



State of Wisconsin
2015 - 2016 LEGISLATURE

LRB-4047/1
ARG:emw

2015 SENATE BILL 535

January 8, 2016 – Introduced by Senators COWLES, HANSEN and LASEE, cosponsored by Representatives STEFFEN, SWEARINGEN, ALLEN, BALLWEG, R. BROOKS, GANNON, GENRICH, HINTZ, HORLACHER, KAHL, KITCHENS, KLEEFISCH, KRUG, MURSAU, NERISON, NYGREN, ROHRKASTE and VORPAGEL. Referred to Committee on Elections and Local Government.

1 **AN ACT to amend** 125.51 (3) (e) 1., 125.51 (3) (e) 2., 125.51 (4) (br) 2. and 125.51
2 (4) (v) 1.; and **to create** 125.51 (3) (e) 4., 125.51 (3) (e) 6., 125.51 (4) (br) 1. g. and
3 h., 125.51 (4) (e) and 125.51 (4) (u) of the statutes; **relating to:** municipal
4 quotas for retail intoxicating liquor licenses.

Analysis by the Legislative Reference Bureau

This bill modifies certain aspects of the liquor license quota system and creates new liquor license quota exceptions.

Current law prohibits a person from selling alcohol beverages at retail unless the seller possesses a license or permit authorizing the sale. A “Class B” license authorizes the retail sale of intoxicating liquor for consumption on the licensed premises and, depending on the type of intoxicating liquor and whether a municipal ordinance has been adopted, may also authorize the retail sale of intoxicating liquor for consumption off the licensed premises, subject to certain limitations. Current law imposes a quota on the number of “Class B” liquor licenses that a municipality may issue. This quota is generally determined by a formula based on the number of licenses previously issued by the municipality and the municipality’s population. For purposes of the quota system, a reserve “Class B” license is a “Class B” liquor license first issued on or after December 1, 1997. Current law provides a limited number of quota exceptions, including an exception for a full-service restaurant that has a seating capacity of 300 or more persons and an exception for a capital improvement area designated by the legislature.

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This bill allows a municipality to transfer a reserve “Class B” liquor license to another municipality that is contiguous with, or within two miles of, the transferring municipality. The receiving municipality may then issue the license for a premises within that municipality. The quota of the transferring municipality is decreased, and the quota of the receiving municipality is increased, for each license transferred. A municipality may transfer no more than three reserve “Class B” licenses in this manner. The transferring municipality establishes the issuance fee for the license after it is transferred, which may not be less than \$10,000, and this fee must be remitted to the transferring municipality. This fee may not be rebated or refunded.

The bill also allows a municipality to designate a geographic area within the municipality as a premier economic development district, if certain requirements are met, and to issue two “Class B” liquor licenses in connection with an economic development project within the premier economic development district. These licenses are in addition to the “Class B” licenses counted toward the municipality’s quota. The bill includes a definition of an economic development project. The municipality must establish an initial issuance fee for these “Class B” licenses, which may not be less than \$30,000, and this fee may not be rebated or refunded.

Current law generally requires a municipality to establish an initial issuance fee for a reserve “Class B” license of at least \$10,000. This bill specifies that this fee may not be rebated or refunded.

This bill also modifies the quota exception for a full-service restaurant that has a seating capacity of at least 300 persons to require an interior, permanent seating capacity of at least 300 persons.

For further information see the *local* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1 **SECTION 1.** 125.51 (3) (e) 1. of the statutes is amended to read:
2 125.51 (3) (e) 1. Except as provided in subds. 2. ~~and 3.~~ to 4. and 6., the annual
3 fee for a “Class B” license shall be established by the municipal governing body and
4 shall be the same for all “Class B” licenses, except that the minimum fee shall be \$50
5 and the maximum fee shall be \$500. The minimum fee does not apply to licenses
6 issued to bona fide clubs and lodges situated and incorporated in the state for at least
7 6 years.

