

ADMINISTRATIVE RULES

Fiscal Estimate & Economic Impact Analysis

1. Type of Estimate and Analysis <input checked="" type="checkbox"/> Original <input type="checkbox"/> Updated <input type="checkbox"/> Corrected	2. Date June 30, 2025												
3. Administrative Rule Chapter, Title and Number (and Clearinghouse Number if applicable) Chapters Tax 7 and Tax 8 – Alcohol Beverage Regulation and Taxation													
4. Subject The rule implements 2023 Act 73, relating to alcohol beverage taxation and regulation.													
5. Fund Sources Affected <input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEG-S	6. Chapter 20, Stats. Appropriations Affected												
7. Fiscal Effect of Implementing the Rule <table style="width: 100%;"><tr><td><input checked="" type="checkbox"/> No Fiscal Effect</td><td><input type="checkbox"/> Increase Existing Revenues</td><td><input type="checkbox"/> Increase Costs</td><td><input type="checkbox"/></td></tr><tr><td><input type="checkbox"/> Indeterminate</td><td><input type="checkbox"/> Decrease Existing Revenues</td><td><input type="checkbox"/> Decrease Costs</td><td></td></tr><tr><td colspan="3"></td><td><input type="checkbox"/> Could Absorb Within Agency's Budget</td></tr></table>		<input checked="" type="checkbox"/> No Fiscal Effect	<input type="checkbox"/> Increase Existing Revenues	<input type="checkbox"/> Increase Costs	<input type="checkbox"/>	<input type="checkbox"/> Indeterminate	<input type="checkbox"/> Decrease Existing Revenues	<input type="checkbox"/> Decrease Costs					<input type="checkbox"/> Could Absorb Within Agency's Budget
<input checked="" type="checkbox"/> No Fiscal Effect	<input type="checkbox"/> Increase Existing Revenues	<input type="checkbox"/> Increase Costs	<input type="checkbox"/>										
<input type="checkbox"/> Indeterminate	<input type="checkbox"/> Decrease Existing Revenues	<input type="checkbox"/> Decrease Costs											
			<input type="checkbox"/> Could Absorb Within Agency's Budget										
8. The Rule Will Impact the Following (Check All That Apply) <table style="width: 100%;"><tr><td><input type="checkbox"/> State's Economy</td><td><input checked="" type="checkbox"/> Specific Businesses/Sectors</td></tr><tr><td><input type="checkbox"/> Local Government Units</td><td><input type="checkbox"/> Public Utility Rate Payers</td></tr><tr><td colspan="2"><input type="checkbox"/> Small Businesses (if checked, complete Attachment A)</td></tr></table>		<input type="checkbox"/> State's Economy	<input checked="" type="checkbox"/> Specific Businesses/Sectors	<input type="checkbox"/> Local Government Units	<input type="checkbox"/> Public Utility Rate Payers	<input type="checkbox"/> Small Businesses (if checked, complete Attachment A)							
<input type="checkbox"/> State's Economy	<input checked="" type="checkbox"/> Specific Businesses/Sectors												
<input type="checkbox"/> Local Government Units	<input type="checkbox"/> Public Utility Rate Payers												
<input type="checkbox"/> Small Businesses (if checked, complete Attachment A)													
9. Estimate of Implementation and Compliance to Businesses, Local Governmental Units and Individuals, per s. 227.137(3)(b)(1). N/A													
10. Would Implementation and Compliance Costs Businesses, Local Governmental Units and Individuals Be \$10 Million or more Over Any 2-year Period, per s. 227.137(3)(b)(2)? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No													
11. Policy Problem Addressed by the Rule 2023 Wisconsin Act 73 was a once in a decade piece of legislation that created the Division of Alcohol Beverages, separating alcohol beverage taxation from regulation, and over 150 more changes to alcohol beverage regulatory law. The department has created this proposed rule order to reflect the statutory changes and provide clarification and certainty to affected industry members.													
12. Summary of the Businesses, Business Sectors, Associations Representing Business, Local Governmental Units, and Individuals that may be Affected by the Proposed Rule that were Contacted for Comments. The rule was posted on the Department's website for comment from June 16 to 23, 2025. Interested parties were notified of the opportunity to comment through the department's administrative rules and alcohol beverage email lists. Ron Hockersmith, Founder of Amorphic Beer provided comments on several items relating to the economic impact of the rule. Hockersmith first comments on the fees outlined in Tax 7.04, indicating that the new fees are an imposition on small brewers and could adversely impact their business. Further, Hockersmith mentions that the rule does not create an a single-day out-of-state shipper fee for purposes of participation in festivals such as the Great Taste of the Midwest. 2023 Wisconsin Act 73 imposed an annual fee of \$500 for any permit that did not have an established fee to equalize fees across producer tiers. The department believes that reducing fees for permits for limited duration or smaller production capacity, would exceed its ' rulemaking authority, effectively creating new permits not authorized by statute. Hockersmith further comments that the 15 day requirement for submission of full-service retail sales applications creates adverse economic impacts to producers that want to sell alcohol beverages at an event. State law requires municipalities to approve full-service retail sales outlets operating in their municipality. Further, state law requires the Division to grant approval. Due to the volume of requests the division receives, receiving completed applications 15 days in advance ensures that approvals will be granted timely. Hockersmith also requests that the division create a separate process for brewers engaging in retail sales of their own beer, a privilege that was preserved in state law under 2023 Act 73. While the new law preserved the privilege, it requires that any brewer that produces enough beer to earn full-service retail sales privileges, must follow the process for full-service retail sales privileges. Granting this request would exceed the department's rulemaking authority. Finally, Hockersmith comments													

