



State of Wisconsin
2017 - 2018 LEGISLATURE

LRB-4072/1
ARG:emw&ahe

2017 SENATE BILL 418

September 21, 2017 - Introduced by Senators HARSDORF, STROEBEL, KAPENGA, RINGHAND and BEWLEY, cosponsored by Representatives TAUCHEN, ZIMMERMAN, KOYENGA, MACCO, KULP, DUCHOW, GANNON, HUTTON, BRANDTJEN, SKOWRONSKI, OTT, WACHS, MURPHY, ALLEN and POPE. Referred to Committee on Revenue, Financial Institutions and Rural Issues.

1 **AN ACT** *to repeal* 125.28 (5) (b) and 125.54 (7) (a) 2.; *to renumber* 125.54 (7) (a)
2 1.; *to renumber and amend* 125.51 (4) (br) 2. and 125.69 (1) (a); *to amend*
3 125.02 (10), 125.02 (15) (b), 125.02 (16) (intro.), 125.02 (21), 125.04 (9), 125.10
4 (4), 125.25 (2) (b) 5., 125.28 (5) (c), 125.29 (3) (h), 125.295 (1) (a), 125.295 (2) (a)
5 1., 125.295 (2) (a) 6. a., 125.295 (2) (a) 6. b., 125.295 (2) (a) 6. e., 125.295 (3) (a),
6 125.295 (3) (b), 125.295 (3) (c), 125.33 (9), 125.51 (2) (am), 125.51 (3) (f), 125.51
7 (4) (a) 1., 125.52 (1) (b) 1., 125.52 (3), 125.54 (1), 125.54 (8), 125.545 (1) (d),
8 125.58 (1), 125.68 (4) (c) 3m., 125.68 (9) (b), 125.68 (9) (d), 125.68 (10), 125.69
9 (title), 125.69 (1) (b) 1., 125.69 (1) (c), 125.69 (1) (d), 125.69 (3), 125.69 (4) (e),
10 125.69 (6) (a), 125.70, 139.01 (5), 139.01 (6), 139.01 (10), 139.03 (2x) (a), 139.04
11 (4), 139.06 (3), 139.08 (4), 139.09, 139.11 (2), 139.11 (3), 139.11 (4) (b) 2., 139.18
12 (2), 139.22 and 346.93 (1); and *to create* 125.02 (5g), (5i) and (5k), 125.295 (3m),
13 125.51 (4) (br) 1. i., 125.51 (4) (br) 2. b., 125.52 (8), 125.525, 125.53 (3), 125.69
14 (1) (a) 3., 125.69 (1) (b) 3., 125.69 (4) (c) and 139.01 (2o) of the statutes; **relating**

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1 **to:** creating a distillpub permit authorizing the manufacture, rectification, and
2 sale of distilled spirits; retail interests relating to distillpubs and brewpubs;
3 quotas for retail intoxicating liquor licenses; location and production limits on
4 brewpubs; retail sales of intoxicating liquor by brewers; retail licenses held by
5 wineries and closing hours for retail sales by wineries; small winery cooperative
6 wholesalers; minimum customer requirements for alcohol beverage
7 wholesalers; and granting rule-making authority.

Analysis by the Legislative Reference Bureau

Distillpub permits

This bill creates a distillpub permit issued by the Department of Revenue that authorizes the manufacture, rectification, and sale of intoxicating liquor other than wine (distilled spirits). The bill authorizes certain retail interests and activities of distillpubs and, if a person holds both a distillpub permit and brewpub permit, modifies the permissible retail interests for the brewpub.

Under current law, alcohol beverages are generally distributed to consumers under a three-tier distribution system: the producer sells to a wholesaler; the wholesaler sells to a retailer; and the retailer sells to a consumer. With specific exceptions, no person may sell outside the three-tier system and no person may sell alcohol beverages to a consumer unless the seller possesses a license or permit authorizing the sale. A Class “B” license authorizes the retail sale of fermented malt beverages (beer) for consumption on or off the premises. A “Class B” license authorizes the retail sale of intoxicating liquor for consumption on the licensed premises and, subject to various restrictions, the retail sale of intoxicating liquor in original packages for consumption off the licensed premises. Intoxicating liquor includes wine and distilled spirits. Class “B” licenses and “Class B” licenses are generally issued together for establishments such as restaurants, bars, and taverns. Class “A” and “Class A” licenses authorize the retail sale of, respectively, beer and intoxicating liquor in original packages for consumption off the licensed premises. Class “A” licenses and “Class A” licenses are often issued together for establishments such as grocery stores, liquor stores, and convenience stores. A “Class C” license, which may be issued only for a restaurant, authorizes the retail sale of wine by the glass or in an opened original container for consumption on the premises. Each of these retail licenses is issued by a municipality.

Also under current law, DOR issues permits to producers of alcohol beverages. A manufacturer’s permit or rectifier’s permit issued by DOR authorizes the permittee to, respectively, manufacture or rectify intoxicating liquor and sell it to wholesalers. Current law prohibits a manufacturer or rectifier from holding an interest in a retail liquor license and prohibits a retail liquor licensee from holding

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an interest in a manufacturer, but a manufacturer's permit or rectifier's permit authorizes limited retail sales without a retail license. Under the manufacturer's permit or rectifier's permit, a manufacturer or rectifier may make retail sales of intoxicating liquor manufactured or rectified on the premises, for consumption on or off these premises.

Under current law, to authorize commercial brewing operations, DOR may issue a brewpub permit or a brewer's permit, but no person may hold both permits. To be eligible for a brewpub permit, a person must meet certain requirements, including that 1) the person manufactures not more than 10,000 barrels of beer per year in all locations, 2) the person operates on the brewpub premises a restaurant for which a Class "B" license is issued, and 3) the person does not hold, or have an interest in, a Class "A" license or a Class "B" or "Class B" license other than one issued for a restaurant on brewpub premises. A brewpub permit authorizes, among other activities 1) the manufacture of up to 10,000 barrels of beer per year, 2) the retail sale of alcohol beverages through a Class "B" or "Class B" license issued for the brewpub's restaurant on brewpub premises, and 3) the annual distribution of up to 1,000 barrels of the brewpub's beer to retailers, excluding the brewpub's own retail locations.

