



TYLER VORPAGEL

STATE REPRESENTATIVE • 27TH ASSEMBLY DISTRICT

SB 801: relating to creating a resort manufacturer permit authorizing the production and sale of intoxicating liquor, and activities and retail interests of resort manufacturers; creating an Office of Alcohol Beverages Enforcement attached to the Department of Revenue and transferring alcohol beverages regulation and enforcement functions to this office; and making appropriations.

Written Testimony Submitted by State Representative Tyler Vorpapel
Senate Committee on Economic Development, Commerce and Local Government
February 15, 2018

Thank you, Chairman Feyen and members of the Committee on Economic Development, Commerce, and Local Government for hearing Senate Bill 801(SB 801) today. SB 801 helps address concerns over turnover of key personnel in state government that has led to many of our constituents not being able to get answers to questions they have from the Department of Revenue (DOR). I know that all of these businesses are trying to follow the law but compliance is much more difficult when you can't get answers to questions you have.

I have heard from stakeholders that enforcement on liquor laws has become very lax, and even some businesses in my district have admitted they have a hard time getting their questions answered from DOR. I feel that this resolution is only necessary because currently DOR regulates and enforces authority over manufacturing, distribution, and retail sale of alcohol beverages as well as regulation and enforce the taxation. With the creation of an Office of Alcohol Beverages Enforcement attached to the state DOR, liquor questions and enforcement would be taken care of by them rather than getting skimmed over in the larger DOR.

Let me be clear, as a legislature we are charged with creating the laws and the Executive and Judicial branches are charged with implementation and enforcement of the laws that are adopted. I find it offensive when my constituents are not being served and it is my duty to make changes that so they can get answers to questions they may have so they can pay what they owe in taxes, or that appropriate actions are being taken when someone may be violating a law that was adopted through the legislative process.

This proposal also helps the Kohler American Resort in my district sell a new chocolate brandy they are distilling but current law keeps them from selling. The three tier-system is very beneficial, however in instances like Kohler they aren't able to sell their own product. Kohler is a bit of a unique circumstance because of the broad range of businesses within their resort property. There are many restaurants as well as a grocery store thereby prohibiting them for distilling their product on site. This bill would allow Kohler to distill, bottle, and sell their

Chocolate Brandy on their property. Any retail sales that are made off of their property would still be required to go through the regularly required distribution networks.

Thank you for your time today and I hope you can support Senate Bill 801.



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Senate Economic Development, Commerce and Local Government Committee

WRA Supports, But Has Mixed Reaction to SB 801

SB 801 puts the Wisconsin Restaurant Association in a difficult position, because we support the creation of the resort manufacturer permit, but have serious concerns over the creation of an Office of Alcohol Beverages Enforcement. We believe these issues should be separated into two bills.

Admittedly, there are significant problems with the current Department of Revenue structure. In our opinion, they do not have enough agents to properly enforce the existing laws regarding the Three Tier System. It is also nearly impossible to get same day information on the laws and regulations as they affect retailers. Key staff positions at the central office have gone unfilled following retirements. WRA often goes three to four days before getting a response from DOR to a question and that response does not come from the central office. It comes from a special agent that has to try to fit us in while performing enforcement duties.

Having said this, we do wonder if these problems could not be better solved by providing proper funding to department's alcohol enforcement team, so it could hire and train enough agents to properly enforce the existing laws and provide the proper law interpretation and oversight at a central office. We believe our ideas and ideas expressed by other companies such as Miller-Coors, have merit and should be considered in lieu of creating a separate office.

Regarding the new Resort License, WRA fully supports this portion of SB 801. The exception to be created so-that a resort manufacturer's permit could be established and the products self-distributed to other resort properties would certainly create greater interest and a more exciting tourism experience for visitors. It is simply another reason to come to Wisconsin and Spend more money. This could encourage other resorts to expand or locate in Wisconsin as well.

Lakin, Tim

From: brian.cummins@distillerypartners.com on behalf of Brian Cummins
<brian@gndwi.com>
Sent: Wednesday, February 14, 2018 7:46 PM
To: Lakin, Tim
Cc: Sen.Feyen; Sen.Petrowski; Sen.Darling; Sen.Testin; Sen.Ringhand; Sen.Bewley;
Sen.Johnson
Subject: Testimony Regarding SB 801

Dear Mr. Lakin,

I'm Brian Cummins, the founder of Great Northern Distilling in Plover, WI. Unfortunately, due to the short notice for tomorrow's committee hearing on SB 801 and demands of my business, I am not able to give testimony in person. I would like to have this email entered into the record as my testimony in opposition to SB 801.

