

2019 DRAFTING REQUEST

Bill

For: **Katrina Shankland (608) 267-9649** Drafter: **agary**
 By: **Emily** Secondary Drafters:
 Date: **10/22/2018** May Contact:

Same as LRB:

Submit via email: **YES**
 Requester's email: **Rep.Shankland@legis.wisconsin.gov**
 Carbon copy (CC) to: **aaron.gary@legis.wisconsin.gov**

Pre Topic:

No specific pre topic given

Topic:

Retail sales of cider by permittee that is both a brewer and a winery

Instructions:

See attached; redraft 2017 AB 1000

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	agary 10/29/2018	anienaja 10/31/2018			
/P1	agary 1/15/2020	anienaja 1/15/2020	mbarman 10/31/2018		
/1			lparisi 1/15/2020	mbarman 1/27/2020	

FE Sent For: *Not Needed* <END>

Gary, Aaron

From: Rep.Shankland
Sent: Monday, October 22, 2018 2:32 PM
To: Gary, Aaron
Subject: Cider Sales bill- redraft
Attachments: 17-4813_1.pdf

Hi Aaron,

Rep. Shankland asked me to reach out to see if you could please redraft this bill for us for the upcoming session.

Thank you! Let me know if you have any questions.

Emily

Emily M. Conklin
Office of Rep. Katrina Shankland
Assembly District 71
Emily.Conklin@legis.wisconsin.gov
608-267-9649

**DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU**

LRB-0515/P1dn

ARG: *amm*

October ??, 2018

3!

Please review the attached draft carefully to ensure that it is consistent with your intent.

This draft incorporates a definition of "cider" contained in s. 125.51 (2) (e) 1. This definition matches a definition of "cider" for tax purposes under s. 139.01 (2m). Since these provisions were created, there have been changes in federal law to expand application of the reduced federal tax rate for hard cider, in particular to define cider to allow the reduced federal tax rate for products with an alcohol content of up to 8.5 percent alcohol by volume (ABV) rather than 7.0 percent ABV. See 26 USC 5041 (b) (6) and (g) and 27 CFR 24.270 (c) (6), 24.331, and 24.332.

Do you want to modify the provisions in this draft to apply to cider with an alcohol content of up to 8.5 percent ABV? If so, do you also want to amend ss. 125.51 (2) (e) 1. and 139.01 (2m) to apply to cider with an alcohol content of up to 8.5 percent ABV?

Please let me know if you would like any changes made to the attached draft or if you have any questions.

Aaron R. Gary
Senior Legislative Attorney
(608) 504-5850
aaron.gary@legis.wisconsin.gov



State of Wisconsin
2017 - 2018 LEGISLATURE

Wanted
Wed.
10/31

-0515/P1

LRB-48231
ARG:amn

9 20

in 10/29

2017 ASSEMBLY BILL 1000

SA
Xref
PwF

Note

March 5, 2018 - Introduced by Representatives KOBYENGA, SHANKLAND, DUCHOW, BERCEAU, HUTTON, CONSIDINE and POPE, cosponsored by Senator L. TAYLOR. Referred to Committee on State Affairs.

Regen.

- 1 AN ACT *to renumber and amend* 125.53 (1); and *to create* 125.29 (3) (em),
- 2 125.29 (3) (fm), 125.29 (3) (im) and 125.53 (1) (c) of the statutes; **relating to:**
- 3 authorized activities of brewers and wineries.

Analysis by the Legislative Reference Bureau

This bill allows a person that operates a brewery and a winery to sell, and provide free taste samples of, the winery's cider at the brewery and the brewer's other retail outlet.

Under current law, alcohol beverages are generally distributed to consumers under a three-tier distribution system: the producer sells to a wholesaler; the wholesaler sells to a retailer; and the retailer sells to a consumer. With specific exceptions, no person may sell outside the three-tier system and no person may sell alcohol beverages to a consumer unless the seller possesses a license or permit authorizing the sale.

Also under current law, the Department of Revenue issues permits to producers of alcohol beverages. A brewer's permit authorizes a brewer to, among other activities, manufacture fermented malt beverages (beer) and sell at retail, without a retail license, the brewer's own beer and certain other Wisconsin-made beer at the brewery premises and at one off-site retail outlet of the brewer. The brewer may also provide free taste samples of beer at these locations. A winery permit authorizes the winery to, among other activities, manufacture wine, including cider. A winery may also hold one retail license and sell its wine at this licensed location without the wine first passing through a wholesaler.

