



WISCONSIN LEGISLATIVE COUNCIL

Terry C. Anderson, Director

Jessica Karls-Ruplinger, Deputy Director

TO: SENATOR SCOTT L. FITZGERALD

FROM: ^{MLS} Melissa Schmidt, Senior Staff Attorney

RE: Creation of and Powers Transferred to the Office of Alcohol Beverages
Enforcement Under LRB-5323/P2

DATE: February 7, 2018

You have asked for a description of LRB-5323/P2 (hereinafter, "the bill draft"), related to creating an Office of Alcohol Beverages Enforcement (OABE) attached to the Department of Revenue (DOR), transferring alcohol beverages regulation and enforcement functions to this office, and making appropriations, and how the bill draft affects current law. You have also asked for information regarding how the bill draft affects DOR's authority over: (1) the taxation of alcohol beverages; and (2) the taxation and enforcement of laws related to cigarettes and tobacco.

The bill draft creates OABE, which is attached to DOR for limited purposes, and transfers all of DOR's regulation and enforcement authority over the manufacture, distribution, and retail sale of alcohol beverages, which are found in ch. 125, Stats., to OABE. The bill draft **does not** make any changes to DOR's authority related to the taxation of alcohol beverages under ch. 139, Stats. It also **does not** make changes to DOR's authority related to the taxation and enforcement of cigarette and tobacco laws under ch. 139, Stats. Under the bill draft, DOR retains its current authority related to the taxation of alcohol beverages and the taxation and enforcement of laws related to cigarettes and tobacco.

BACKGROUND

Current law generally provides DOR with regulation and enforcement authority over the manufacture, distribution, and retail sale of alcohol beverages, as well as the authority to regulate and enforce the taxation of alcohol beverages. [See ss. 73.03 (24), 125.14, 125.145, and 139.08 (1) and (3), Stats.] Current law also provides DOR with authority related to the taxation and enforcement of laws related to cigarettes and tobacco. [ss. 139.08, 139.39, 139.93, and 139.932, Stats.]

THE BILL DRAFT

OABE's Organizational Structure

As previously mentioned, the bill draft creates OABE and transfers all of DOR's alcohol beverages regulation and enforcement authority under ch. 125, Stats., to OABE. This section discusses the organizational structure of OABE.

OABE Relationship With DOR

Under the bill draft, OABE is attached to DOR for limited purposes, which means OABE is a distinct unit of DOR, and is authorized to exercise its powers, duties, and functions prescribed by the bill draft, including rule-making, licensing and regulation, and operational planning, independently of DOR. However, budgeting, program coordination, and related management functions must be performed under the direction and supervision of the DOR secretary. [See s. 15.03, Stats.]

OABE Director

The bill draft provides that OABE is under the direction and supervision of a director, who is nominated by the Governor with the advice and consent (or "confirmation") by the Senate for a six-year term, and authorizes 1.0 full-time equivalent (FTE) position for the OABE director. The director of OABE is not a classified position under the state's civil service system. The director has the authority, to appoint, in the classified service, special agents and other employees necessary to carry out the permitting, audit, education, and enforcement functions of OABE. The bill draft prohibits the director and any OABE employee from being employed by or having a financial interest in the alcohol beverages industry or any business subject to OABE's jurisdiction.

OABE Employees

Under the bill draft, all DOR positions that are primarily related to alcohol beverages regulation and enforcement, as determined by the Department of Administration (DOA), are transferred to OABE on July 1, 2018. In addition to these positions that are transferred from DOR, the bill draft authorizes 6.0 FTE special agent positions for OABE.

Employees transferred from DOR to OABE have all the rights and the same status under the state civil service laws in OABE that they enjoyed in DOR immediately before the transfer. The bill draft also provides that no employee transferred from DOR to the OABE who has attained permanent status in class is required to serve a probationary period.

