

2001 DRAFTING REQUEST

Bill

Received: **02/05/2001**

Received By: **agary**

Wanted: **As time permits**

Identical to LRB:

For: **Jon Erpenbach (608) 266-6670**

By/Representing: **Julie**

This file may be shown to any legislator: **NO**

Drafter: **agary**

May Contact:

Alt. Drafters:

Subject: **Beverages - miscellaneous**

Extra Copies: **RCT**

Pre Topic:

No specific pre topic given

Topic:

On-premises sales of fruit-based liquor

Instructions:

See Attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	agary 02/05/2001	jdyer 02/06/2001		_____			State
/1	agary 02/20/2001	jdyer 02/20/2001	martykr 02/08/2001	_____	lrb_docadmin 02/08/2001	lrb_docadmin	State 02/08/2001
/2			pgreensl 02/26/2001	_____	lrb_docadmin 02/26/2001	lrb_docadmin	02/26/2001

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1?	agary	1 2/6 jld	Jan 2/8	_____	_____	_____	_____

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2/5/01

He w/ Julie at ~~Rep.~~ Sen. Erpenbach ofc.
& Al at Sen. Shindler ofc.
Rep.

Sen.
- Rep. Erpenbach wants companion bill to
LRB 1466 → authorized
by Sen. Shindler

2001 BILL

same as
CRB 01-1466/1

Regen

1 AN ACT to amend 125.52 (1) and 125.68 (2); and to create 125.52 (1) (b) 2. of the
2 statutes; relating to: sales of fruit-based intoxicating liquor for consumption
3 on the premises where manufactured or rectified.

Analysis by the Legislative Reference Bureau

Under current law, alcohol beverages are generally distributed to consumers under a three-tier distribution system: the manufacturer may sell only to a wholesaler or rectifier (a person who blends, refines, or purifies distilled spirits or wines); the wholesaler or rectifier may sell only to a wholesaler or to a retailer; the retailer may sell only to the 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.

This bill creates an exception to allow a manufacturer or rectifier to sell directly to consumers, for consumption on the premises where sold, intoxicating liquor that is manufactured or rectified on the premises, if the intoxicating liquor is manufactured or rectified exclusively from fermented fruit juice, such as brandy. Intoxicating liquor made from or containing grain may not be sold under this exception. Like the requirements that apply to the sale of alcohol beverages to be consumed on the premises where sold, this bill requires that the licensed person, or a person possessing an operator's license or manager's license, be on the premises whenever such sales are made. The bill also allows the department of revenue to regulate sales under this exception, but the regulations must be consistent with requirements that apply to "Class B" licensees (persons licensed to sell intoxicating liquor to be consumed on the premises, such as taverns).

BILL

For further information see the *state* 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.** 125.52 (1) of the statutes is amended to read:

2 125.52 (1) AUTHORIZED ACTIVITIES. (a) The department shall issue
3 manufacturers' and rectifiers' permits which authorize the manufacture or
4 rectification, respectively, of intoxicating liquor on the premises covered by the
5 permit. A person holding a manufacturer's or rectifier's permit may manufacture,
6 bottle or wholesale wine, pursuant to the terms of the permit, without procuring a
7 winery permit.

8 (b) 1. A manufacturer's or rectifier's permit entitles the permittee to sell
9 intoxicating liquor from the premises described in the permit. Holders of rectifiers'
10 permits may sell intoxicating liquor rectified by the permittee to retailers without
11 any other permit. No Except as provided in subd. 2., no sales may be made for
12 consumption on the premises of the permittee.

13 3. Possession of a permit under this section does not authorize the permittee
14 to sell tax-free intoxicating liquor and wines brought into this state under s. 139.03
15 (5).

16 **SECTION 2.** 125.52 (1) (b) 2. of the statutes is created to read:

17 125.52 (1) (b) 2. Notwithstanding s. 125.09 (1), a manufacturer's or rectifier's
18 permit authorizes the retail sale, for consumption on the premises, of intoxicating
19 liquor that is manufactured or rectified on the premises and that is manufactured
20 or rectified exclusively from fermented fruit juice. The department may prescribe
21 additional regulations for the sale of intoxicating liquor under this subdivision, if the

BILL

1 additional regulations do not conflict with the requirements applicable to holders of
2 “Class B” licenses.