This bill creates a distillpub permit, issued by DOR, authorizing all of the following: 1) the manufacture and rectification of distilled spirits not exceeding a total of 300,000 gallons per year at all distillpub locations; 2) the bottling of distilled spirits manufactured or rectified by the distillpub; 3) the possession and storage of intoxicating liquor on distillpub premises; 4) the transportation of distilled spirits manufactured or rectified on the distillpub premises between these premises and other distillpub premises or the distillpub's retail locations (discussed below); 5) the sale and delivery of distilled spirits manufactured or rectified by the distillpub to wholesalers; 6) the sale and delivery of up to 30,000 gallons per year of distilled spirits manufactured or rectified by the distillpub to retailers, except that retail locations operated by the distillpub (discussed below) are not counted toward this 30,000 gallon limit; 7) the retail sale on distillpub premises, without a retail license, of distilled spirits manufactured or rectified by the distillpub, in original unopened packages or containers, for off-premise consumption; 8) the retail sale and direct shipment to consumers at their residences or other designated addresses, without a retail license, of distilled spirits manufactured or rectified by the distillpub if the consumer arranges while physically present on the distillpub premises to receive periodic direct shipments from the distillpub; and 9) the sale of alcohol beverages at retail in accordance with the terms of any retail license authorized to be held by the distillpub (discussed below). The bill defines "rectify" or "rectification" as blending, mixing, purifying, refining, aging, or otherwise processing distilled spirits, including with wine or other ingredients, but not including distilling. For DOR to issue a distillpub permit to an applicant, the applicant must meet all of the following requirements: 1) the applicant manufactures or rectifies not more than a total of 300,000 gallons of distilled spirits per year in all locations; 2) the applicant operates a restaurant on the distillpub premises; 3) the applicant holds a "Class B" license and the restaurant is located on the "Class B" licensed premises; 4) on the "Class B"

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licensed premises, the applicant offers for sale intoxicating liquor made by others, in addition to its own distilled spirits; and 5) except as discussed below, the applicant does not hold, or have an interest in, a Class “A” or “Class A” retail license, a Class “B” or “Class B” retail license, a “Class C” retail license, a wholesaler’s permit, a liquor manufacturer’s permit, a rectifier’s permit, a brewer’s permit, or an alcohol beverage warehouse permit. A distillpub may hold only the following retail licenses: 1) any “Class B” license for which the licensed premises includes a restaurant on distillpub premises; 2) not more than six “Class B” licenses in addition to those that include a restaurant on distillpub premises if any of these additional six “Class B” licenses was initially issued prior to January 1, 1983; 3) a Class “B” license for any premises for which a “Class B” license is issued; 4) one Class “A” license and one “Class A” license, both issued for the same premises and initially issued prior to January 1, 1990; and 5) if the distillpub also holds a brewpub permit issued in the same name, any Class “B” or “Class B” or “Class C” retail license authorized for a brewpub. Each retail license authorized for a distillpub must be issued in the name of the distillpub. A “Class B” license issued to a distillpub is not subject to the liquor license quota system and, unlike most other retailers, a distillpub is not required to obtain a Class “B” license in order to hold a “Class B” license. A distillpub may hold permits for not more than six distillpub locations. If more than one permit is issued to a distillpub, the distillpub is not required to manufacture or rectify distilled spirits at each location for which a permit is issued. The bill also includes various provisions that treat distillpubs similar to manufacturers, including provisions that allow intoxicating liquor to be shipped directly to distillpubs and to be sold by wholesalers to distillpubs for production purposes.

This bill also modifies the interest restrictions applicable to brewpubs. Under the bill, if a brewpub also holds a distillpub permit in the same name, the brewpub may hold any retail license authorized for the brewpub or distillpub, and the brewpub may self-distribute its own beer directly to any of these retail licensed premises, without this distribution counting toward the brewpub’s 1,000 barrel self-distribution limit.

Quota for retail liquor licenses

Current law prohibits a person from selling alcohol beverages at retail unless the seller possesses a license or permit authorizing the sale. Except when issued to a winery, a “Class B” license authorizes the retail sale of intoxicating liquor for consumption on the licensed premises and, subject to various restrictions, the retail sale of intoxicating liquor in original packages for consumption off the licensed premises. Current law imposes a quota on the number of “Class B” liquor licenses that a municipality may issue, subject to certain exceptions. The quota is generally determined by a formula based on the number of licenses previously issued by the municipality and the municipality’s population. For purposes of the quota system, a reserve “Class B” license is a “Class B” liquor license first issued on or after December 1, 1997.

This bill increases municipalities’ liquor license quotas by increasing by 10 percent, rounded up to the nearest whole number, the number of reserve “Class B” liquor licenses that a municipality may issue.

SENATE BILL 418***Brewpub regulations***

Under current law, a person is eligible for a brewpub permit issued by DOR if the person meets certain requirements, including that the person manufactures not more than 10,000 barrels of beer per year in all locations. A brewpub permit authorizes, among other activities, the manufacture of up to 10,000 barrels of beer per year and the retail sale of beer through a Class “B” beer license issued for a restaurant on the brewpub premises. A person may not hold more than six brewpub permits.

This bill increases, from 10,000 to 20,000 barrels per year, the amount of beer that a brewpub may manufacture. The bill also increases, from six to 12, the number of locations for which a person may hold a brewpub permit.

Allowing brewers holding brewer’s permit to sell wine and distilled spirits for on-premises consumption

Under current law, a brewer’s permit issued by DOR authorizes a brewer to, among other activities, sell at retail, without a retail license, the brewer’s own beer and other Wisconsin-made beer at the brewery premises and at one off-site retail outlet of the brewer. A brewer may make retail sales of intoxicating liquor only if the brewer held a retail intoxicating liquor license on June 1, 2011.

This bill allows any brewer holding a brewer’s permit to sell intoxicating liquor at retail for on-premise consumption at the brewery premises or the brewery’s off-site retail outlet. As under current law, intoxicating liquor sold by the brewer must be purchased from a wholesaler.

Winery regulations

Current law allows a winery to hold a retail “Class B” license authorizing the retail sale of wine. A winery operating under a retail “Class B” license may not remain open for retail sales of wine between the hours of 9 p.m. and 8 a.m.

This bill changes the closing hour for wineries operating under a retail “Class B” license from 9 p.m. to 2 a.m., but allows municipalities to establish, by ordinance, more restrictive closing hours for these wineries.

The bill also specifies that a winery may hold a Class “B” license authorizing the retail sale of beer if the winery holds, for the same premises, a “Class B” license authorizing the retail sale of wine.

Eligibility criteria for membership in a small winery cooperative wholesaler

Under current law, between October 1 and December 31, 2008, DOR was authorized to issue intoxicating liquor wholesalers’ permits to small winery cooperatives (cooperative wholesalers). Only wineries certified by DOR as small wineries can be members of a cooperative wholesaler. A small winery is defined as a winery that produces and bottles less than 25,000 gallons of wine in a calendar year. The only alcohol beverage product a cooperative wholesaler can sell and distribute is the wine of its members.

This bill changes the definition of small winery so that a winery that produces and bottles less than 50,000, rather than 25,000, gallons of wine in a calendar year may become a member of an existing cooperative wholesaler.

SENATE BILL 418***Eliminating requirement that beer and intoxicating wholesalers have a minimum number of customers***

Under current law, a beer wholesaler must annually sell and deliver beer to at least 25 separate and independent retail licensees or wholesalers, and an intoxicating liquor wholesaler must annually sell and deliver intoxicating liquor to at least ten separate and independent retail licensees or permittees. If a wholesaler fails to satisfy this requirement, certain penalties apply and the wholesaler's permit cannot be renewed.

This bill repeals this requirement.