OABE Assets, Property, and Contracts

In order to effectuate the creation of OABE and transfer of DOR's alcohol beverages regulation and enforcement authority under ch. 125, Stats., to OABE, the bill draft also provides all of the following:

- The assets and liability of DOR primarily related to alcohol beverages regulation and enforcement under ch. 125, Stats., as determined by the DOA secretary, become the assets and liabilities of OABE.
- All tangible personal property, including records, of DOR that is primarily related to alcohol beverages regulation and enforcement under ch. 125, Stats., as determined by the DOA secretary, is transferred to OABE.
- All contracts entered into by DOR that are in effect on July 1, 2018 that are primarily related to alcohol beverages regulation and enforcement under ch. 125, Stats., as determined by the DOA secretary, remain in effect and are transferred to OABE. OABE must carry out any obligations under those contracts unless modified or rescinded by OABE to the extent allowed under the contract.
- In the case of disagreement between DOR and OABE with respect to any matter specified in the bill draft, the DOA secretary must determine the matter and must develop a plan for an orderly transfer.

OABE's Alcohol Beverages Regulation and Enforcement Authority and Duties

OABE is required, under the bill draft, to enforce the state's alcohol beverages laws under ch. 125, Stats., and is authorized with all necessary police powers to prevent violations of ch. 125, Stats. As previously mentioned, the bill draft transfers all of DOR's alcohol beverages regulation and enforcement authority and duties under ch. 125, Stats., to OABE. This section lists the authority and responsibilities that the bill draft transfers from DOR to OABE.

Authority and Duties Transferred From DOR to OABE

Under the bill draft, the following alcohol beverages regulation and enforcement authority and duties under ch. 125, Stats., are transferred from DOR to OABE:

- Inspecting the premises and examining the books, papers, and records of any brewer, brewpub, manufacturer, bottler, rectifier, wholesaler, or retailer to determine whether ch. 125, Stats., is being complied with. [SECTIONS 13 and 130 of the bill draft. See also s. 125.33 (2) (a) and (d) and 125.51 (5) (c) 1., Stats.]
- Promulgating alcohol beverages regulation and enforcement rules. Under the bill draft, OABE must promulgate rules "necessary to carry out its duties under ch. 125." [s. 125.03, Stats. See also ss. 125.19 (1), 125.275 (3), 125.28 (5) (e), 125.295 (5), 125.54 (7) (d), 125.545 (6) (b), 125.61 (4), 125.62 (3), and 125.63 (3), Stats.]
- Creating an application form for alcohol beverages licenses and permits and a simplified application for the renewal of each kind of license or permit. [s. 125.04 (3) (a) and (b), Stats.]
- Receiving from municipal clerks lists containing names, addresses, and trade names of each person holding an alcohol beverages retail license issued by that municipality,

as well as the type of license held, and if the person holding the license is a corporation or limited liability company, the name of the appointed agent. [s. 125.04 (4), Stats.]

- Creating a booklet that explains the state statutes and rules relating to the retail sale of alcohol beverages, written concisely in language which is clearly understood by those required to utilize it. [s. 125.045, Stats.]
- Approving of an alcohol beverages server (i.e., "bartender") training course. [ss. 125.04 (5) and 125.17 (6) (a), Stats.]
- Receiving notice from a wine collector of the sale of manufacturer-sealed bottles or containers of wine by the wine collector to any other wine collector. [s. 125.06 (11m), Stats.]
- Receiving notice from a court that the court has ordered the suspension of an alcohol beverages license or permit for a violation under s. 125.07 (1) (a), Stats., alcohol beverages restrictions relating to underage persons. [s. 125.07 (1) (b) 4., Stats.]
- Filing a complaint against an alcohol beverages retail licensee with the clerk of circuit court in the jurisdiction where the licensed premises is situated, alleging that the license should be suspended or revoked, as provided under current law.¹ [s. 125.12 (1) and (4), Stats.]
- Revoking, suspending, or refusing to renew an alcohol beverages permit, after notice and an opportunity for hearing. [s. 125.12 (1), (5), and (6), Stats.]
- Revoking an alcohol beverages license or permit for failure to keep complete and accurate records required under current law. [SECTION 13 and ss. 139.11 (1) and 139.25 (9), Stats.]
- Requesting the Department of Justice (DOJ) to represent the state or assist a district attorney in prosecuting any case arising under the alcohol beverages laws found in ch. 125, Stats. [s. 125.145, Stats.]
- Representing the state in prosecuting any violation of the requirements placed upon a bona fide wholesaler under s. 125.54 (7) (a)² and (b)³, Stats., receiving complaints of

¹ The grounds for suspension or revocation of licenses are provided in s. 125.12 (4), (ag) 1. to 8m., Stats.