3 **SECTION 3.** 125.68 (2) of the statutes is amended to read:

4 125.68 (2) OPERATORS' LICENSES; “CLASS A,” “CLASS B” OR “CLASS C,” AND OTHER
5 PREMISES. Except as provided under s. 125.07 (3) (a) 10., no premises operated under
6 a “Class A” or “Class C” license or under a “Class B” license or permit may be open
7 for business, and no person who holds a manufacturer’s or rectifier’s permit may
8 allow the sale of intoxicating liquor on the manufacturing or rectifying premises as
9 provided in s. 125.52 (1) (b) 2., unless there is upon the premises either the licensee
10 or permittee, the agent named in the license or permit if the licensee or permittee is
11 a corporation or limited liability company, or some person who has an operator’s
12 license and who is responsible for the acts of all persons selling or serving any
13 intoxicating liquor to customers. An operator’s license issued in respect to a vessel
14 under s. 125.51 (5) (c) is valid outside the municipality that issues it. For the purpose
15 of this subsection, any person holding a manager’s license issued under s. 125.18 or
16 any member of the licensee’s or permittee’s immediate family who has attained the
17 age of 18 shall be considered the holder of an operator’s license. No person, including
18 a member of the licensee’s or permittee’s immediate family, other than the licensee,
19 permittee or agent may serve or sell alcohol beverages in any place operated under
20 a “Class A” or “Class C” license or under a “Class B” license or permit unless he or
21 she has an operator’s license or is at least 18 years of age and is under the immediate
22 supervision of the licensee, permittee or agent or a person holding an operator’s
23 license, who is on the premises at the time of the service.

24 (END)



State of Wisconsin

LEGISLATIVE REFERENCE BUREAU

100 NORTH HAMILTON STREET
5TH FLOOR
MADISON, WI 53701-2037

STEPHEN R. MILLER
CHIEF

LEGAL SECTION: (608) 266-3561
LEGAL FAX: (608) 264-6948

February 8, 2001

MEMORANDUM

To: Senator Erpenbach

From: Arron R. Gary, Attorney

Re: LRB-2401 On-premises sales of fruit-based liquor

The attached draft was prepared at your request. Please review it carefully to ensure that it is accurate and satisfies your intent. If it does and you would like it jacketed for introduction, please indicate below for which house you would like the draft jacketed and return this memorandum to our office. If you have any questions about jacketing, please call our program assistants at 266-3561. Please allow one day for jacketing.

___ JACKET FOR ASSEMBLY JACKET FOR SENATE

If you have any questions concerning the attached draft, or would like to have it redrafted, please contact me at (608) 261-6926 or at the address indicated at the top of this memorandum.

If the last paragraph of the analysis states that a fiscal estimate will be prepared, the LRB will request that it be prepared after the draft is introduced. You may obtain a fiscal estimate on the attached draft before it is introduced by calling our program assistants at 266-3561. Please note that if you have previously requested that a fiscal estimate be prepared on an earlier version of this draft, you will need to call our program assistants in order to obtain a fiscal estimate on this version before it is introduced.

Please call our program assistants at 266-3561 if you have any questions regarding this memorandum.

RMR

2001 BILL

Regen

1 AN ACT to amend 125.52 (1) and 125.68 (2); and to create 125.52 (1) (b) 2. of the
 2 statutes; relating to: sales ^{and taste samples} of fruit-based intoxicating liquor for consumption
 3 on ^{or off} the premises where manufactured or rectified.

Analysis by the Legislative Reference Bureau

Under current law, alcohol beverages are generally distributed to consumers under a three-tier distribution system: the manufacturer may sell only to a wholesaler or rectifier (a person who blends, refines, or purifies distilled spirits or wines); the wholesaler or rectifier may sell only to a wholesaler or to a retailer; the retailer may sell only to the 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.