Great Northern Distilling was started in 2013 and has grown to employ 10 people in the manufacturing of handcrafted spirits that we make from ingredients we source from within 150 miles of our distillery. We also have a burgeoning export business to Taiwan. This is an American Ginseng Bourbon Whiskey that we made with the help of Hsu's Ginseng Enterprises in Wausau, WI. As a result of our growth in export, we are a semi-finalist in the 2018 Governor's Export Achievement Awards.

As the leader of a small business in Wisconsin, I strongly oppose SB 801 and the manner in which it was developed. I think we all agree that Sec. 125 needs reform and modernization, but piecemeal changes that have been enacted since Prohibition have just created a hodgepodge of conflicting statutes. SB 801 will only add to the administrative burden and impede commerce in what is a growing and popular segment of the beverage industry.

I have no opposition to oversight or enforcement of current law, but we don't need a new bureaucracy with sweeping powers and added expense to get that job done. If the problem is with lax enforcement at the Department of Revenue, then we need to fix what is wrong there instead of creating a new agency with unclear oversight.

The second portion of SB 801 that I oppose is the "Resort Manufacturer" provision. It seems that this is little more than a carveout that would give one of Wisconsin's largest businesses advantages and opportunities that no other alcohol producer, small or large, would be able to enjoy. This is not the way to encourage a free market, fair competition, and sustainable economic growth.

Worst of all, these provisions were developed behind closed doors without input from all stakeholders involved. I support modernization and simplification of Sec 125 for the benefit of everyone in the three tier system. SB 801 only creates more expense, bureaucracy, and confusion in an already backward system.

I truly appreciate your time and willingness to hear testimony from Great Northern Distilling, the craft beverage industry, and other small entrepreneurs across Wisconsin.

Sincerely,
Brian P. Cummins
Founder

Great Northern Distilling

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February 14, 2018

To: Senate Committee on Economic Development, Commerce and Local Government

Re: SB 801 regarding establishment of Office of Alcohol Beverage Enforcement and Resort Manufacturers Permit

Dear Senator Feyen, Chairman, and committee members

I ask for your unbridled opposition to SB 801, the bill to establish an Office of Alcohol Beverage Enforcement and Resort Manufacturers Permit

On the Resort permit portion, where to start? There are so many things wrong with this bill it is difficult to see how it can possibly do the industry any good at all. It does nothing to clarify ch125, only to further carve out special interest niches for large entities which further muddle and confuse the statute.

The Office of Alcohol Beverage Enforcement has several issues which I am sure you are aware of:

1. It is an office appointed by the Governor of the state. This should immediately raise red flags for either party to be highly partisan and simply not fair! Without review, this position can be influenced by lobbyists and special interests to modify the rules "at-will" for those industry segments who have the most lobbying clout i.e. money
2. The apparatus for enforcement, regulation, licensing and permitting already exists within DOR. Simply fully funding what is already there can accomplish the same ends without adding yet another layer of bureaucracy and even more costs to the industry and the state as a whole.
3. The bill appears to be written by industry special interests who have a long history of influence peddling to ensure their success and monopoly within the state
4. This Department will likely try to re-write ch125 with little or no input from ALL industry segments. Because it is an appointed position, pushed by special interests, those same special interests will undoubtedly have much to say about how the rules and laws are structured. This will further enhance their state sanctioned monopoly regardless of the consequences to other industry segments. We again are up against unfair trade practices where one segment is trying to find any way possible to stack the deck in their favor.
5. New rules, not privy to legislative or public review is a very bad way to govern and should be thrown out on this one point alone.

Thank you for considering a "NO" vote on SB 801

Jonathan G. Hamilton
Vice President, White Winter Winery, Inc.

