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Details:

(FORM UPDATED: 07/12/2010)

**WISCONSIN STATE LEGISLATURE ...
PUBLIC HEARING - COMMITTEE RECORDS**

2007-08

[session year]

Senate

[Assembly, Senate or Joint]

**Committee on ... Transportation and Tourism
(SC-TT)**

COMMITTEE NOTICES ...

- Committee Reports ... **CR**
- Executive Sessions ... **ES**
- Public Hearings ... **PH**
- Record of Comm. Proceedings ... **RCP**

INFORMATION COLLECTED BY COMMITTEE FOR AND AGAINST PROPOSAL

- Appointments ... **Appt**
- Clearinghouse Rules ... **CRule**
- Hearing Records ... bills and resolutions
(**ab** = Assembly Bill) (**ar** = Assembly Resolution) (**ajr** = Assembly Joint Resolution)
(**sb** = Senate Bill) (**sr** = Senate Resolution) (**sjr** = Senate Joint Resolution)
- Miscellaneous ... **Misc**



Tyranena Brewing Company LLC

8025 Owen Street • PO Box 736 • Lake Mills, WI 53551
tel: 920/648-8699 fax: 920/648-6780
www.tyranena.com

July 11, 2007

Honorable Roger Breske
Room 316 South
State Capitol
PO Box 7882
Madison, WI 53707-7882

Via fax: 608-267-0309

Dear Senators:

Thank you for the opportunity to testify before your committee today in regards to Senate Bill 224. I hope you see that this bill is not just a simple matter but does affect real people and their hopes, dreams and businesses. Many of us would be affected by Senate Bill 224, from Fred Gray expanding beyond his packaging brewery to opening brewpubs; to Jim McCabe expanding his single brewpub to a second as well as opening a packaging brewery; to Heidi Supple and her concerns as a restaurateur; to the owner of a new brewery, currently under construction in Wausau, who called me in a panic this morning as he knew nothing of this bill; to us at Tyranena Brewing Company who will have our opportunities for future expansion limited.

Despite statements by some to the contrary, Senate Bill 224 dramatically changes the statutory landscape of the brewing industry, with implications that are not yet fully understood. This is especially true for us small brewers who were initially excluded from the drafting process.

I encourage you not to pass Senate Bill 224 but instead to take a long look at modifying Chapter 125 with all affected parties represented and involved in discussions. If you seek immediate relief for the Great Dane Pub and Brewery, may I suggest merely altering the language in 125.31 to permit all breweries to have three Class "B" licenses. This allows the Great Dane Pub and Brewery to legally have their third Class "B" license and provide all remaining parties the necessary time to draft a comprehensive reform to Chapter 125.

Kind regards,

Tyranena Brewing Company LLC

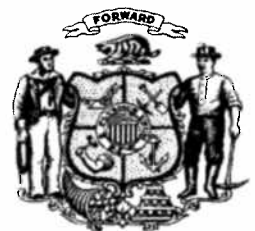
Rob Larson, Member

CC: The Honorable Scott Fitzgerald at 608-267-6795
All Members of the Committee on Transportation, Tourism and Insurance

↓ because the distributors
will not let it pass w/o getting
something



WISCONSIN STATE LEGISLATURE



Gallagher, Adam

From: Tim Eichinger [veritas@cybrzn.com]
Sent: Wednesday, July 11, 2007 7:41 AM
To: Sen.Breske
Subject: [Possible Spam] RE: Senate Bill 224
Importance: Low

Certainly:

Tim Eichinger
W5951 Steffen Lane
Pembine, WI 54156

715-324-6890 Day
715-324-5152 Evening

From: Sen.Breske [mailto:Roger.Breske@legis.wisconsin.gov]
Sent: Wednesday, July 11, 2007 7:33 AM
To: Tim Eichinger
Subject: RE: Senate Bill 224

Dear Tim:

Thank you for contacting the office of Senator Breske. Would you please forward your mailing address and phone number so that your concerns can be better addressed. Thanks.

From: Tim Eichinger [mailto:veritas@cybrzn.com]
Sent: Wednesday, July 11, 2007 7:29 AM
To: Sen.Breske
Subject: Senate Bill 224

Dear Senator:

As a hobbyist (home brewer) and supporter of Brewpubs, Microbreweries and Craft beer in general, I want to ask you to vote no to this bill, primarily because there seems to be no reason to make a change.

What remedy is this bill addressing? It seems to be only adding more confusion to an already confusion group of laws. I have considered opening up a small brewery myself and am currently part of the group looking at how Wisconsin will rule on the laws regarding Microdistilleries. As I have been considering this move I have been researching state laws in Michigan, Minnesota and Alaska. At this point Wisconsin has a decided advantage over Minnesota and Alaska in terms of craft brewing "friendliness", and is moving toward having an advantage over Michigan in microdistillery "friendliness." Let's keep it that way.

Wisconsin has a great tradition of having ethnic groups where beer and brewing were a large part of those cultures. Thanks to craft brewing that is returning to pre-prohibition levels. Wisconsin currently has one of the highest number of craft brewers per capita in the nation, making it a mecca of sorts for craft beer and brewing supporters. The Taste of Madison has over 6000 attendees each year and the brewfest in Racine is not far behind. Don't do anything to jeopardize that movement.

In this case leave the status quo and move on to other more pressing matters.

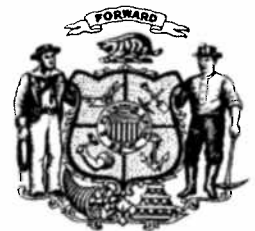
Respectfully submitted,

07/11/2007

Tim Eichinger



WISCONSIN STATE LEGISLATURE



Brewpub Tourism Development Act (SB 224/AB 445)

In May 2005, the US Supreme Court decided the Granholm vs. Heald case - reinforcing States' authority to regulate alcohol through a "three-tier" regulatory system, but requiring even-handed treatment of in-state and out-of-state businesses.