For further information see the ***state and local*** 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:

1 **SECTION 1.** 125.02 (5g), (5i) and (5k) of the statutes are created to read:

2 125.02 **(5g)** "Distillpub" means a permittee under s. 125.525.

3 **(5i)** "Distillpub group" means a distillpub, including all premises for which the
4 distillpub holds a permit issued under s. 125.525, together with all of the following:

5 (a) All distillpubs that share membership with the distillpub in a controlled
6 group of distillpubs, as determined according to rules applicable under 26 USC 5041

7 (c) (4).

8 (b) All distillpubs considered with the distillpub as one taxpayer under the
9 federal Internal Revenue Code.

10 (c) All franchisees, as defined in s. 553.03 (5), of the distillpub.

11 (d) All franchisees, as defined in s. 553.03 (5), of the distillpub's franchisor, as
12 defined in s. 553.03 (6).

13 (e) The franchisor, as defined in s. 553.03 (6), of the distillpub.

14 **(5k)** "Distillpub premises" means any premises covered by a permit issued
15 under s. 125.525.

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1 **SECTION 2.** 125.02 (10) of the statutes is amended to read:

2 125.02 (10) “Manufacturer” means a person, other than a rectifier or distillpub,
3 that ferments, manufactures, or distills intoxicating liquor.

4 **SECTION 3.** 125.02 (15) (b) of the statutes is amended to read:

5 125.02 (15) (b) With respect to intoxicating liquor, the manufacturer, the
6 rectifier, the distillpub, or the exclusive agent designated by the manufacturer ~~or,~~
7 rectifier, or distillpub.

8 **SECTION 4.** 125.02 (16) (intro.) of the statutes is amended to read:

9 125.02 (16) (intro.) “Rectifier” means any one of the following but does not
10 include a distillpub:

11 **SECTION 5.** 125.02 (21) of the statutes is amended to read:

12 125.02 (21) “Wholesaler” means a person, other than a brewer, brewpub,
13 manufacturer, ~~or~~ rectifier, or distillpub, who sells alcohol beverages to a licensed
14 retailer or to another person who holds a permit to sell alcohol beverages at
15 wholesale.

16 **SECTION 6.** 125.04 (9) of the statutes is amended to read:

17 125.04 (9) SEPARATE LICENSE OR PERMIT REQUIRED. Except as provided under ss.
18 125.27 (2) (a) and 125.51 (5) (c) 1., wholesalers, manufacturers, rectifiers, distillpubs,
19 brewers, brewpubs, and retailers shall have a separate permit or license covering
20 each location or premises, except a licensed public warehouse, from which deliveries
21 and sales of alcohol beverages are made or at which alcohol beverages are stored.

22 **SECTION 7.** 125.10 (4) of the statutes is amended to read:

23 125.10 (4) REGULATION OF CLOSED RETAIL PREMISES. A municipality may not
24 prohibit the permittee, licensee, employees, salespersons, employees of wholesalers
25 issued a permit under s. 125.28 (1) or 125.54 (1); employees of permittees under s.

SENATE BILL 418**SECTION 7**

1 125.295 ~~or 125.525~~ with respect to the permittee's own retail premises; or service
2 personnel from being present on premises operated under a Class "A", "Class A" or
3 "Class C" license or under a Class "B" or "Class B" license or permit during hours
4 when the premises are not open for business if those persons are performing
5 job-related activities.

6 **SECTION 8.** 125.25 (2) (b) 5. of the statutes is amended to read:

7 125.25 (2) (b) 5. ~~A~~ Except as provided in s. 125.295 (3m), a Class "A" license
8 may not be issued to a person holding a brewpub permit issued under s. 125.295 or
9 to a person who has a direct or indirect ownership interest in a premises operating
10 under a brewpub permit issued under s. 125.295.

11 **SECTION 9.** 125.28 (5) (b) of the statutes is repealed.

12 **SECTION 10.** 125.28 (5) (c) of the statutes is amended to read:

13 125.28 (5) (c) No fermented malt beverages retail licensee or wholesaler may
14 receive a benefit from a violation under par. (a) ~~or (b)~~ with knowledge of the
15 circumstances giving rise to the violation.

16 **SECTION 11.** 125.29 (3) (h) of the statutes is amended to read:

17 125.29 (3) (h) Notwithstanding ss. 125.04 (9) and 125.09 (1), the retail sale of
18 intoxicating liquor, for on-premise consumption by individuals at the brewery
19 premises or an off-site retail outlet established by the brewer, ~~if the brewer held, on~~
20 ~~June 1, 2011, a license or permit authorizing the retail sale of intoxicating liquor and~~
21 if the intoxicating liquor has been purchased by the brewer from a wholesaler holding
22 a permit under s. 125.54.

23 **SECTION 12.** 125.295 (1) (a) of the statutes is amended to read:

24 125.295 (1) (a) The manufacture of fermented malt beverages on the brewpub
25 premises if the entire manufacturing process occurs on these premises and not more

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1 than ~~10,000~~ 20,000 barrels of fermented malt beverages are manufactured in a
2 calendar year by the permittee's brewpub group.

3 **SECTION 13.** 125.295 (2) (a) 1. of the statutes is amended to read:

4 125.295 (2) (a) 1. The applicant's brewpub group manufactures a total of not
5 more than ~~10,000~~ 20,000 barrels of fermented malt beverages in a calendar year.

6 **SECTION 14.** 125.295 (2) (a) 6. a. of the statutes is amended to read:

7 125.295 (2) (a) 6. a. ~~A~~ Except as provided in sub. (3m), a Class "A" license
8 issued under s. 125.25.

9 **SECTION 15.** 125.295 (2) (a) 6. b. of the statutes is amended to read:

10 125.295 (2) (a) 6. b. Except as provided in subd. 4. and subs. (1) (h) ~~and~~, (3) (b),
11 and (3m), a Class "B" license issued under s. 125.26.

12 **SECTION 16.** 125.295 (2) (a) 6. e. of the statutes is amended to read:

13 125.295 (2) (a) 6. e. Except as provided in subs. (1) (h) ~~and~~, (3) (c), and (3m), a
14 "Class B" license or permit or "Class C" license issued under s. 125.51.

15 **SECTION 17.** 125.295 (3) (a) of the statutes is amended to read:

16 125.295 (3) (a) No brewpub group may hold more than ~~6~~ 12 brewpub permits
17 issued under this section.

18 **SECTION 18.** 125.295 (3) (b) of the statutes is amended to read:

19 125.295 (3) (b) ~~A~~ Except as provided in sub. (3m), a brewpub may not hold any
20 Class "B" license other than one issued for a restaurant on the brewpub premises.
21 Notwithstanding s. 125.26 (2) (a), each Class "B" license shall be issued for the
22 brewpub's restaurant in the same name as the permittee under this section.
23 Notwithstanding s. 125.33 (1), a brewpub may own the furniture, fixtures, fittings,
24 furnishings, and equipment on the Class "B" premises and shall pay any license fee
25 or tax required for the operation of the premises.