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that "sponsor," mentioned in Tax 7.31(2) is not clear with regard to donations to nonprofits of an affiliated event. This section of administrative code is renumbered but is maintained from Chapter Tax 7 prior to 2023 Wisconsin Act 73. The department is not substantively changing these sections under the proposed rule.

13. Identify the Local Governmental Units that Participated in the Development of this EIA.

N/A

14. Summary of Rule's Economic and Fiscal Impact on Specific Businesses, Business Sectors, Public Utility Rate Payers, Local Governmental Units and the State's Economy as a Whole (Include Implementation and Compliance Costs Expected to be Incurred)

There will be some costs incurred by the alcohol beverage industry associated with acquiring permits, submitting required documents, and general compliance with the administrative code. Most of these requirements are consistent with similar procedures and practices that existed prior to the adoption of 2023 Wisconsin Act 73. New procedures and practices are required to comply with state law and were modeled after existing procedures and practices where applicable. The department does not anticipate significant costs outside of the regular course of business for compliance with these chapters.

15. Benefits of Implementing the Rule and Alternative(s) to Implementing the Rule

2023 Wisconsin Act 73 created over 150 new changes to alcohol beverage regulation. Administrative rulemaking is required to create certainty and clarity on the new policies and procedures required to comply with the new laws. There are no alternatives to implementing rulemaking.

16. Long Range Implications of Implementing the Rule

No long-range implications are anticipated.

17. Compare With Approaches Being Used by Federal Government

Comparison of the approaches used by the federal government are discussed within the administrative

18. Compare With Approaches Being Used by Neighboring States (Illinois, Iowa, Michigan and Minnesota)

Analysis of other states approaches are discussed within the administrative rule document.

19. Contact Name	20. Contact Phone Number
Ann DeGarmo	608-266-7179

This document can be made available in alternate formats to individuals with disabilities upon request

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ATTACHMENT A

1. Summary of Rule's Economic and Fiscal Impact on Small Businesses (Separately for each Small Business Sector, Include Implementation and Compliance Costs Expected to be Incurred)

2. Summary of the data sources used to measure the Rule's impact on Small Businesses

3. Did the agency consider the following methods to reduce the impact of the Rule on Small Businesses?

- ☐ Less Stringent Compliance or Reporting Requirements
☐ Less Stringent Schedules or Deadlines for Compliance or Reporting
☐ Consolidation or Simplification of Reporting Requirements
☐ Establishment of performance standards in lieu of Design or Operational Standards
☐ Exemption of Small Businesses from some or all requirements
☐ Other, describe:

4. Describe the methods incorporated into the Rule that will reduce its impact on Small Businesses

5. Describe the Rule's Enforcement Provisions

6. Did the Agency prepare a Cost Benefit Analysis (if Yes, attach to form)

☐ Yes ☐ No

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FISCAL ESTIMATE FORM

2025 Session

☒ ORIGINAL ☐ UPDATED
☐ CORRECTED ☐ SUPPLEMENTAL

LRB #

INTRODUCTION #

Admin. Rule # to be assigned

Subject

The Wisconsin Department of Revenue proposes an order to repeal and recreate Tax 7 and Tax 8 relating to alcohol beverage regulation and taxation.

Under the current Wisconsin Administrative Code, Chapter Tax 7 contains all rules relating to the taxation and regulation of fermented malt beverages, and Chapter Tax 8 contains all rules relating to taxation and regulation of intoxicating liquor.

This rule separates the taxation and regulation of all alcohol beverages, regardless of type, due to the regulation and enforcement of alcohol beverages under ch. 125, Stats, occurring under the newly created Division of Alcohol Beverages pursuant to 2023 Act 73.

Fiscal Effect

State: ☒ No State Fiscal Effect
Check columns below only if bill makes a direct appropriation or affects a sum sufficient appropriation.

