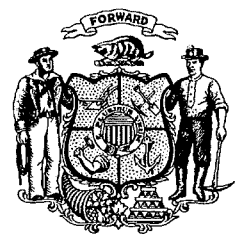
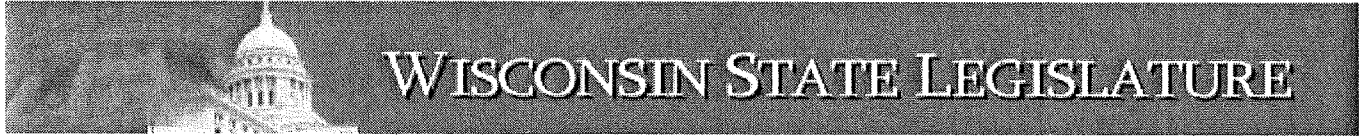
Support AB 344 Letters/Memos*

- Sen. Olsen
- DISCUS
- Wollersheim Winery
- Bright Promotions
- North Woods Distillery
- White Winter Winery

Registering in Support (but not speaking)*

- DISCUS
- Wisconsin Wine and Spirit Institute
- Wine Institute
- Wisconsin Agribusiness Council

*As of 10/2/13



Diageo Leads Booze Brawl in Missouri

Distillers Fighting To Overturn 1930s Wholesaler Rules

Wall Street Journal – June 27th – By ALICIA MUNDY

The "Missouri Liquor Wars"-a raging battle between the world's largest liquor makers and a family-owned wholesaler-could change the way spirits are sold in the U.S. and undo one of the last vestiges of Prohibition.

At issue are post-Prohibition-era regulations in about a dozen U.S. states that can lock in liquor producers with specific wholesalers, making it hard to consolidate the number of middlemen or switch distributors. These "franchise" laws were designed to get wholesalers to help states collect sales taxes and keep a single player from dominating alcohol sales as gangsters did during Prohibition.

Diageo DGE.LN +0.88% PLC, Bacardi Ltd., Pernod Ricard SA RI.FR +0.17% and their Washington lobby complain that the franchise laws artificially prop up local wholesalers and drive up distribution costs. They want the right to consolidate their wholesalers.

Last November, a group of wholesalers and their allies began drawing up legislation that might protect Missouri's franchise laws. The major distillers and the Distilled Spirits Council of the U.S., the liquor makers' lobbyist, known as Discus, began lining up lawmakers to oppose the legislation.

That bill brought 71 lobbyists to the state capital, Jefferson City, this spring. They swarmed the legislature corridor amid whispers of alleged threats over breakfast at the St. Louis Four Seasons and of double dealing.

"This is the biggest fire I've ever seen in Jeff City," said Republican state Sen. Mike Parson, who supports the small wholesaler. "I've never known a bill to bring in so much outside money and so many lobbyists."

Meantime, suits and countersuits between the large liquor makers and the family-owned wholesaler, Major Brands, were wending their way through federal and Missouri state courts.

Amid the fighting, almost everybody agrees on one thing: Missouri is a national test case for the future of the franchise system. Diageo, the world's largest distiller by sales and owner of brands including Johnnie Walker and Smirnoff, has wanted to restructure its wholesaler relationship in the U.S. to lower costs. Other distillers feel the same way. Industry lobbyists say, if a liquor producer could dump a wholesaler and successfully challenge a franchise law, it might be able to transfer that strategy to other remaining franchise states.

If distillers win in this state, "they want to "Missouri" the rest of the country," says U.S. Sen. Claire McCaskill (D., Mo.), who supports the local wholesaler.

Major Brands, an independent wholesaler based in St. Louis, was vulnerable because of a federal court ruling muddying Missouri's concept of "franchise," and because its owner, a popular civic figure, had recently died. The company, which has annual sales of \$450 million and 700 employees, was now in the hands of the owner's widow, Sue McCollum, who had vowed to keep the business going.

A St. Louis court ruling this week did little but set the stage for a prolonged fight. On Tuesday, Circuit Court Judge Robert Dierker upheld Missouri's franchise law and said Diageo had broken a contractual relationship with Major Brands. The judge, however, didn't force Diageo to continue supplying Major Brands.

The 21st Amendment marked the end of Prohibition in 1933. It also allowed states to set their own rules. Most set up a three-tier system with wholesalers handed the job of monitoring alcohol sale, but many states also set a franchise system, which has for decades protected small or independent wholesalers like Major Brands, which itself was founded in 1934 with the end of Prohibition.

There are others besides wholesalers who want to keep the status quo. The conservative Missouri Eagle Forum, an arm of activist Phyllis Schlafly's advocacy group, said only local wholesalers can protect family values.

The Schlafly craft brewery in St. Louis, begun by Ms. Schlafly's nephew, also supports local wholesalers, said its co-founder Dan Kopman.

Discus says the laws are out of date. "Where is the free market there?" said Ben Jenkins, Discus vice president in Washington, D.C.

Last summer, Todd Epsten, the grandson of Major Brands's founder, died of brain cancer at the age of 52. Several months later, over breakfast at the Four Seasons in St. Louis, Ms. McCollum, Mr. Epsten's widow, says she was told by Diageo North America vice president Jeff Ivey to either sell to a competitor, partner with one, or face unspecified consequences.

"He said they wanted to consolidate their wholesalers down to one, and suggested I was in the way," Ms. McCollum said.

Mr. Ivey, who declined to comment, testified in state court in May he didn't threaten Ms. McCollum, and was responding to her request for advice. Neither he nor Diageo would comment on their broader consolidation plans.

Diageo is Major Brands's most important supplier. Its products, which include Tanqueray gin, Captain Morgan rum and Ketel One vodka, are responsible for 42% of Major Brands' spirits revenue, Ms. McCollum said.

This past March, within 24 hours, Bacardi and Diageo both filed suit in federal courts to terminate Major Brands. Major Brands countersued both companies and asked for an injunction to prevent Diageo from cutting off supplies June 30.

Major Brands' suit against Diageo also names Glazer's Distributors Inc., a multistate wholesaler that in February had suddenly changed allegiances and started attacking the pro-franchise legislation it helped write, just as the bill was due to be introduced in state legislature.

The counsel for Glazer's Distributors said the wholesaler had concerns about the final version.

It later emerged in court that Glazer's was negotiating with Diageo to take over Major Brands' share of business.

The bill passed the Missouri House, but was filibustered in the Senate before the legislature adjourned May 17.

While the battle was preoccupying the industry, Rocky Wirtz, owner of Wirtz Beverage Group distributors and the Chicago Blackhawks hockey team, announced he had teamed with Warren Buffett's trucking empire to buy a small Missouri wholesaler-one of a string of Buffett purchases in the business.

"While they're all fighting with each other in Missouri, they could all be passed by Buffett," said George Randall, who runs a large chain of retail liquor outlets in Illinois. "He'd have enough size to push back on the distillers and to swallow up smaller wholesalers."