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1 **SECTION 19.** 125.295 (3) (c) of the statutes is amended to read:

2 125.295 (3) (c) Subject Except as provided in sub. (3m), and subject to the
3 requirements specified in s. 125.51 (3) and (3m), a brewpub may also hold “Class B”
4 licenses and “Class C” licenses, but only for restaurants on brewpub premises.

5 **SECTION 20.** 125.295 (3m) of the statutes is created to read:

6 125.295 (3m) If a brewpub also holds a distillpub permit under s. 125.525 and
7 the brewpub permit and distillpub permit are issued in the same name, in addition
8 to any authorization under sub. (1), the permittee may do any of the following:

9 (a) Hold any retail license authorized under s. 125.525 (4) (b).

10 (b) Distribute fermented malt beverages manufactured on the brewpub
11 premises directly to the permittee’s Class “A” or Class “B” licensed premises
12 authorized under s. 125.525 (4) (b), which distribution shall not be included in any
13 calculation of the 1,000 barrel limitation under sub. (1) (g).

14 **SECTION 21.** 125.33 (9) of the statutes is amended to read:

15 125.33 (9) **CAMPUSES AND RETAILERS TO PURCHASE FROM WHOLESALERS.** Except as
16 provided in ss. 125.29 (3m) (b) and (c), 125.295 (1) (g) and (3m), and 125.30 (4), no
17 campus or retail licensee or permittee may purchase or possess fermented malt
18 beverages purchased from any person other than a wholesaler holding a permit
19 under this chapter for the sale of fermented malt beverages. Any person who violates
20 this subsection may be fined not more than \$10,000 or imprisoned for not more than
21 9 months or both.

22 **SECTION 22.** 125.51 (2) (am) of the statutes is amended to read:

23 125.51 (2) (am) In addition to the authorization under par. (a) and s. 125.06
24 (13), a “Class A” license authorizes the licensee to provide, free of charge, to
25 customers and visitors who have attained the legal drinking age, taste samples of

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1 intoxicating liquor other than wine that are not in original packages or containers
2 and that do not exceed 0.5 fluid ounces each, for consumption on the “Class A”
3 premises. No “Class A” licensee may provide more than one such taste sample per
4 day to any one person. Taste samples may be provided under this paragraph only
5 between the hours of 11 a.m. and 7 p.m. Any representative of a manufacturer,
6 rectifier, distillpub, winery, or out-of-state shipper issued a permit under s. 125.52,
7 125.525, 125.53, or 125.58 may assist the “Class A” licensee in dispensing or serving
8 the taste samples. No “Class A” licensee may provide as taste samples under this
9 paragraph intoxicating liquor other than wine that the “Class A” licensee did not
10 purchase from a wholesaler, unless the “Class A” licensee is a distillpub providing
11 intoxicating liquor manufactured or rectified by the distillpub.

12 **SECTION 23.** 125.51 (3) (f) of the statutes is amended to read:

13 125.51 (3) (f) A “Class B” license may be issued only to a holder of a retail Class
14 “B” license to sell fermented malt beverages unless the “Class B” license is the kind
15 of “Class B” license specified under par. (am) or, is a temporary “Class B” license
16 under sub. (10), or is a “Class B” license issued to a distillpub.

17 **SECTION 24.** 125.51 (4) (a) 1. of the statutes is amended to read:

18 125.51 (4) (a) 1. “License” means a retail “Class B” license issued under sub.
19 (3) but does not include a “Class B” license issued to wineries under sub. (3) (am) or
20 a “Class B” license issued to a distillpub.

21 **SECTION 25.** 125.51 (4) (br) 1. i. of the statutes is created to read:

22 125.51 (4) (br) 1. i. Multiply the result under subd. 1. a. to h. by 1.1, except that
23 if the product is not a whole number, round the product up to the nearest whole
24 number.

SENATE BILL 418**SECTION 26**

1 **SECTION 26.** 125.51 (4) (br) 2. of the statutes is renumbered 125.51 (4) (br) 2.
2 (intro.) and amended to read:

3 125.51 (4) (br) 2. (intro.) Notwithstanding subd. 1., if the difference between
4 the number of licenses determined under par. (b) 1g. and under par. (bm) 1. is 3 or
5 fewer, the number of reserve “Class B” licenses authorized to be issued by that
6 municipality is the sum of the following:

7 a. The difference between the number of licenses determined under par. (b) 1g.
8 and under par. (bm) 1., plus one per each increase of 500 population to the population
9 recorded under par. (bm), plus one for each license transferred to the municipality
10 under par. (e), minus one for each license transferred from the municipality under
11 par. (e), plus one if the municipality had issued a license under s. 125.51 (4) (br) 2.,
12 1999 stats., based on a fraction of 500 population but only as long as the total number
13 of licenses issued by the municipality equals the maximum number of licenses
14 authorized.

15 **SECTION 27.** 125.51 (4) (br) 2. b. of the statutes is created to read:

16 125.51 (4) (br) 2. b. The result under subd. 2. a. multiplied by 0.1, except that
17 if the product is not a whole number, round the product up to the nearest whole
18 number.

19 **SECTION 28.** 125.52 (1) (b) 1. of the statutes is amended to read:

20 125.52 (1) (b) 1. A manufacturer’s or rectifier’s permit entitles the permittee
21 to sell intoxicating liquor to wholesalers holding a permit under s. 125.54, to wineries
22 holding a permit under s. 125.53, to distillpubs holding a permit under s. 125.525,
23 and to other manufacturers and rectifiers holding a permit under this section, from
24 the premises described in the permit. Except as provided in subd. 2., no sales may
25 be made for consumption on the premises of the permittee.

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1 **SECTION 29.** 125.52 (3) of the statutes is amended to read:

2 125.52 (3) PERSONS ELIGIBLE. Except as provided under sub. (8) and s. 125.69,
3 a manufacturer's or rectifier's permit may be issued to any person who holds a valid
4 certificate issued under s. 73.03 (50) and who is qualified under s. 125.04 (5), except
5 a foreign corporation, a foreign limited liability company or a person acting as an
6 agent for or in the employ of another. Notwithstanding s. 125.04 (5) (a) 5., a person
7 is not required to complete a responsible beverage server training course to be
8 eligible for a permit under this section.

9 **SECTION 30.** 125.52 (8) of the statutes is created to read:

10 125.52 (8) DISTILLPUBS. Neither a manufacturer's permit nor a rectifier's
11 permit may be issued under this section to any person that holds, or has a direct or
12 indirect ownership interest in a premises operating under, a distillpub permit issued
13 under s. 125.525.

14 **SECTION 31.** 125.525 of the statutes is created to read:

15 **125.525 Distillpub permits. (1) DEFINITIONS.** In this section:

16 (a) "Distilled spirits" means intoxicating liquor other than wine.

17 (b) "Rectify" or "rectification" means blending, mixing, purifying, refining,
18 aging, or otherwise processing distilled spirits, including with wine or other
19 ingredients, but does not include distilling.