ASSEMBLY BILL 1000

Under this bill, if a person holds both a winery permit and a brewer's permit, the permittee may sell its own cider at retail, without a retail license, at the brewery premises and at the brewer's off-site retail outlet. The permittee may also provide free taste samples of cider at these locations. For purposes of the bill, "cider" means fermented apple or pear juice with an alcohol content not exceeding 7 percent alcohol by volume. The permittee may provide the cider directly from the winery to the brewery premises or brewer's off-site retail outlet without the cider first passing through a wholesaler.

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

1 **SECTION 1.** 125.29 (3) (em) of the statutes is created to read:

2 ~~125.29 (3)~~ (em) Notwithstanding ss. 125.04 (9) and 125.09 (1), if the brewer also
3 holds a winery permit under s. 125.53, the retail sale of cider, as defined in s. 125.51
4 (2) (e) 1., that has been manufactured on this winery premises for on-premise
5 consumption at the brewery premises or at an off-site retail outlet established by the
6 brewer.

7 **SECTION 2.** 125.29 (3) (fm) of the statutes is created to read:

8 ~~125.29 (3)~~ (fm) Notwithstanding ss. 125.04 (9) and 125.09 (1), if the brewer also
9 holds a winery permit under s. 125.53, the retail sale at the brewery premises or at
10 an off-site retail outlet established by the brewer, in original unopened packages or
11 containers for off-premise consumption, of cider, as defined in s. 125.51 (2) (e) 1., that
12 has been manufactured on this winery premises.

13 **SECTION 3.** 125.29 (3) (im) of the statutes is created to read:

14 ~~125.29 (3)~~ (im) If the brewer also holds a winery permit under s. 125.53, the
15 provision of free taste samples, at the brewery premises or at an off-site retail outlet
16 established by the brewer, of cider, as defined in s. 125.51 (2) (e) 1., that has been
17 manufactured on this winery premises.

ASSEMBLY BILL 1000**SECTION 4**

1 **SECTION 4.** 125.53 (1) of the statutes is renumbered 125.53 (1) (a) and amended
2 to read:

3 ~~125.53~~ **(1)** (a) The department shall issue only to a manufacturing winery in
4 this state that holds a valid certificate issued under s. 73.03 (50) a winery permit
5 authorizing the manufacture and bottling of wine on the premises covered by the
6 permit for sale to wholesalers holding a permit under s. 125.54. A winery permit also
7 authorizes the permittee to, on the winery premises and without obtaining a
8 rectifier's permit, possess intoxicating liquor and mix or blend intoxicating liquor to
9 produce wine sold to wholesalers holding a permit under s. 125.54.

10 **(b)** A winery holding a permit under this section may offer on the premises taste
11 samples of wine manufactured on the premises to persons who have attained the
12 legal drinking age. A permittee under this section may also have either one "Class
13 A" license or one "Class B" license, but not both. The "Class A" license or "Class B"
14 license may either be issued for the winery premises or for real estate owned or leased
15 by the winery. If a "Class A" or "Class B" liquor license has also been issued to the
16 winery, the winery may provide wine manufactured, mixed, or blended on the winery
17 premises directly to the "Class A" or "Class B" premises and may offer the taste
18 samples on the "Class A" or "Class B" premises.

19 **(d)** A winery holding a permit under this section may also make retail sales and
20 provide taste samples on county or district fair fairgrounds as provided in s. 125.51
21 (10), but this wine sold at retail or provided as taste samples shall be purchased from
22 a wholesaler holding a permit under s. 125.54.

23 **SECTION 5.** 125.53 (1) (c) of the statutes is created to read:

24 ~~125.53~~ **(1)** (c) If a winery holding a permit under this section also holds a
25 brewer's permit under s. 125.29, the winery may provide cider, as defined in s. 125.51

ASSEMBLY BILL 1000

SECTION 5

1 (2) (e) 1., that has been manufactured on this winery premises directly to the brewery
2 premises or brewer's off-site retail outlet and engage in any activity authorized
3 under s. 125.29 (3) (em), (fm), or (im).

4 (END)

D-Note

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-0515/P1dn
ARG:amn

October 31, 2018

Please review the attached draft carefully to ensure that it is consistent with your intent.