² Section 125.54 (7) (a), Stats., places the following requirements upon a bona fide liquor wholesaler: (a) that the premises described in its permit be capable of warehousing intoxicating liquor; and (b) that any intoxicating liquor sold by the liquor wholesaler be physically unloaded at the premises described in its permit, or at any warehouse premises for which the liquor wholesaler also holds a permit issued under s. 125.19, Stats., prior to being delivered to a retail licensee or permittee or to another liquor wholesaler.

³ Section 125.54 (7) (b), Stats., requires a liquor wholesaler to annually sell and deliver liquor to at least 10 retail liquor licensees or permittees that do not have any direct or indirect interest in each other or in the liquor wholesaler.

- violations of par. (a), and bringing enforcement actions as authorized under current law. [ss. 125.145 and 125.15, Stats.]
- Exercising enforcement of alcohol beverages laws under ch. 125, Stats., which includes all of the following:
 - Arresting without warrant, any person committing a violation of ch. 125, Stats., in his or her presence.
 - Confiscating alcohol beverages owned, possessed, kept, stored, manufactured, sold, distributed, or transported in violation of alcohol beverages law under ch. 125, or alcohol beverages taxation laws under ch. 139, Stats., and all personal property used in connection with the alcohol beverages.
 - Receiving alcohol beverages and other personal property that has been confiscated, and upon conviction for a violation of ch. 125 or 139, Stats., disposing or selling the property or alcohol beverages as authorized under current law.
[s. 125.14, Stats.]
 - Certifying a winery as a “small winery” for purposes of the winery being eligible to become a member of a small winery cooperative wholesaler. [s. 125.545 (2) (a) 3. b., Stats.]
 - Issuing the following alcohol beverages permits:
 - Alcohol beverages warehouse permit. [s. 125.19, Stats.]
 - Class “B” fermented malt beverages (beer) retail permit. [s. 125.27, Stats.]
 - Industrial beer permit. [s. 125.275, Stats.]
 - Beer wholesaler permit. [s. 125.28, Stats.]
 - Brewers permit. [s. 125.29, Stats.]
 - Brewpub permit. [s. 125.295, Stats.]
 - Out-of-state shippers’ permit. [s. 125.30, Stats.]
 - “Class B” intoxicating liquor (distilled spirits and wine, hereinafter, “liquor”) permit. [s. 125.51 (5), Stats.]
 - Manufacturer permit, rectifier permit, or a manufacturer and rectifier combination permit. [ss. 125.52 and 125.55, Stats.]
 - Winery permit. [s. 125.53, Stats.]
 - Direct wine shippers’ permit. [s. 125.535, Stats.]
 - Liquor wholesaler permit. [ss. 125.54 and 125.545 (3), Stats.]

- Sacramental wine permit. [s. 125.56, Stats.]
- Out-of-state shippers' permit. [s. 125.58, Stats.]
- Wholesale alcohol permit to sell ethyl alcohol of 190 proof or more. [s. 125.60, Stats.]
- Medicinal alcohol permit. [s. 125.61, Stats.]
- Industrial alcohol permit. [s. 125.62, Stats.]
- Industrial wine permit. [s. 125.63, Stats.]
- Future wholesale sales permit. [s. 125.65, Stats.]

Other Provisions Related to the Transfer of Authority and Duties From DOR to OABE

In order to effectuate the transfer of DOR's alcohol beverages regulation and enforcement authority under ch. 125, Stats., to OABE, the bill draft also clarifies all of the following:

- Alcohol Beverage Administrative Rules. All rules promulgated by DOR that relate to alcohol beverages regulation and enforcement under ch. 125, Stats., and that are in effect on July 1, 2018, remain in effect until their specified expiration dates or until amended or repealed by OABE. The bill draft also provides that all orders issued by DOR that relate to alcohol beverages regulation and enforcement under ch. 125, Stats., and that are in effect on July 1, 2018, remain in effect until their specified expiration dates or until modified or rescinded by OABE.
- Pending Matters. Any matter pending with DOR on July 1, 2018 that is primarily related to alcohol beverages regulation and enforcement under ch. 125, Stats., as determined by the DOA secretary, is transferred to OABE. All materials submitted to or actions taken by DOR with respect to the pending matters are considered as having been submitted to or taken by OABE.
- Permit Fees. All fees established by DOR related to permits issued under ch. 125, Stats., that are in effect on June 30, 2018, shall remain in effect until modified or rescinded by OABE.
- Resolution of Agency Disagreement. As previously mentioned, in the case of disagreement between DOR and OABE with respect to any matter specified in the bill draft, the DOA secretary must determine the matter and must develop a plan for an orderly transfer.