20 **(2) AUTHORIZED ACTIVITIES.** The department shall issue distillpub permits to
21 eligible applicants authorizing all of the following:

22 (a) The manufacture or rectification, or both, of distilled spirits on the
23 distillpub premises if not more than a combined total of 300,000 gallons of distilled
24 spirits are manufactured or rectified in a calendar year by the permittee's distillpub
25 group.

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1 (b) The bottling on distillpub premises of distilled spirits that have been
2 manufactured or rectified on these premises.

3 (c) The possession and storage of intoxicating liquor on distillpub premises.

4 (d) The transportation of distilled spirits that have been manufactured or
5 rectified on the distillpub premises between these premises and any other distillpub
6 premises of the distillpub group or any retail premises for which the distillpub group
7 is authorized under sub. (4) (b) to hold a retail license.

8 (e) The sale at wholesale, shipment, transportation, and delivery, in original
9 unopened packages or containers, to wholesalers holding a permit under s. 125.54,
10 from the distillpub premises, of distilled spirits that have been manufactured or
11 rectified on these premises or on other distillpub premises of the distillpub group.

12 (f) The sale at wholesale, shipment, transportation, and delivery, in original
13 unopened packages or containers, to retailers, from the distillpub premises, of
14 distilled spirits that have been manufactured or rectified on these premises or on
15 other distillpub premises of the distillpub group. A distillpub's distillpub group may
16 not sell, ship, transport, or deliver more than a total of 30,000 gallons of distilled
17 spirits in any calendar year to retailers under this paragraph. Distilled spirits
18 provided by a distillpub to any retail premises for which the distillpub group is
19 authorized under sub. (4) (b) to hold a retail license shall not be included in any
20 calculation of the 30,000 gallon limitation under this paragraph. Deliveries and
21 shipments of distilled spirits by a distillpub under this paragraph shall be made to
22 retailers only at their retail premises.

23 (g) Notwithstanding s. 125.04 (9), the retail sale on distillpub premises of
24 distilled spirits, in original unopened packages or containers, that have been

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1 manufactured or rectified on the distillpub premises or on other distillpub premises
2 of the distillpub group for off-premise consumption by individuals.

3 (h) Notwithstanding ss. 125.04 (9) and 125.51 (6), the retail sale, shipment,
4 transportation, and delivery, in original unopened packages or containers, to
5 individuals at their residences or other designated addresses, from the distillpub
6 premises, of distilled spirits that have been manufactured or rectified on these
7 premises or on other distillpub premises of the distillpub group, if the individual
8 arranges while physically present on the distillpub premises to receive periodic
9 direct shipments of distilled spirits from the distillpub.

10 (i) The sale of alcohol beverages at retail in accordance with the terms of any
11 retail license authorized to be held by the distillpub under sub. (4) (b), along with the
12 exercise of any other privilege afforded by the retail license.

13 **(3) PERSONS ELIGIBLE.** (a) An applicant is eligible for a distillpub permit only
14 if all of the following apply:

15 1. The applicant's distillpub group manufactures or rectifies, or both, a
16 combined total of not more than 300,000 gallons of distilled spirits in a calendar year.

17 2. The applicant operates on the distillpub premises a restaurant for which a
18 license is issued under s. 97.30.

19 3. The applicant holds a "Class B" license, the restaurant identified in subd. 2.
20 is located on the "Class B" licensed premises, and, on the "Class B" licensed premises,
21 the applicant offers for sale, in addition to distilled spirits manufactured or rectified
22 by the applicant, intoxicating liquor not manufactured or rectified by the applicant
23 and its distillpub group.

24 4. The applicant holds a valid certificate issued under s. 73.03 (50) and is
25 qualified under s. 125.04 (5), except that an applicant may not be a person acting as

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1 an agent for or in the employ of another. Notwithstanding s. 125.04 (5) (a) 5., a person
2 is not required to complete a responsible beverage server training course to be
3 eligible for a permit under this section.

4 5. Neither the applicant nor the applicant's distillpub group holds, or has a
5 direct or indirect ownership interest in a premises operating under, any of the
6 following:

7 a. Except as provided in sub. (4) (b), a Class "A" license issued under s. 125.25
8 or a "Class A" license issued under s. 125.51 (2).

9 b. Except as provided in sub. (4) (b), a Class "B" license or permit issued under
10 s. 125.26 or 125.27, a "Class B" license or permit issued under s. 125.51 (3) or (5), or
11 a "Class C" license issued under s. 125.51 (3m).

12 c. A wholesaler's permit issued under s. 125.54.

13 d. A manufacturer's permit or rectifier's permit issued under s. 125.52.

14 e. A brewer's permit issued under s. 125.29.

15 f. An alcohol beverage warehouse permit issued under s. 125.19.

16 (b) If an applicant under par. (a) has no current operations, the applicant may
17 certify that the applicant has applied for or will apply for a "Class B" license or license
18 under s. 97.30 for a restaurant or will comply with any other requirement under par.
19 (a), prior to or upon commencing operations authorized under this section. If a "Class
20 B" license or license under s. 97.30 for a restaurant is not subsequently issued to the
21 applicant, or if the applicant otherwise fails to comply with any requirement for
22 eligibility under par. (a), the department may revoke under s. 125.12 (5) the permit
23 issued under this section.

24 (c) If an applicant under par. (a) holds any license or permit prohibited under
25 par. (a) 5. at the time of its application, the applicant may certify that the applicant

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1 will surrender any such license or permit upon issuance of a permit under this
2 section. If the department issues a permit under this section and the applicant fails
3 to surrender any license or permit prohibited under par. (a) 5., the department may
4 revoke under s. 125.12 (5) the permit issued under this section.

5 (4) MULTIPLE PERMITS; RETAIL LICENSES. (a) No distillpub group may hold more
6 than 6 distillpub permits issued under this section. If a distillpub group holds more
7 than one permit issued under this section, the distillpub group is not required to
8 manufacture or rectify distilled spirits on each premises for which a permit is issued.

9 (b) A distillpub may hold only the following retail licenses:

10 1. Any "Class B" license for which the licensed premises includes a restaurant
11 on distillpub premises, as described in sub. (3) (a) 2. and 3.

12 2. Not more than 6 "Class B" licenses in addition to those authorized under
13 subd. 1. if any of these additional 6 "Class B" licenses was initially issued prior to
14 January 1, 1983.

15 3. A Class "B" license for any premises for which a "Class B" license authorized
16 under subd. 1. or 2. is issued.

17 4. One Class "A" license and one "Class A" license, both issued for the same
18 premises and initially issued prior to January 1, 1990.

19 5. If the distillpub also holds a brewpub permit under s. 125.295 and the
20 distillpub permit and the brewpub permit are issued in the same name, any retail
21 license authorized under s. 125.295 (3) (b) and (c).

22 (c) Each retail license authorized under par. (b) shall be issued in the same
23 name as the distillpub permittee.

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1 **(5) FEES.** The fee established by the department for a distillpub permit shall
2 not exceed the fee established by the department for a manufacturer's permit under
3 s. 125.52.