WOLLERSHEIM WINERY



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Home of Prairie Fumé™

**To: Senate Economic Development, Commerce and Local Government Committee,
Senator Dan Feyen, Chairman**

**From: Julie Coquard, Vice-President
Wollersheim Winery and Distillery**

Date: February 15, 2018

Re: Oppose SB 801

Since Wollersheim Winery opened in 1972, tourism has been very important to us as we grew into a destination for visitors to learn about wine. We've continued to invest in the business – that my husband (our winemaker) and I run – for over four decades. Now, we're thrilled the next generation of our family is working with us as we continue to develop and grow our business.

Like many in our industry, we feel a broad look at updating some of Wisconsin's alcohol beverage laws, many of which date back to prohibition and which are no longer in sync with modern times, is long overdue. Doing so can only help to improve the overall environment for Wisconsin's alcohol beverage industry and expand options, not just for wineries, but for the entire industry, to continue to explore new opportunities for visitors to appreciate more of what Wisconsin has to offer.

But we strongly oppose SB 801, which seeks a multi-million dollar expansion of bureaucracy to more strictly interpret Wisconsin's already outdated liquor laws. We are very concerned already burdensome regulations will be made even more so, further challenging small businesses like ours and preventing the kind of positive economic development so many have fought to encourage.

Specifically, the 'office of alcohol beverages enforcement' created by SB 801 would be given unchecked and expanded authority, shielded by less transparency and less accountability, at a higher cost to taxpayers – all things so many in the legislature have argued against. Further, this proposal was brought forth without any input from those potentially most impacted by its enforcement powers.

We agree Wisconsin's alcohol laws are outdated and further suffer from inconsistent enforcement, but the state's craft manufacturers - wineries, distilleries, brewers - did not have a seat at the table when SB 801 was written and should not be forced to accept a proposal rushed through at the end of the legislative session without time for careful and thoughtful debate. We ask that the brakes be put on SB 801 for this legislative session until there is adequate time for all impacted parties to be brought together for meaningful discussion. Updating our decades old liquor laws impacts far too many Wisconsinites to be handled in any other way.

Established in 1972, Wollersheim Winery sits on a scenic hillside across the Wisconsin River from Prairie du Sac where European vintners planted grapevines and built limestone buildings on this National Historic site over 160 years ago. We are one of the oldest wineries in Wisconsin, perhaps best known for our award-winning Prairie Fumé wine – which has helped us to become one of the largest wineries in the state. In 1990, we added Cedar Creek Winery in Cedarburg. And in 2013, we released our first batch of Coquard Brandy, setting the stage for our Distillery grand opening in 2015 where we now produce a distinguished line-up of award-winning, family-crafted spirits.



**AMERICANS FOR
PROSPERITY**

WISCONSIN

**TO: Honorable Members of the Senate Committee of Economic Development,
Commerce, and Local Government**

**FROM: Eric Bott, State Director
Americans for Prosperity-Wisconsin**

DATE: February 15th, 2018

RE: SB 801 – A Two-Tiered Society

Do we want to live in a two-tiered society? Are we comfortable with a government that provides special treatment to the wealthy and politically connected, even when providing those advantages necessarily means harming others?

These are the stark questions this committee will have to answer when considering Senate Bill 801, legislation intentionally drafted to provide a massive advantage to one company while simultaneously increasing regulatory burdens on countless others.

We are all well aware of the historic dissatisfaction Americans feel toward their government today. Increasingly, the public believes that we live in society of haves and have-nots, a feeling greatly exacerbated by government policies that create barriers to opportunity.

Recently, this legislature has taken substantial steps to break down these barriers. You've increased educational opportunities to families regardless of their economic status or zip-code. You've advanced occupational licensure reforms to give aspiring entrepreneurs a shot at obtaining their version of the American Dream. You've begun the process of reducing regulatory burdens on small businesses, who have a harder time absorbing compliance costs than their larger competitors. We commend you for these efforts.

Senate Bill 801; however, is a giant leap in the wrong direction. This legislation, introduced approximately 36 hours ago, has already earned the ire of hundreds of small brewers, wineries, distillers, and retailers. It's been opposed by foundational Wisconsin companies like MillerCoors and rising stars like Wollersheim Winery. Most importantly it has created an uproar from consumers of all political stripes.

It shouldn't surprise you that thousands of Wisconsinites are responding so passionately to this bill. SB 801 is designed to expand the gulf between the haves and the have-nots. That's its purpose.

A vote for SB 801 is a vote in favor of a two-tiered society. Do you want to live in that society? Do your constituents?