<input type="checkbox"/> Increase Existing Appropriation	<input type="checkbox"/> Increase Existing Revenues	<input type="checkbox"/> Increase Costs - May be Possible to Absorb Within Agency's Budget <input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Decrease Existing Appropriation	<input type="checkbox"/> Decrease Existing Revenues	
<input type="checkbox"/> Create New Appropriation		
		<input type="checkbox"/> Decrease Costs

Local: ☒ No Local Government Costs

1. <input type="checkbox"/> Increase Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	3. <input type="checkbox"/> Increase Revenues <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	5. Types of Local Governmental Units Affected: <input type="checkbox"/> Towns <input type="checkbox"/> Villages <input type="checkbox"/> Cities <input type="checkbox"/> Counties <input type="checkbox"/> Others _____ <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts
2. <input type="checkbox"/> Decrease Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	4. <input type="checkbox"/> Decrease Revenues <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	

Fund Sources Affected

☐ GPR ☐ FED ☐ PRO ☐ PRS ☐ SEG ☐ SEG-S

Affected Ch. 20 Appropriations

Assumptions Used in Arriving at Fiscal Estimate:

The following provisions of Tax 7 are new:

Tax 7.01 Authority and Purpose cites the statutory authority for the chapter and outlines the responsibilities of the Division of Alcohol Beverages. The department anticipates this provision will have no fiscal effect.

Tax 7.03 Background check fees describes the purpose for background checks for alcohol beverage permit applicants and which members of the applicant business are subject to criminal history checks. Authority for the Division of Alcohol Beverages to charge these fees was granted in s. [125.04\(8m\)](#), Stats. The department estimates this provision will have no fiscal effect; any fees incurred by the division shall be paid by the applicant.

Tax 7.035 Qualifications for and issuance of licenses and permits clarifies residency requirement and seller's permit requirements for purposes of determining qualified applicants for alcohol beverage licenses or permits under s. 125.04(5), confirms that the qualifications in s. 125.04(5) apply to related business entities of an applicant, describes

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Date
05/22/2025

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the required information that must appear on a license certificate document issued by a municipality. The department anticipates this provision will have no fiscal effect.

Tax 7.04 Permits and fees outlines expiration dates and amounts of permit fees for all alcohol beverage permits issued by the Division of Alcohol Beverages and when an application fee may be refunded, and establishes standards for an allowable premises. The department estimates license and permit fees revenues of about \$2,075,000 per fiscal year.

Tax 7.06 Responsible beverage server training course standards establishes requirements that alcohol beverage server training courses must meet to be approved. This codifies the department's [long-standing guidance](#) into administrative code. The department anticipates no fiscal effect from this provision.

Tax 7.11 Operators' permits establishes the expiration date and application process for operator's permits issued by the Division of Alcohol Beverages. The department estimates operator permit fee revenue of \$60,000 from included in Tax 7.04 above.

Tax 7.12 Alcohol beverage warehouse standards establishes long-standing department practice for regulation of alcohol beverage warehouse permittees including who may hold the permit, authorized activities under the permit, and requirements of the premises. The department expects alcohol beverage warehouse permit fee revenue of \$11,800 included in Tax 7.04 above.

Tax 7.13 Permissible interests provides definitions and processes necessary to administer s. [125.20](#), Stats, created in 2023 Wisconsin Act 73. This provision clarifies interest restrictions and therefore no fiscal effect is expected.

Tax 7.14 Production agreements provides clarification for producers engaging in production agreements under s. [125.21](#), Stats., including requirements for disclosure of agreements to the Division of Alcohol Beverages and examples for tax payment and reporting requirements specifically relating to contract production agreements with out-of-state recipe suppliers. This provision provides clarification and guidance to alcohol beverage industry members seeking to enter production agreements. It does not have any tangible impact on the overall level of taxable production or shipment of alcohol into the state and therefore does not have any fiscal effect.

7.15 Common carrier permit; shipments into state clarifies that common carrier permits may be issued to one entity for multiple locations and requires that the monthly report be filed electronically. The department estimates the common carrier permit fee will result to a minimal increase in permit revenues. This amount is estimated at \$4,000 and is included in the permit fees estimate in Tax 7.04 above.

7.16 Fulfillment houses provides the expiration for fulfillment house permits, requires that monthly reports be filed electronically, and that a permit is required for each location where wine will be shipped into Wisconsin. The department estimates this will result in a minimal increase in permit revenues. This amount is estimated at \$2,000 and is included in the permit fees estimated in Tax 7.04.