4 **(6) RULE MAKING.** The department may promulgate rules and prescribe forms
5 to administer and enforce this section.

6 **SECTION 32.** 125.53 (3) of the statutes is created to read:

7 125.53 **(3)** A winery holding a permit under this section may hold a Class "B"
8 license authorizing the retail sale of fermented malt beverages if the winery holds
9 a "Class B" license issued for the same premises.

10 **SECTION 33.** 125.54 (1) of the statutes is amended to read:

11 125.54 **(1) AUTHORIZED ACTIVITIES.** The department shall issue wholesalers'
12 permits authorizing the permittee to sell, from the premises described in the permit,
13 intoxicating liquor at wholesale to retailers and wholesalers, as well as to
14 manufacturers, rectifiers, distillpubs, and wineries for production purposes. The
15 permittee may not sell intoxicating liquor for consumption on the premises.
16 Possession of a permit under this section does not authorize the permittee to sell
17 tax-free intoxicating liquor and wine brought into this state under s. 139.03 (5).

18 **SECTION 34.** 125.54 (7) (a) 1. of the statutes is renumbered 125.54 (7) (a).

19 **SECTION 35.** 125.54 (7) (a) 2. of the statutes is repealed.

20 **SECTION 36.** 125.54 (8) of the statutes is amended to read:

21 125.54 **(8) DUTY TO WORK IN GOOD FAITH.** Each wholesaler has an obligation to
22 negotiate in good faith with any manufacturer, rectifier, distillpub, or winery that
23 seeks to sell its products in this state through the wholesaler. To this end, all
24 wholesalers shall work diligently to ensure that distribution channels are available

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1 for the sale of intoxicating liquor products through wholesalers to retailers in this
2 state.

3 **SECTION 37.** 125.545 (1) (d) of the statutes is amended to read:

4 125.545 (1) (d) “Small winery” means any winery that produces and bottles less
5 than ~~25,000~~ 50,000 gallons of wine in a calendar year.

6 **SECTION 38.** 125.58 (1) of the statutes is amended to read:

7 125.58 (1) The department shall issue out-of-state shippers’ permits which
8 authorize persons located outside this state to sell or ship intoxicating liquor into this
9 state. Except as provided under sub. (4), intoxicating liquor may be shipped into this
10 state only to a person holding a wholesaler’s permit under s. 125.54 or, if shipped
11 from a manufacturer or rectifier in another state holding a permit under this section,
12 to a person holding a manufacturer’s or rectifier’s permit under s. 125.52, a distillpub
13 permit under s. 125.525, or a winery permit under s. 125.53. Except as provided
14 under sub. (4), a separate out-of-state shipper’s permit is required for each location
15 from which any intoxicating liquor is sold or shipped into this state, including the
16 location from which the invoices are issued for the sales or shipments. Any person
17 holding an out-of-state shipper’s permit issued under this section may solicit orders
18 for sales or shipments by the permittee without obtaining the sales solicitation
19 permit required by s. 125.65, but every agent, salesperson or other representative
20 who solicits orders for sales or shipments by an out-of-state shipper shall first obtain
21 a permit for soliciting orders under s. 125.65. No holder of an out-of-state shipper’s
22 permit issued under this section may sell intoxicating liquor in this state or ship
23 intoxicating liquor into this state unless the out-of-state shipper is the primary
24 source of supply for that intoxicating liquor.

25 **SECTION 39.** 125.68 (4) (c) 3m. of the statutes is amended to read:

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1 125.68 (4) (c) 3m. No premises for which a “Class B” license has been issued
2 under s. 125.51 (3) (am) may remain open for the sale of intoxicating liquor between
3 the hours of ~~9 p.m. 2 a.m.~~ and 8 a.m. A municipality may, by ordinance, impose more
4 restrictive hours than are provided in this subdivision.

5 **SECTION 40.** 125.68 (9) (b) of the statutes is amended to read:

6 125.68 (9) (b) All containers of intoxicating liquor sold in this state shall be
7 clearly and legibly labeled with the name and address of the manufacturer or
8 distillpub and the name of the intoxicating liquor. The label shall meet any other
9 labeling requirements created by the federal alcohol administration act.

10 **SECTION 41.** 125.68 (9) (d) of the statutes is amended to read:

11 125.68 (9) (d) All packages or containers of intoxicating liquor delivered in this
12 state shall bear seals affixed by the manufacturer or distillpub so that the contents
13 cannot be removed without breaking the seals.

14 **SECTION 42.** 125.68 (10) of the statutes is amended to read:

15 125.68 (10) SHIPMENTS INTO STATE. (a) Except as provided in s. 125.535, no
16 intoxicating liquor may be shipped into this state unless consigned to a person
17 holding a wholesaler’s permit under s. 125.54 or, if shipped from a manufacturer or
18 rectifier in another state holding a permit under s. 125.58, consigned to a person
19 holding a manufacturer’s or rectifier’s permit under s. 125.52, a distillpub permit
20 under s. 125.525, or a winery permit under s. 125.53.

21 (b) Except as provided in ~~s.~~ ss. 125.525 (2)(h) and 125.535, no common carrier
22 or other person may transport into and deliver within this state any intoxicating
23 liquor unless it is consigned to a person holding a wholesaler’s permit under s. 125.54
24 or, if shipped from a manufacturer or rectifier in another state holding a permit
25 under s. 125.58, consigned to a person holding a manufacturer’s or rectifier’s permit

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1 under s. 125.52, a distillpub permit under s. 125.525, or a winery permit under s.
2 125.53. Any common carrier violating this paragraph shall forfeit \$100 for each
3 violation.

4 **SECTION 43.** 125.69 (title) of the statutes is amended to read:

5 **125.69** (title) **Restrictions on dealings between manufacturers,**
6 **rectifiers, distillpubs, wholesalers, and retailers.**

7 **SECTION 44.** 125.69 (1) (a) of the statutes is renumbered 125.69 (1) (a) 1. and
8 amended to read:

9 125.69 (1) (a) 1. ~~No Except as provided in subds. 2. and 3., no intoxicating liquor~~
10 manufacturer, rectifier, distillpub, winery, out-of-state shipper permittee, or
11 wholesaler may hold any direct or indirect interest in any “Class A” license or
12 establishment and no “Class A” licensee may hold any direct or indirect interest in
13 a wholesale permit or establishment, ~~except that a~~.

14 2. A winery that has a permit under s. 125.53 may have an ownership interest
15 in a “Class A” license and a person may hold a “Class A” license and both a winery
16 permit under s. 125.53 and a manufacturer’s or rectifier’s permit under s. 125.52 and
17 may make retail sales and provide taste samples as authorized under the “Class A”
18 license and ss. 125.06 (13) and 125.52 (1) (b) 2.

19 **SECTION 45.** 125.69 (1) (a) 3. of the statutes is created to read:

20 125.69 (1) (a) 3. A person may hold a distillpub permit and a “Class A” license
21 as provided in s. 125.525 (4) (b) 4.

