



State of Wisconsin
2017 - 2018 LEGISLATURE

LRB-5867/P3
ARG:cjs&wlj

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

1 **AN ACT** *to amend* 125.29 (2) (a); and *to create* 125.69 (1) (e) and (f) of the
2 statutes; **relating to:** retail interest restrictions applicable to wineries and
3 brewers.

Analysis by the Legislative Reference Bureau

This bill is explained in the NOTES provided by the Joint Legislative Council in the bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

JOINT LEGISLATIVE COUNCIL PREFATORY NOTE: This bill was prepared for the Joint Legislative Council's Study Committee on Alcohol Beverages Enforcement.

Background

A winery is expressly authorized to have either a "Class A" intoxicating liquor (distilled spirits and wine, hereinafter, "liquor") license or a "Class B" liquor license. A "Class A" liquor license authorizes the retail sale of liquor to a consumer for consumption off the premises where sold and in original packages and containers. A "Class B" liquor license issued to a winery authorizes the retail sale of wine to a consumer by the glass or in opened containers on the premise where sold (on-premise consumption). It also authorizes the retail sale of wine to a consumer in the original package or container to be consumed off the premises where sold (off-premise consumption). A "Class B" liquor license issued to a winery does not authorize the sale of fermented malt beverages or any liquor other than wine.

A brewer is expressly authorized under a brewer's permit to retail sell fermented malt beverages ("beer") that it manufactures, as well as beer manufactured by other brewers holding a brewer's permit, for on-premise consumption at the brewery or at an off-site retail outlet established by the brewer. A brewer is also expressly authorized under the brewer's permit to retail sell its own beer and beer manufactured by other brewers in original unopened containers for off-premise consumption. The brewer's permit also expressly authorizes a brewer to retail sell liquor for on-premise consumption by individuals at the brewery premises or an off-site retail outlet established by the brewer, if the brewer held, on June 1, 2011, a license or permit authorizing the retail sale of liquor and if the liquor has been purchased by the brewer from an authorized wholesaler.

A February 2017 informal opinion from the Attorney General concluded that a winery may hold a Class "B" beer license authorizing the retail sale of beer for on-premise consumption. The informal opinion also concluded that a brewer can hold a "Class C" license authorizing the retail sale of wine for on-premise consumption.

Bill

This bill expressly prohibits a winery from holding a Class "B" beer license authorizing the retail sale of beer and from having an interest in a Class "B" licensee.

This bill also prohibits a brewer from holding a "Class B" liquor license authorizing the retail sale of liquor or a "Class C" wine license authorizing the retail sale of wine. Under the bill, such a brewer is also prohibited from having an interest in a "Class B" liquor licensee or "Class C" wine licensee.

1 **SECTION 1.** 125.29 (2) (a) of the statutes is amended to read:

2 125.29 (2) (a) No person holding a Class "A" license, Class "B" license or permit,
3 "Class B" license or permit, "Class C" license, or wholesaler's permit issued under
4 this chapter may register as a brewer.

5 **SECTION 2.** 125.69 (1) (e) and (f) of the statutes are created to read:

6 125.69 (1) (e) No brewer holding a permit under s. 125.29 may hold any direct
7 or indirect interest in any "Class B" license or permit or establishment or "Class C"
8 license or establishment and no "Class B" licensee or permittee or "Class C" licensee
9 may hold any direct or indirect interest in a brewer.

10 (f) No winery may hold any direct or indirect interest in any Class "B" license
11 or permit or establishment and no Class "B" licensee or permittee may hold any
12 direct or indirect interest in a winery.

****NOTE: You may wish to compare created s. 125.69 (1) (f) with a similar (vetoed) provision in the 2015 Budget Act that included a grandfather provision and therefore applied only prospectively. Vetoed section 3432w of 2015 Act 55 created s. 125.53 (3) as follows: "(3) A winery holding a permit under this section may not hold a Class "B" license

