

Fiscal Estimate Narratives
DOR 10/17/2005

LRB Number	05-3212/1	Introduction Number	AB-687	Estimate Type	Original
Subject					
Direct out-of-state wine shipments; 9 liter limit					

Assumptions Used in Arriving at Fiscal Estimate

Under current law, a winery located outside Wisconsin may ship wine into this state without an out-of-state shippers' permit and directly to an individual if the winery is located in a state that has a reciprocal agreement with Wisconsin, and if certain other conditions are met. Currently, Wisconsin has reciprocal agreements with the States of California, Oregon, and Washington [sec. 139.035, Wis. Stats., and sec. Tax 8.24, Wis. Administrative Code]. Also, under current law an individual in Wisconsin may not receive more than 27 liters of wine from a winery in one of these states. This bill eliminates the quantity limitation on wine shipments to individuals in Wisconsin from out-of-state wineries shipping under reciprocal agreements.

2005 Wisconsin Act 25 increased from 9 to 27 liters the amount of wine that an individual could receive from an out-of-state shipper under reciprocal agreements. In 2003, while the 9 liter limit was in effect, Wisconsin wineries shipped out approximately 1,500 liters of Wisconsin manufactured wine; while approximately 400,000 liters of non-Wisconsin manufactured wine was shipped into this state.

Under the bill, the quantity of wine shipped to individuals in Wisconsin is expected to increase by an unknown amount. Although the wine tax is paid by the shipper to the state from which the wine is being shipped, the Department does not expect a significant reduction in tax revenues since the occupational tax rate on wine is quite small - 6.605¢ per liter (for wine with 14% or less of alcohol by volume).

In addition, while the bill may cause some minor reduction in wine sales on which sales taxes are collected, this impact is also expected to be minimal.

Long-Range Fiscal Implications