22 **SECTION 46.** 125.69 (1) (b) 1. of the statutes is amended to read:

23 125.69 (1) (b) 1. Except as provided under subds. 3., 4., and 5., no intoxicating
24 liquor manufacturer, rectifier, distillpub, winery, out-of-state shipper permittee, or
25 wholesaler may hold any direct or indirect interest in any “Class B” license or permit

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1 or establishment or “Class C” license or establishment and no “Class B” licensee or
2 permittee or “Class C” licensee may hold any direct or indirect interest in a
3 manufacturer, rectifier, distillpub, winery, out-of-state shipper, or wholesale permit
4 or establishment.

5 **SECTION 47.** 125.69 (1) (b) 3. of the statutes is created to read:

6 125.69 (1) (b) 3. A distillpub may hold any “Class B” license authorized under
7 s. 125.525 (4) (b) and, if the distillpub also holds a brewpub permit, any “Class C”
8 license authorized under s. 125.525 (4) (b) 5.

9 **SECTION 48.** 125.69 (1) (c) of the statutes is amended to read:

10 125.69 (1) (c) No manufacturer, rectifier, distillpub, winery, or out-of-state
11 shipper permittee, whether located within or without this state, may hold any direct
12 or indirect interest in any wholesale permit or establishment. Except as provided in
13 pars. (a) 2. and 3. and (b) 3. and 4. and ~~s. ss. 125.295, 125.525, and 125.53~~, no retail
14 licensee may hold any direct or indirect interest in any manufacturer, rectifier,
15 distillpub, winery, or out-of-state shipper permittee.

16 **SECTION 49.** 125.69 (1) (d) of the statutes is amended to read:

17 125.69 (1) (d) Except as provided in s. ss. 125.295 (3) (c) and (3m) and 125.525
18 (4) (b), no brewpub may hold any direct or indirect interest in any “Class B” license
19 or permit or establishment or “Class C” license or establishment.

20 **SECTION 50.** 125.69 (3) of the statutes is amended to read:

21 125.69 (3) **VOLUME DISCOUNTS TO CAMPUSES AND RETAILERS.** A wholesaler of
22 intoxicating liquor, and a distillpub with respect to sales of intoxicating liquor
23 authorized under s. 125.525 (2) (f), shall charge the same price to all campuses and
24 retail licensees and permittees making purchases in similar quantities. Any

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1 discount offered on intoxicating liquor shall be delivered to the retailer in a single
2 transaction and single delivery, and on a single invoice.

3 **SECTION 51.** 125.69 (4) (c) of the statutes is created to read:

4 125.69 (4) (c) *Distillpubs.* For purposes of this subsection, a distillpub, when
5 acting under authority of a retail license with respect to intoxicating liquor not
6 manufactured or rectified by the distillpub, is deemed an intoxicating liquor retail
7 licensee. This paragraph does not affect any provision of this subsection with respect
8 to a distillpub acting under authority of s. 125.525 (2) (f).

9 **SECTION 52.** 125.69 (4) (e) of the statutes is amended to read:

10 125.69 (4) (e) *Costs.* The cost of administering this subsection shall be charged
11 to the manufacturer, rectifier, distillpub, and wholesaler permittees. The
12 department shall determine the costs and shall establish the procedure for
13 apportioning the cost against the permittees and provide for the method of payment
14 to the department.

15 **SECTION 53.** 125.69 (6) (a) of the statutes is amended to read:

16 125.69 (6) (a) No Except as provided in s. 125.525 (2) (f), no campus or retail
17 licensee or permittee may purchase intoxicating liquor from, or possess intoxicating
18 liquor purchased from, any person other than a wholesaler holding a permit under
19 this chapter for the sale of intoxicating liquor.

20 **SECTION 54.** 125.70 of the statutes is amended to read:

21 **125.70 Trade show samples.** A manufacturer, rectifier, distillpub, winery,
22 or intoxicating liquor wholesaler may furnish, free of charge, on "Class B" premises,
23 taste samples of intoxicating liquor to any person who has attained the legal drinking
24 age and who is attending a trade show, conference, convention, or similar business
25 meeting, that is held on those premises, of a bona fide national or statewide trade

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1 association that derives income from membership dues of “Class B” licensees. Taste
2 samples may not be furnished under this section at more than 2 such events of any
3 one trade association per year. No intoxicating liquor brought on “Class B” premises
4 under this section may remain on those premises after the close of the trade show,
5 conference, convention, or business meeting. No limitation under this section
6 applies to a distillpub with respect to premises operating under a “Class B” license
7 issued to the distillpub.

8 **SECTION 55.** 139.01 (2o) of the statutes is created to read:

9 139.01 (2o) “Distillpub” means a permittee under s. 125.525.

10 **SECTION 56.** 139.01 (5) of the statutes is amended to read:

11 139.01 (5) A “manufacturer” is a person, other than a rectifier or distillpub, who
12 manufactures or distills intoxicating liquors, including selling at wholesale such
13 intoxicating liquors manufactured or distilled by the licensee at the premises
14 designated in the license.

15 **SECTION 57.** 139.01 (6) of the statutes is amended to read:

16 139.01 (6) A “rectifier” is a person, other than a distillpub, who rectifies,
17 purifies or refines distilled spirits or wines by any process other than by original and
18 continuous distillation from mash, wort or wash, through continuous closed vessels
19 or pipes, until the manufacture thereof is complete, or who has in his or her
20 possession any still or leach tub or keeps any other apparatus for the purpose of
21 refining in any manner distilled spirits or the other liquors, or who after rectifying
22 and purifying distilled spirits, by mixing such spirits or liquors with any materials,
23 manufactures any spurious, imitation or compound liquors for sale, and any person
24 who, without rectifying, purifying or refining distilled spirits, by mixing such spirits
25 with any materials, manufactures any spurious, imitation or compound liquors for

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1 sale under the name of “whiskey,” “brandy,” “gin,” “rum,” “spirits,” “cordials” or any
2 other name, and who is also a distiller or is under substantially the same
3 management or control as a distiller. A rectifier may sell at wholesale intoxicating
4 liquors rectified by him or her without any other license than that of a rectifier.

5 **SECTION 58.** 139.01 (10) of the statutes is amended to read:

6 139.01 (10) “Wholesaler” as applied to a seller of fermented malt beverages has
7 the same meaning as in s. 125.02, and as applied to a seller of intoxicating liquors
8 is any person other than a manufacturer ~~or~~, rectifier, or distillpub who sells such
9 liquors to licensed retailers or other permittees for the purpose of resale.

10 **SECTION 59.** 139.03 (2x) (a) of the statutes is amended to read:

11 139.03 (2x) (a) *Floor tax imposed.* On the date tax rate changes become
12 effective under this section a floor tax is imposed upon every manufacturer, rectifier,
13 distillpub, wholesaler, and retailer who is in possession of any intoxicating liquor
14 held for resale on which the intoxicating liquor tax already has been imposed. The
15 person shall determine the volume of that intoxicating liquor and shall file a return
16 by the 15th day of the month following the month in which the new tax rate becomes
17 effective and shall pay any tax due on it, as determined under par. (b).

