May 21, 2015 – Introduced by Senator Farrow, cosponsored by Representatives Murtha and Tauchen. Referred to Committee on Revenue, Financial Institutions, and Rural Issues.

1 AN ACT to repeal 139.06 (4); to renumber and amend 139.06 (1) (b); and to create 139.01 (2t) and 139.06 (1) (b) 2. to 4. of the statutes; relating to: the tax on intoxicating liquor.

Analysis by the Legislative Reference Bureau

Under current law, the state imposes an occupational tax on selling intoxicating liquor in this state. Liability for the tax is incurred, generally, by a shipper when the liquor is shipped into this state, except that liability on liquor produced or bottled in this state or imported directly from a foreign country into this state by a person holding a Wisconsin permit is incurred at the time of first sale.

Under this bill, the liability for the tax imposed on intoxicating liquor is incurred:

1. By a shipper when the liquor is shipped into this state.
2. By a person holding a Wisconsin permit when the liquor is received into this state or removed from a federal bonded premise, whichever is later, if it is imported directly from a foreign country into this state by a Wisconsin permittee.
3. By a Wisconsin winery, manufacturer, or rectifier when intoxicating liquor is removed from a federal bonded premise, if it is produced, bottled, manufactured, or rectified in this state by a Wisconsin winery, manufacturer, or rectifier.
4. By a Wisconsin rectifier at the time of first sale, if the rectifier had more than 50 percent of its previous calendar year’s sales of intoxicating liquor sold outside Wisconsin.
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The bill defines “first sale” as the first sale of finished, nonbulk, intoxicating liquor, packaged in containers suitable for sale to consumers or to retailers or other persons holding valid permits.

Under current law, when intoxicating liquor is stored in an alcohol beverage warehouse by a manufacturer or rectifier as a pledge, it is not necessary to affix front labels to the containers until the liquor is sold or removed from the warehouse. When it becomes necessary for a pledgee to sell the liquor in good faith pursuant to the terms of the pledge, it must be sold to a manufacturer, rectifier, or wholesaler for the purpose of affixing front labels to the containers. The sales are then reported to the Department of Revenue.

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:

SECTION 1. 139.01 (2t) of the statutes is created to read:

139.01 (2t) “First sale” means the first sale of finished, nonbulk, intoxicating liquor, packaged in containers suitable for sale to consumers or to retailers or other permittees.

SECTION 2. 139.06 (1) (b) of the statutes is renumbered 139.06 (1) (b) (intro.) and amended to read:

139.06 (1) (b) (intro.) Liability for taxes at the rates under s. 139.03 (2m) on intoxicating liquor is incurred by:

1. By a shipper when intoxicating liquor is shipped into this state, except that liability on liquor produced or bottled in this state or imported directly from a foreign country into this state by a Wisconsin permittee is incurred at the time of the first sale in this state and except that liability for liquor under sub. (3) or (4) is incurred when a Wisconsin permittee receives that liquor.

SECTION 3. 139.06 (1) (b) 2. to 4. of the statutes are created to read:
139.06 (1) (b) 2. By a Wisconsin permittee when intoxicating liquor is received
into Wisconsin or removed from a federal bonded premise under sections 5171 (a) and
5178 of the Internal Revenue Code, whichever is later, if it is imported directly from
a foreign country into this state by a Wisconsin permittee.

3. By a Wisconsin winery, manufacturer, or rectifier, except as provided in subd.
4., when intoxicating liquor is removed from a federal bonded premise, if it is
produced, bottled, manufactured, or rectified in this state by a Wisconsin winery,
manufacturer, or rectifier.

4. By a Wisconsin rectifier holding a valid permit under s. 125.52 at the time
of first sale, if the rectifier had more than 50 percent of its previous calendar year’s
sales of intoxicating liquor sold outside Wisconsin.

SECTION 4. 139.06 (4) of the statutes is repealed.

SECTION 5. Effective date.

(1) This act takes effect on the first day of the first month beginning after
publication.

(END)