This bill creates an exception to allow a manufacturer or rectifier to sell directly to consumers, for consumption on the premises where sold, intoxicating liquor that is manufactured or rectified on the premises, if the intoxicating liquor is manufactured or rectified exclusively from fermented fruit juice, such as brandy. Intoxicating liquor made from or containing grain may not be sold under this exception. Like the requirements that apply to the sale of alcohol beverages to be consumed on the premises where sold, this bill requires that the licensed person, or a person possessing an operator's license or manager's license, be on the premises whenever such sales are made. The bill also allows the department of revenue to regulate sales under this exception, but the regulations must be consistent with requirements that apply to "Class B" licensees (persons licensed to sell intoxicating liquor to be consumed on the premises, such as taverns).

or off ✓

for provide free
into samples

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

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2 125.52 (1) AUTHORIZED ACTIVITIES. (a) The department shall issue
3 manufacturers' and rectifiers' permits which authorize the manufacture or
4 rectification, respectively, of intoxicating liquor on the premises covered by the
5 permit. A person holding a manufacturer's or rectifier's permit may manufacture,
6 bottle or wholesale wine, pursuant to the terms of the permit, without procuring a
7 winery permit.

8 (b) 1. A manufacturer's or rectifier's permit entitles the permittee to sell
9 intoxicating liquor from the premises described in the permit. Holders of rectifiers'
10 permits may sell intoxicating liquor rectified by the permittee to retailers without
11 any other permit. ~~No~~ Except as provided in subd. 2., no sales may be made for
12 consumption on the premises of the permittee.

13 3. Possession of a permit under this section does not authorize the permittee
14 to sell tax-free intoxicating liquor and wines brought into this state under s. 139.03
15 (5).

16 **SECTION 2.** 125.52 (1) (b) 2. of the statutes is created to read:

17 125.52 (1) (b) 2. Notwithstanding s. 125.09 (1), a manufacturer's or rectifier's
18 permit authorizes the retail sale, ^{and the provision of taste samples free of charge} ~~for consumption on the premises,~~ of intoxicating
19 liquor that is manufactured or rectified on the premises and that is manufactured
20 or rectified exclusively from fermented fruit juice. The department may prescribe
21 additional regulations for the sale of intoxicating liquor under this subdivision, if the

, for consumption on or off the premises. ✓

BILL

1 additional regulations do not conflict with the requirements applicable to holders of
2 “Class B” licenses.

3 **SECTION 3.** 125.68 (2) of the statutes is amended to read:

4 125.68 (2) OPERATORS' LICENSES; “CLASS A²,” “CLASS B² OR,” “CLASS C,” AND OTHER
5 PREMISES. Except as provided under s. 125.07 (3) (a) 10., no premises operated under
6 a “Class A” or “Class C” license or under a “Class B” license or permit may be open
7 for business, and no person who holds a manufacturer’s or rectifier’s permit may
8 allow the sale^{or provision of taste samples} of intoxicating liquor on the manufacturing or rectifying premises as
9 provided in s. 125.52 (1) (b) 2., unless there is upon the premises either the licensee
10 or permittee, the agent named in the license or permit if the licensee or permittee is
11 a corporation or limited liability company, or some person who has an operator’s
12 license and who is responsible for the acts of all persons selling or serving any
13 intoxicating liquor to customers. An operator’s license issued in respect to a vessel
14 under s. 125.51 (5) (c) is valid outside the municipality that issues it. For the purpose
15 of this subsection, any person holding a manager’s license issued under s. 125.18 or
16 any member of the licensee’s or permittee’s immediate family who has attained the
17 age of 18 shall be considered the holder of an operator’s license. No person, including
18 a member of the licensee’s or permittee’s immediate family, other than the licensee,
19 permittee or agent may serve or sell alcohol beverages in any place operated under
20 a “Class A” or “Class C” license or under a “Class B” license or permit unless he or
21 she has an operator’s license or is at least 18 years of age and is under the immediate
22 supervision of the licensee, permittee or agent or a person holding an operator’s
23 license, who is on the premises at the time of the service.

24 (END)