7.17 Full-service retail sales by producers creates a requirement for producers to apply for on-and off-premises sales approval from the Division of Alcohol Beverages, requires that applications be made 15 days prior to desired commencement of full-service retail sales, explains how production volumes will be calculated and verified, provides guidance on when during the year a producer may apply for full-service retail sales, and provides several examples of how cumulative production volume is calculated if a legal business entity is merged, acquired, reorganized, or

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restructured. The section also creates a revocation, suspension, and refusal to renew process for these privileges, and creates invoice and recordkeeping requirements. Alcohol is taxed at the production/wholesale level; therefore, this provision will have no fiscal effect.

7.19 Returns of alcohol beverages codifies long-standing department guidance allowing retailers to make refunds to consumers, but not returns of the alcohol beverages. The rule also prohibits retailers from returning alcohol beverages from producers, distributors, and out-of-state shippers. The rule allows producers, distributors, and out-of-state shippers to replace alcohol beverages sold to retailers that were expired, spoiled, or recalled with identical brand, flavor, quantity, and size as long as the transaction is documented. The department anticipates this provision will have no fiscal effect.

7.20 Retail premises codifies long-standing department [guidance](#) that specifies that a premises is fixed location describing land and buildings, that the licensee must have complete control over that premises, and that two premises separated by floor-to-ceiling walls, each with separate entrances, are not connecting premises. The department does not expect any fiscal effect from this provision.

7.21 Possession with intent to sell clarifies that alcohol beverages kept on a licensed or permitted premises is evidence that the products are kept with intent to sell and if a license or permit is invalid for any reason all alcohol beverages on the previously licensed or permitted premises must be removed from public exposure for sale. The department anticipates no fiscal effect from this provision.

7.22 No-sale event venue permits clarifies that the definition of "rent" or "lease," in s. 125.09(1) and 125.24, Wis. Stats. requires consideration in any form in exchange for use of real property, requires no-sale event venue permit applicants to use the form prescribed by the department to apply for the permit, and outlines the required documentation for purposes of qualifying for the event venue certification. The department anticipates no fiscal effect from this provision.

Tax 7.32 Out-of-state shippers of fermented malt beverages clarifies that a wholesaler in another state that holds a federal basic importers permit is eligible to obtain an out-of-state shipper permit. The department estimates a fiscal effect of about \$177,000 from FMB out-of-state shippers permit fees included in Tax 7.04 above.

The following provisions of Chapter Tax 8 are new:

8.08 Contract production explains when an out-of-state recipe supplier is responsible for reporting and paying Wisconsin excise tax as a party to a contract production agreement. The department anticipates no tangible impact on the overall level of taxable production or shipment of alcohol into the state.

8.09 Transfers of alcohol beverages between production premises and full-service retail outlet confirms that alcohol beverages removed from the production premises for transfer to a full-service retail outlet is a removal for consumption or sale and Wisconsin excise tax is imposed. This provision enhance enforcement and may result to a minimal but indeterminate fiscal effect.

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FISCAL ESTIMATE WORKSHEET

☒ ORIGINAL ☐ UPDATED
☐ CORRECTED ☐ SUPPLEMENTAL

Detailed Estimate of Annual Fiscal Effect

2025 Session**LRB #****INTRODUCTION #****Admin. Rule #**
to be assigned**Subject**

The Wisconsin Department of Revenue proposes an order to repeal and recreate Tax 7 and Tax 8 relating to alcohol beverage regulation and taxation. Under the current Wisconsin Administrative Code, Chapter Tax 7 contains all rules relating to the taxation and regulation of fermented malt beverages, and Chapter Tax 8 contains all rules relating to taxation and regulation of intoxicating liquor. This rule separates the taxation and regulation of all alcohol beverages, regardless of type, due to the regulation and enforcement of alcohol beverages under ch. 125, Stats, occurring under the newly created Division of Alcohol Beverages pursuant to 2023 Act 73.

I. One-Time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):

II. Annualized Costs:		Annualized Fiscal impact on State funds from:	
A. State Costs by Category		Increased Costs	Decreased Costs
State Operations - Salaries and Fringe		\$	\$ -
(FTE Position Changes)		(FTE)	(- FTE)
State Operations-Other Costs			-
Local Assistance			-
Aids to Individuals or Organizations			-
TOTAL State Costs by Category		\$	\$ -
B. State Costs by Source of Funds		Increased Costs	Decreased Costs
GPR		\$	\$ -
FED			-
PRO/PRS			-
SEG/SEG-S		\$	-
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)		Increased Rev.	Decreased Rev.
GPR Taxes		\$	\$ -
GPR Earned			-
FED			-
PRO/PRS			-
SEG/SEG-S			-
TOTAL State Revenues		\$	\$ -

NET ANNUALIZED FISCAL IMPACT**STATE****LOCAL**

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NET CHANGE IN COSTS	\$	\$
NET CHANGE IN REVENUES	\$	\$
age 8	7/3/2025	

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