If you have any questions, please feel free to contact me directly at the Legislative Council staff offices.

MS:jal



State of Wisconsin
2017 - 2018 LEGISLATURE

LRB-5323/P2
ARG:kjf

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

1 **AN ACT** *to repeal* 20.566 (1) (hd); *to amend* 15.435 (title), 20.566 (1) (ha), 125.02
2 (12), 125.02 (13), 125.02 (23), 125.03 (title), 125.03 (1) (a), 125.03 (1) (b), 125.03
3 (2), 125.04 (3) (a) (intro.), 125.04 (3) (b), 125.04 (3) (c), 125.04 (3) (d) 1., 125.04
4 (3) (d) 2., 125.04 (3) (e) 2., 125.04 (4), 125.04 (5) (a) 5., 125.045, 125.06 (11m),
5 125.07 (1) (b) 4., 125.07 (4) (f) 3., 125.105 (1), 125.12 (1) (a), 125.12 (1) (c), 125.12
6 (4) (title), 125.12 (4) (ag) (intro.), 125.12 (5), 125.12 (6) (a), 125.12 (6) (b), 125.12
7 (6) (c), 125.12 (6) (cm), 125.12 (6) (d), 125.12 (6) (dm), 125.12 (6) (e), 125.13,
8 125.14 (2) (c), 125.14 (2) (d), 125.14 (2) (e), 125.14 (2) (f), 125.14 (3) (b), 125.145,
9 125.15 (1), 125.17 (6) (a) (intro.), 125.19 (1), 125.27 (1) (a), 125.27 (2) (a) 1.
10 (intro.), 125.27 (2) (a) 2., 125.27 (3) (b), 125.275 (1), 125.275 (3), 125.28 (1) (a),
11 125.28 (1) (b), 125.28 (2) (e) 2., 125.28 (4), 125.28 (5) (b), 125.28 (5) (d) 3., 125.28
12 (5) (e), 125.29 (1), 125.29 (3) (intro.), 125.295 (1) (intro.), 125.295 (2) (b), 125.295
13 (2) (c), 125.295 (4), 125.295 (5), 125.30 (1), 125.30 (2) (intro.), 125.30 (2) (b),
14 125.30 (3), 125.30 (4), 125.30 (5), 125.33 (2) (a), 125.33 (2) (d), 125.51 (5) (a) 1.,
15 125.51 (5) (a) 4., 125.51 (5) (b) 2., 125.51 (5) (b) 4., 125.51 (5) (c) 1., 125.51 (5)

1 (d) 2., 125.52 (1) (a), 125.52 (1) (b) 2., 125.52 (2), 125.53 (1), 125.535 (1), 125.535
2 (2), 125.535 (3) (b) 2., 125.54 (1), 125.54 (5), 125.54 (7) (a) 2., 125.54 (7) (c) 3.,
3 125.54 (7) (d), 125.545 (2) (a) 3. b., 125.545 (3) (a) 1., 125.545 (3) (a) 2., 125.545
4 (5), 125.545 (6), 125.545 (7), 125.55 (1), 125.56 (2) (a), 125.56 (2) (c), 125.56 (2)
5 (d), 125.58 (1), 125.60 (1), 125.61 (1), 125.61 (3), 125.61 (4), 125.62 (1), 125.62
6 (3), 125.63 (1), 125.63 (3), 125.65 (1), 125.65 (4) (intro.), 125.65 (4) (e), 125.65
7 (6), 125.65 (10), 125.68 (9) (f), 125.69 (4) (e), 139.01 (4), 139.03 (5) (a), 139.08 (3),
8 139.08 (4), 139.11 (1), 139.11 (4) (a) 2., 139.22, 139.25 (9), 227.52 (1) and 230.08
9 (2) (e) 11.; and *to create* 15.435 (2), 19.42 (13) (q), 20.566 (9), 20.923 (4) (c) 6.,
10 125.02 (11g), 125.025, 125.11 (3) and 139.01 (5g) of the statutes; **relating to:**
11 creating an Office of Alcohol Beverages Enforcement attached to the
12 Department of Revenue, transferring alcohol beverages regulation and
13 enforcement functions to this office, and making appropriations.