8 **SECTION 2.** 125.51 (3) (e) 2. of the statutes is amended to read:

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1 125.51 (3) (e) 2. Each municipal governing body shall establish the fee, in an
2 amount not less than \$10,000, for an initial issuance of a reserve “Class B” license,
3 as defined in sub. (4) (a) 4., and, if the municipality contains a capital improvement
4 area enumerated under sub. (4) (x) 2. a., for an initial issuance of a “Class B” license
5 under sub. (4) (x) 3. and 4., except that the fee for an initial issuance of a reserve
6 “Class B” license to a bona fide club or lodge situated and incorporated in the state
7 for at least 6 years is the fee established under subd. 1. for such a club or lodge. The
8 fee under this subdivision is in addition to any other fee required under this chapter.
9 The annual fee for renewal of a reserve “Class B” license, as defined in sub. (4) (a)
10 1., and a “Class B” license issued under sub. (4) (x) 3. or 4. is the fee established under
11 subd. 1. A municipality may not rebate or refund to a “Class B” licensee or a person
12 affiliated with the “Class B” licensee or with the license application process,
13 including through any grant or tax credit program, the fee paid by the licensee under
14 this subdivision for initial issuance of a reserve “Class B” license.

15 **SECTION 3.** 125.51 (3) (e) 4. of the statutes is created to read:

16 125.51 (3) (e) 4. Each municipal governing body that transfers a license under
17 sub. (4) (e) shall establish the fee, in an amount not less than \$10,000, for issuance
18 of a reserve “Class B” license after it has been transferred under sub. (4) (e). A
19 municipality may not rebate or refund to a “Class B” licensee or a person affiliated
20 with the “Class B” licensee or with the license application process, including through
21 any grant or tax credit program, the fee paid under this subdivision for issuance of
22 the license after transfer. The annual fee for renewal of a reserve “Class B” license
23 after it has been transferred and reissued under sub. (4) (e) is the fee established
24 under subd. 1.

25 **SECTION 4.** 125.51 (3) (e) 6. of the statutes is created to read:

SENATE BILL 535**SECTION 4**

1 125.51 (3) (e) 6. Notwithstanding subd. 2., each municipal governing body that
2 has designated a premier economic development district under sub. (4) (u) 2. shall
3 establish the fee, in an amount not less than \$30,000, for initial issuance of a reserve
4 “Class B” license under sub. (4) (u) 3. A municipality may not rebate or refund to a
5 “Class B” licensee or a person affiliated with the “Class B” licensee or with the license
6 application process, including through any grant or tax credit program, the fee paid
7 by the licensee under this subdivision for initial issuance of a reserve “Class B”
8 license under sub. (4) (u) 3. The annual fee for renewal of a reserve “Class B” license
9 issued under sub. (4) (u) 3. is the fee established under subd. 1.

10 **SECTION 5.** 125.51 (4) (br) 1. g. and h. of the statutes are created to read:

11 125.51 (4) (br) 1. g. Add one license for each license transferred to the
12 municipality under par. (e).

13 h. Subtract one license for each license transferred from the municipality under
14 par. (e).

15 **SECTION 6.** 125.51 (4) (br) 2. of the statutes is amended to read:

16 125.51 (4) (br) 2. Notwithstanding subd. 1., if the difference between the
17 number of licenses determined under par. (b) 1g. and under par. (bm) 1. is 3 or fewer,
18 the number of reserve “Class B” licenses authorized to be issued by that municipality
19 is the difference between the number of licenses determined under par. (b) 1g. and
20 under par. (bm) 1., plus one per each increase of 500 population to the population
21 recorded under par. (bm), plus one for each license transferred to the municipality
22 under par. (e), minus one for each license transferred from the municipality under
23 par. (e), plus one if the municipality had issued a license under s. 125.51 (4) (br) 2.,
24 1999 stats., based on a fraction of 500 population but only as long as the total number

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1 of licenses issued by the municipality equals the maximum number of licenses
2 authorized.

3 **SECTION 7.** 125.51 (4) (e) of the statutes is created to read:

4 125.51 (4) (e) 1. A municipality may make a request to another municipality
5 that is contiguous with, or within 2 miles of, the requesting municipality that the
6 other municipality transfer a reserve "Class B" license to the requesting
7 municipality. If the request is granted, the reserve "Class B" license shall be
8 transferred.