This draft incorporates a definition of "cider" contained in s. 125.51 (2) (e) 1. This definition matches a definition of "cider" for tax purposes under s. 139.01 (2m). Since these provisions were created, there have been changes in federal law to expand application of the reduced federal tax rate for hard cider, in particular to define cider to allow the reduced federal tax rate for products with an alcohol content of up to 8.5 percent alcohol by volume (ABV) rather than 7.0 percent ABV. See 26 USC 5041 (b) (6) and (g) and 27 CFR 24.270 (c) (6), 24.331, and 24.332.

Do you want to modify the provisions in this draft to apply to cider with an alcohol content of up to 8.5 percent ABV? If so, do you also want to amend ss. 125.51 (2) (e) 1. and 139.01 (2m) to apply to cider with an alcohol content of up to 8.5 percent ABV?

Please let me know if you would like any changes made to the attached draft or if you have any questions.

Aaron R. Gary
Senior Legislative Attorney
(608) 504-5850
aaron.gary@legis.wisconsin.gov

Gary, Aaron

From: Abrahamian2, Robby
Sent: Wednesday, January 15, 2020 12:14 PM
To: Gary, Aaron
Subject: LRB 0515

Hi Aaron,

Can you please send an introducible draft of LRB 0515?

Thanks,

Robby

Robert Abrahamian

Office of Rep. Katrina Shankland

Assembly District 71

Robby.Abrahamian2@legis.wisconsin.gov

608-267-9649

Pronouns: He/Him/His



Today

1

in 1/15

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

No changes

SA ✓
PwB -

1 **AN ACT** *to renumber and amend* 125.53 (1); and *to create* 125.29 (3) (em),
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Also under current law, the Department of Revenue issues permits to producers of alcohol beverages. A brewer's permit authorizes a brewer to, among other activities, manufacture fermented malt beverages (beer) and sell at retail, without a retail license, the brewer's own beer and certain other Wisconsin-made beer at the brewery premises and at one off-site retail outlet of the brewer. The brewer may also provide free taste samples of beer at these locations. A winery permit authorizes the winery to, among other activities, manufacture wine, including cider. A winery may also hold one retail license and sell its wine at this licensed location without the wine first passing through a wholesaler.

Under this bill, if a person holds both a winery permit and a brewer's permit, the permittee may sell its own cider at retail, without a retail license, at the brewery

premises and at the brewer's off-site retail outlet. The permittee may also provide free taste samples of cider at these locations. For purposes of the bill, "cider" means fermented apple or pear juice with an alcohol content not exceeding 7 percent alcohol by volume. The permittee may provide the cider directly from the winery to the brewery premises or brewer's off-site retail outlet without the cider first passing through a wholesaler.

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5 consumption at the brewery premises or at an off-site retail outlet established by the
6 brewer.

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13 **SECTION 3.** 125.29 (3) (im) of the statutes is created to read:

14 125.29 (3) (im) If the brewer also holds a winery permit under s. 125.53, the
15 provision of free taste samples, at the brewery premises or at an off-site retail outlet
16 established by the brewer, of cider, as defined in s. 125.51 (2) (e) 1., that has been
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11 A" license or one "Class B" license, but not both. The "Class A" license or "Class B"
12 license may either be issued for the winery premises or for real estate owned or leased
13 by the winery. If a "Class A" or "Class B" liquor license has also been issued to the
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15 premises directly to the "Class A" or "Class B" premises and may offer the taste
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18 provide taste samples on county or district fair fairgrounds as provided in s. 125.51
19 (10), but this wine sold at retail or provided as taste samples shall be purchased from
20 a wholesaler holding a permit under s. 125.54.

21 **SECTION 5.** 125.53 (1) (c) of the statutes is created to read:

22 125.53 (1) (c) If a winery holding a permit under this section also holds a
23 brewer's permit under s. 125.29, the winery may provide cider, as defined in s. 125.51
24 (2) (e) 1., that has been manufactured on this winery premises directly to the brewery

1 premises or brewer's off-site retail outlet and engage in any activity authorized
2 under s. 125.29 (3) (em), (fm), or (im).

3 (END)

Barman, Mike

From: Abrahamian2, Robby
Sent: Monday, January 27, 2020 1:23 PM
To: LRB.Legal
Subject: Draft Review: LRB -0515/1

Please Jacket LRB -0515/1 for the ASSEMBLY.