



WISCONSIN LEGISLATIVE COUNCIL ACT MEMO

2007 Wisconsin Act 85
[2007 Senate Bill 485]

**Interstate and Intrastate Wine Sales;
Small Winery Cooperative
Wholesalers**

2007 Act 85 makes numerous changes related to wine distribution and production, and the distribution and sale of other alcohol beverages, including the following:

1. The Act eliminates the current reciprocal agreement system for authorizing interstate wine shipments directly to consumers in this state and replaces it with a new permit system available for both interstate and intrastate shipments of wine directly to consumers in this state. The Act requires the Wisconsin Department of Revenue (DOR) to issue new permits called *direct wine shipper's permits*, which authorize interstate and intrastate shipments of wine directly to consumers. A permit may be issued to any person that manufactures and bottles wine on premises covered by a winery, manufacturer's, or rectifier's permit issued by DOR, a winery permit issued by another state, or a federal winery permit. The Act also imposes various conditions on direct wine shipments to consumers in this state, including a provision that no individual in this state may receive more than **108 liters of wine annually** that is shipped under the authority of the permit.
2. The Act eliminates the authorization of wineries, manufacturers, and rectifiers to sell wine at wholesale to retailers. **A winery may only sell wine to a wholesaler.** A manufacturer or rectifier may only sell intoxicating liquor, including wine, to wholesalers, wineries, and other manufacturers and rectifiers. The Act eliminates the current authorization of rectifiers to sell its own intoxicating liquor, other than wine, directly to retailers.
3. The Act eliminates the authorization for a person holding an *out-of-state shipper's permit* to ship intoxicating liquor into this state to any person other than a wholesaler, except that shipments may be made to a manufacturer, rectifier, or winery under certain circumstances.
4. The Act allows the formation of **small winery cooperative wholesalers**, which may include both in-state and out-of-state small wineries. A winery that produces and bottles less than 25,000 gallons of wine in a calendar year (small winery) may organize with other small wineries as such a cooperative. No more than six such cooperative wholesalers may be formed and each **must be formed**

This memo provides a brief description of the Act. For more detailed information, consult the text of the law and related legislative documents at the Legislature's Web site at: <http://www.legis.state.wi.us/>.

between October 1, 2008, and December 31, 2008. Once formed, a cooperative wholesaler may obtain a wholesaler's permit from DOR and then distribute to retailers and other wholesalers wine produced by members of the cooperative wholesaler. The membership of such a cooperative wholesaler must consist exclusively of small wineries that: (a) hold direct shipper's permits; and (b) are *certified* as small wineries by DOR (basically, certified that they produce less than the 25,000 gallons in a calendar year, as referenced above). The Act permits other small wineries to become members of a cooperative wholesaler once the cooperative wholesaler is formed. The cooperative wholesaler may also sell to its own members or former members *ancillary wine industry trade goods*, such as bottles and corks. There are numerous other provisions in the new law relating to small winery cooperative wholesalers.

5. The Act clarifies that a winery may mix or blend intoxicating liquor to produce fortified wine without holding a rectifier's permit.

6. The Act clarifies the *definition of wine* to require that it not contain more than 21% of alcohol by volume.

7. The Act generally requires *face-to-face retail sales* at retail licensed premises.

The Act authorizes certain *wine collector sales* without a license or permit.

Effective Date: Act 85 takes effect on October 1, 2008, with two exceptions: a nonstatutory provision relating to small winery interim certification takes effect on July 1, 2008; and a nonstatutory provision relating to rule-making by DOR takes effect on March 28, 2008 (the day after publication of the new law). There is also a provision specifying that a winery holding a winery permit issued prior to the general effective date (October 1, 2008) may continue to sell its wine at wholesale, in the manner authorized under the law prior to the new law, until June 30, 2009.

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