9 2. A municipality may transfer or receive more than one reserve "Class B"
10 license under this paragraph as long as each transfer meets the requirements of this
11 paragraph, but a municipality may not transfer more than 3 reserve "Class B"
12 licenses under this paragraph.

13 3. After transfer of a reserve "Class B" license under this paragraph, the
14 municipality receiving the reserve "Class B" license may issue and renew the reserve
15 "Class B" license in the same manner as other reserve "Class B" licenses that have
16 not been so transferred, except that the fee under sub. (3) (e) 4., not sub. (3) (e) 2.,
17 applies upon issuance of the reserve "Class B" license by the receiving municipality
18 after the transfer. Upon receipt of the issuance fee from the licensee, the receiving
19 municipality shall remit this issuance fee to the municipality that transferred the
20 license.

21 4. Notwithstanding subds. 1. to 3., if a municipality has not issued any licenses,
22 the municipality may not transfer any licenses under this paragraph.

23 **SECTION 8.** 125.51 (4) (u) of the statutes is created to read:

24 125.51 (4) (u) 1. In this paragraph:

SENATE BILL 535**SECTION 8**

1 a. “Economic development project” means a project or projects within a premier
2 economic development district that, alone or together, have an estimated
3 comprehensive new construction assessed valuation increase of at least \$20,000,000,
4 as established and certified by an independent 3rd-party appraiser or market
5 research firm that provides a written report regarding the estimated value to be
6 created by the project or projects.

7 b. “Premier economic development district” means a geographic area
8 designated under subd. 2.

9 2. A municipality may, by ordinance enacted by at least a two-thirds vote of the
10 municipality’s governing body, designate a geographic area within the municipality
11 as a premier economic development district if all of the following apply:

12 a. The geographic area does not exceed 40 acres and the boundaries of the
13 geographic area are precisely identified in the ordinance.

14 b. No part of the geographic area is physically separated from the rest of the
15 geographic area so that, except for public streets, similar community infrastructure,
16 and rivers and other waterways, each portion of the geographic area is contiguous
17 with some other portion of the geographic area.

18 c. The geographic area does not include any land that is zoned exclusively for
19 industrial use or zoned exclusively for single-family or 2-family residences.

20 3. Notwithstanding pars. (am) to (d) and s. 125.185 (5), a municipality that has
21 designated a premier economic development district may issue up to 2 “Class B”
22 licenses in connection with an economic development project within the premier
23 economic development district, in addition to the number of licenses determined for
24 the municipality’s quota under pars. (b) to (d) and in addition to any license under
25 par. (v) or (w).

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1 4. A “Class B” license issued under subd. 3. may not be transferred under s.
 2 125.04 (12) (b) 4. If a “Class B” license issued under subd. 3. is surrendered to the
 3 issuing municipality, revoked, or not renewed, the municipality may reissue the
 4 license only for premises located within the premier economic development district.

5 5. A municipality may not designate more than one premier economic
 6 development district under this paragraph.

7 6. Not more than 2 “Class B” licenses may be issued under this paragraph for
 8 premises within a premier economic development district, regardless of the number
 9 of economic development projects within the premier economic development district.

10 **SECTION 9.** 125.51 (4) (v) 1. of the statutes is amended to read:

11 125.51 (4) (v) 1. A full-service restaurant that has ~~a~~ an interior, permanent
 12 seating capacity of 300 or more persons.

13 **SECTION 10. Initial applicability.**

14 (1) The treatment of section 125.51 (3) (e) 2. of the statutes first applies to
 15 licenses initially issued on the effective date of this subsection.

16 (2) The treatment of section 125.51 (4) (v) 1. of the statutes first applies to
 17 licenses initially issued under section 125.51 (4) (v) 1. of the statutes on the effective
 18 date of this subsection.

19 **SECTION 11. Effective date.**

20 (1) This act takes effect on the first day of the 3rd month beginning after
 21 publication.

22 (END)