18 **SECTION 60.** 139.04 (4) of the statutes is amended to read:

19 139.04 (4) Sale or shipment of fermented malt beverages by a brewer to a
20 bottler or of intoxicating liquor in bulk between manufacturers, rectifiers,
21 distillpubs, and wineries.

22 **SECTION 61.** 139.06 (3) of the statutes is amended to read:

23 139.06 (3) In shipping intoxicating liquor in bulk for the purpose of bottling or
24 rectifying to a rectifier or distillpub located within the state, the manufacturer shall
25 securely affix thereto a label or statement, in such form as is prescribed by the

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1 secretary, reciting that the shipment is made for the purpose of bottling or rectifying.
2 Each manufacturer making such shipments shall file an information report that
3 shows the dates and quantities of shipments and the name and address of each
4 consignee.

5 **SECTION 62.** 139.08 (4) of the statutes is amended to read:

6 139.08 (4) INSPECTION FOR ENFORCEMENT. Duly authorized employees of the
7 department of justice and the department of revenue and any sheriff, police officer,
8 marshal, or constable, within their respective jurisdictions, may at all reasonable
9 hours enter any licensed premises, and examine the books, papers, and records of
10 any brewer, brewpub, manufacturer, bottler, rectifier, distillpub, wholesaler, or
11 retailer, for the purpose of inspecting the same and determining whether the tax and
12 fee imposed by ss. 139.01 to 139.25 have been fully paid, and may inspect and
13 examine, according to law, any premises where fermented malt beverages or
14 intoxicating liquors are manufactured, sold, exposed for sale, possessed, or stored,
15 for the purpose of inspecting the same and determining whether the tax imposed by
16 ss. 139.01 to 139.25 has been fully paid, and whether ss. 139.01 to 139.25 and ch. 125
17 are being complied with. Any refusal to permit such examination of such premises
18 is sufficient grounds under s. 125.12 for revocation or suspension of any license or
19 permit granted for the sale of any fermented malt beverages or intoxicating liquors
20 and is punishable under s. 139.25 (10).

21 **SECTION 63.** 139.09 of the statutes is amended to read:

22 **139.09 Registration.** Every brewer, brewpub, bottler, manufacturer, rectifier,
23 distillpub, wholesaler, or retailer liable for payment of the occupational tax imposed
24 in ss. 139.01 to 139.25 shall hold a valid certificate under s. 73.03 (50). The secretary
25 shall assign the person a registration number.

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1 **SECTION 64.** 139.11 (2) of the statutes is amended to read:

2 139.11 (2) **REPORT.** Each brewer, brewpub, bottler, manufacturer, rectifier,
3 distillpub, and wholesaler shall on or before the 15th day of each calendar month or
4 the dates prescribed by the secretary file a verified report of all fermented malt
5 beverages or intoxicating liquor manufactured, received, sold, delivered, or shipped
6 by him or her during the preceding calendar month, except that the department may
7 allow wholesale, winery, and out-of-state shipper permittees whose tax liability is
8 less than \$500 per quarter to file on a quarterly basis. Quarterly reports shall be filed
9 on or before the 15th of the next month following the close of the calendar quarter.

10 **SECTION 65.** 139.11 (3) of the statutes is amended to read:

11 139.11 (3) **SECRETARY'S POWERS.** When the secretary finds that the records kept
12 by any brewer, brewpub, bottler, manufacturer, rectifier, distillpub, wholesaler, or
13 retailer are in such condition that an unusual amount of time is required to
14 determine therefrom the amount of tax due, the secretary may give notice of such fact
15 to such person and may require the records to be kept in such form as the secretary
16 prescribes. If such requirements are not complied with within 30 days after the date
17 of the notice, the brewer, brewpub, bottler, manufacturer, rectifier, distillpub,
18 wholesaler, or retailer shall pay the expenses reasonably attributable to the
19 determination of tax at the rate of \$30 per day for each auditor. The secretary shall
20 render a bill therefor by registered mail to the person charged with payment at the
21 conclusion of the audit, which bill shall constitute notice of assessment and demand
22 of payment thereof. The brewer, brewpub, bottler, manufacturer, rectifier, distillpub,
23 wholesaler, or retailer shall, within 10 days after the mailing of the bill, pay its
24 amount, and such payment shall be credited to the appropriation made in s. 20.566
25 (1) (a).

SENATE BILL 418**SECTION 66**

1 **SECTION 66.** 139.11 (4) (b) 2. of the statutes is amended to read:

2 139.11 (4) (b) 2. A current and regularly updated list, made available on paper
3 and on the department's Internet Web site, of permit holders that minimally includes
4 detailed information on the name, address, contact person, and date of permit
5 issuance for every manufacturer's and rectifier's permit issued under s. 125.52,
6 distillpub permit issued under s. 125.525, winery permit issued under s. 125.53,
7 direct wine shipper's permit issued under s. 125.535, wholesaler's permit issued
8 under s. 125.54, and out-of-state shipper's permit issued under s. 125.58.

9 **SECTION 67.** 139.18 (2) of the statutes is amended to read:

10 139.18 (2) The possession of intoxicating liquor on which a tax has not been
11 paid except upon the premises of a manufacturer, rectifier, distillpub, or wholesaler,
12 or any licensed public warehouse shall be deemed prima facie evidence that such
13 liquor is possessed with the intent to sell it contrary to law.

14 **SECTION 68.** 139.22 of the statutes is amended to read:

15 **139.22 Confiscation.** If a duly authorized employee of the department of
16 revenue or the department of justice or any sheriff, police officer, marshal, or
17 constable, within his or her respective jurisdiction, discovers any fermented malt
18 beverages upon any premises other than the premises of a brewer, brewpub, or
19 bottler, or any intoxicating liquor upon any premises other than the premises of a
20 manufacturer, rectifier, distillpub, winery, or wholesaler, and upon which the tax has
21 not been paid or which was possessed, kept, stored, manufactured, sold, distributed,
22 or transported in violation of ss. 139.01 to 139.25 and ch. 125, the employee or any
23 such officer may immediately seize the fermented malt beverages or intoxicating
24 liquors. Any such fermented malt beverages or intoxicating liquors so seized shall
25 be held by the department of revenue and disposed of under s. 125.14 (2) (e).

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1 **SECTION 69.** 346.93 (1) of the statutes is amended to read:

2 346.93 (1) No underage person, as defined under s. 125.02 (20m), may
3 knowingly possess, transport, or have under his or her control any alcohol beverage
4 in any motor vehicle unless the person is employed by a brewer, brewpub, alcohol
5 beverage licensee, wholesaler, retailer, distributor, manufacturer, ~~or~~ rectifier, or
6 distillpub and is possessing, transporting, or having such beverage in a motor vehicle
7 under his or her control during his or her working hours and in the course of
8 employment, as provided under s. 125.07 (4) (bm).

9 **SECTION 70. Effective date.**

10 (1) This act takes effect on the first day of the 3rd month beginning after
11 publication.

12

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