The purpose of SB 224/AB 455 is two-fold:

- (1) Allow growth for "brewpubs" in Wisconsin;
- (2) Define "brewpubs" in Wisconsin law for first time, bringing regulation of these entities into compliance with Granholm, and ensuring legal integrity of regulatory system.

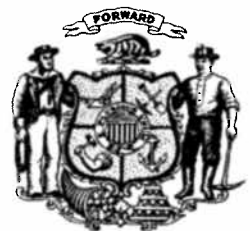
SB 224/AB 455 has been carefully crafted to accomplish these goals while minimizing (or completely avoiding) any disruption to existing Wisconsin brewers and brewpubs alike.

CURRENT LAW	Any Change??	SB 224/AB 455
All "brewers" allowed 2 "Class B" (retail) licenses.	NO	
"Small brewer" licensed same as "brewer"	YES	Creates separate "brewpub" permit.
"Small brewer" capped at 4000 barrels/year	YES	"Brewpub" allowed 10,000 barrels/year
"Small brewer" allowed 4 additional "Class B" licenses.	NO	"Brewpub" allowed 6 "Class B" licenses
"Small brewer" additional 4 Class B's must be restaurants selling 50% or more in food.	YES	"Brewpub" required to sell 40% food.
"Small brewer" allowed to bottle/package beer and sell via other retailers	NO	"Brewpub" may sell direct to other retailers up to 1000 barrels/year, more thru distributor, "brewer" unchanged.
All "brewers" allowed "restaurant" licenses at Class B locations	NO	Grandfather clause allows all existing "brewers" to hold "restaurant" licenses.

SB 224/AB 445 supported by: Great Dane Pub & Brewing Company; Wisconsin Beer Distributors Association; Dane County Tavern League; Wisconsin Restaurant Association;



WISCONSIN STATE LEGISLATURE



Brewpub Legislation Overview

Senate Bill 224/Assembly Bill 455

The Brewpub Tourism Development Act (SB 224/AB 455), which simplifies state regulation of brewpubs, will do the following:

1. **Allow significant growth and new opportunities for Wisconsin-based brewpubs – which is not possible under current law; and**
2. **Create a unique brewpub category in state statute (which most states already have in place) to help preserve the legal integrity of three-tier system and the Legislature's authority to regulate alcohol products in Wisconsin.**

Current Law:

Under current law, every Wisconsin brewery may operate up to two locations that sell beer at retail. Each location is required to hold a Class "B" license – which is required to sell beer at retail for on and off premise consumption. Breweries may hold a restaurant permit for either Class "B" location.

No brewer may hold more than two Class "B" licenses – with one exception. If a brewer produces less than 4,000 barrels of beer annually they may operate up to four additional Class "B" brewpub locations if the following applies:

1. **Each additional location is a restaurant.**
2. **The total sale of alcohol accounts for less than 50% of gross receipts at each location.**
3. **In addition to the small brewer's own beer, each location must offer beer manufactured by another brewer.**
4. **Beer manufactured by the small brewer must be purchased by an independent beer wholesaler.**

Due to current law, no brewpub that produces more than 4,000 barrels of beer annually can serve their own beer at more than two brewpub locations.

SB 224/AB 455:

Senate Bill 224/Assembly Bill 455 will simplify the regulation of brewpubs, protect Wisconsin's three-tier system from legal attacks and provide significant growth potential for Wisconsin brewpubs and the craft beer industry. The legislation will do the following:

1. **Increase the production maximum for brewpubs from 4,000 to 10,000 barrels of beer annually – a 150% increase over current law.**
2. **Allow brewpubs to own and operate up to six brewpub locations – the same as under current law.**
3. **Allow brewpubs to distribute their own beer within their brewpub system (of up to six locations) without the use of an independent beer distributor.**
4. **Preserve the right of brewpubs to bottle and package beer manufactured on brewpub premises.**

5. **Create a long overdue brewpub classification in state law, which recognizes the distinct difference between brewpubs and breweries. This will simplify current regulations and protect Wisconsin from legal attacks against the state's three-tier system.**
6. **Require a brewpub system to have at least 40% of total sales from non-alcohol products, such as food and merchandise. This provision is also required of brewpubs under current law.**

SB224/AB 455 myths

A handful of small brewers have expressed concerns over certain provisions in SB 224. Efforts are ongoing to address any legitimate concerns. However, to combat certain false and misleading information on bill, it's important to point out what SB 224/AB 455 **does not** do:

1. **SB 224/AB 455 does not prohibit current breweries from selling food or operating restaurants on brewery premises.**
2. **SB 224/AB 455 does not prohibit brewpubs from bottling or packaging beer.**
3. **SB 224/AB 455 does not create a competitive advantage for brewpubs over other breweries.**
4. **SB 224/AB 455 does not impose onerous production caps on brewpubs – it actually increases brewpub production capacity by 150%.**
5. **SB 224/AB 455 does not impact any non-brewpub brewery – those who brew beer for sale to independent distributors and retailers – currently operating in Wisconsin.**

This legislation will simply create a brewpub category in state law and provide greater opportunities for brewpubs to expand and meet growing consumer demand for craft beer and the brewpub experience.

SB224/AB 455 supporters

Senate Bill 224 and Assembly Bill 455 are supported by the Great Dane Pub & Brewing Company, the Wisconsin Beer Distributors Association, the Dane County Tavern League and the Wisconsin Restaurant Association.