

2007 SENATE BILL 64

February 26, 2007 – Introduced by Senators JAUCH, A. LASEE, DARLING, GROTHMAN, KEDZIE, LASSA and LEHMAN, cosponsored by Representatives KERKMAN, VOS, BIES, HILGENBERG, SHERMAN, ALBERS, BERCEAU, BOYLE, GUNDERSON, HAHN, HRAYCHUCK, JESKEWITZ, F. LASEE, LOTHIAN, MEYER, MURSAU, MUSSER, NASS, NEWCOMER, A. OTT, POCAN, STONE, STRACHOTA, TAUCHEN, TOWNSEND, TRAVIS and VAN ROY. Referred to Committee on Transportation, Tourism and Insurance.

1 **AN ACT to amend** 125.52 (1), 125.68 (2), 125.69 (1) (a) and 125.69 (1) (b) 4.; and
2 **to create** 125.52 (1) (b) 2. of the statutes; **relating to:** sales and taste samples
3 by manufacturers or rectifiers of intoxicating liquor for consumption on or off
4 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, or provide free taste samples of, directly to consumers, for consumption on or off the premises where sold, intoxicating liquor that is manufactured or rectified on the premises. 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). The bill specifies that a

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manufacturer or rectifier that sells or provides taste samples of intoxicating liquor under the bill does not, in doing so, forfeit any authorization under current law to also hold a winery permit and a “Class B” or “Class A” license, all issued for the same premises or portions of the same premises.

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 to wholesalers from the premises described in the permit.
10 Holders of rectifiers’ permits may also sell intoxicating liquor rectified by the
11 permittee to retailers without any other permit. ~~No~~ Except as provided in subd. 2.,
12 no sales may be made for consumption on the premises of the permittee.

13 (c) 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 of
19 intoxicating liquor that is manufactured or rectified on the premises, for
20 consumption on or off the premises. The department may prescribe additional

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1 regulations for the sale of intoxicating liquor under this subdivision, if the additional
2 regulations do not conflict with the requirements applicable to holders of “Class B”
3 licenses. Notwithstanding any other provision of this chapter, the authorization
4 under this subdivision applies with respect to a person who holds any permit under
5 this section, a winery permit under s. 125.53, and either a “Class A” license or a
6 “Class B” license issued under s. 125.51 (3) (am), all issued for the same premises or
7 portions of the same premises.

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

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

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1 under a “Class B” license or permit unless he or she has an operator’s license or is
2 at least 18 years of age and is under the immediate supervision of the licensee,
3 permittee or agent or a person holding an operator’s license, who is on the premises
4 at the time of the service.

5 **SECTION 4.** 125.69 (1) (a) of the statutes is amended to read:

6 125.69 (1) (a) No intoxicating liquor manufacturer, rectifier or wholesaler may
7 hold any direct or indirect interest in any “Class A” license or establishment and no
8 “Class A” licensee may hold any direct or indirect interest in a wholesale permit or
9 establishment, except that a winery that has a permit under s. 125.53 may have an
10 ownership interest in a “Class A” license and a person may hold a “Class A” license
11 and both a winery permit under s. 125.53 and a manufacturer’s or rectifier’s permit
12 under s. 125.52 and may make retail sales and provide taste samples as authorized
13 under the “Class A” license and ss. 125.06 (13) and 125.52 (1) (b) 2.

14 **SECTION 5.** 125.69 (1) (b) 4. of the statutes is amended to read:

15 125.69 (1) (b) 4. A winery that has a permit under s. 125.53 may have an
16 ownership interest in a “Class B” license issued under s. 125.51 (3) (am) and a person
17 may hold a “Class B” license and both a winery permit under s. 125.53 and a
18 manufacturer’s or rectifier’s permit under s. 125.52 and may make retail sales and
19 provide taste samples as authorized under the “Class B” license and s. 125.52 (1) (b)
20 2.

21 (END)