Analysis by the Legislative Reference Bureau

This bill creates an Office of Alcohol Beverages Enforcement attached to the Department of Revenue and transfers DOR's alcohol beverages regulation and enforcement functions, including issuance of certain alcohol beverages permits, to the office. The office is led by a director appointed by the governor, subject to senate confirmation. The director must appoint a chief legal counsel and may appoint special agents and other employees necessary to carry out the permitting, audit, education, and enforcement functions of the office. The director and employees of the office may not be employed by or have a financial interest in the alcohol beverages industry and are subject to the standards of conduct and conflict of interest prohibitions for state public officials. The bill transfers DOR employees to the office and creates additional employee positions in the office. The office is funded from program revenues consisting of alcohol beverages permit fees and other administrative fees received by the office.

For further information see the *state* 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.** 15.435 (title) of the statutes is amended to read:

2 **15.435 (title) Same; attached boards and offices.**

3 **SECTION 2.** 15.435 (2) of the statutes is created to read:

4 **15.435 (2) OFFICE OF ALCOHOL BEVERAGES ENFORCEMENT.** There is created an
5 office of alcohol beverages enforcement which is attached to the department of
6 revenue under s. 15.03. The office shall be under the direction and supervision of a
7 director nominated by the governor, and with the advice and consent of the senate
8 appointed, for a 6-year term.

9 **SECTION 3.** 19.42 (13) (q) of the statutes is created to read:

10 **19.42 (13) (q)** The director and employees of the office of alcohol beverages
11 enforcement.

12 **SECTION 4.** 20.005 (3) (schedule) of the statutes: at the appropriate place, insert
13 the following amounts for the purposes indicated:

			2017-18	2018-19
14 20.566 Revenue, department of				
15 (9) OFFICE OF ALCOHOL BEVERAGES ENFORCEMENT				
16 (g) General program operations	PR	A	-0-	2,400,000

17 **SECTION 5.** 20.566 (1) (ha) of the statutes is amended to read:

18 **20.566 (1) (ha) Administration of liquor tax and alcohol beverages enforcement.**

19 The amounts in the schedule for computer, audit, and enforcement costs incurred in

1 administering the tax under s. 139.03 (2m) and for costs incurred in enforcing the
2 ~~3 tier system for alcohol beverages production, distribution, and sale under ch. 125.~~

3 All moneys received from the administration fee under s. 139.06 (1) (a) and any
4 permit fee under s. ~~125.535 (2)~~ shall be credited to this appropriation.

5 Notwithstanding s. 20.001 (3) (a), at the end of each fiscal year, the unencumbered
6 balance of this appropriation account, minus an amount equal to 10 percent of the
7 sum of the amounts expended and the amounts encumbered from the account during
8 the fiscal year, shall lapse to the general fund.

9 **SECTION 6.** 20.566 (1) (hd) of the statutes is repealed.

10 **SECTION 7.** 20.566 (9) of the statutes is created to read:

11 20.566 (9) OFFICE OF ALCOHOL BEVERAGES ENFORCEMENT. (g) *General program*
12 *operations.* The amounts in the schedule for alcohol beverages regulation and
13 enforcement under ch. 125 and general program operations of the office of alcohol
14 beverages enforcement. All moneys received by the office of alcohol beverages
15 enforcement, including all moneys transferred under 2017 Wisconsin Act ... (this
16 act), section 137 (1) (a), shall be credited to this appropriation account.

17 **SECTION 8.** 20.923 (4) (c) 6. of the statutes is created to read:

18 20.923 (4) (c) 6. Office of alcohol beverages enforcement: director of.

19 **SECTION 9.** 125.02 (11g) of the statutes is created to read:

20 125.02 (11g) Except in ss. 125.30 (3) and 125.545 (2) (a) 2., "office" means the
21 office of alcohol beverages enforcement.

22 **SECTION 10.** 125.02 (12) of the statutes is amended to read:

23 125.02 (12) "Peace officer" means a sheriff, undersheriff, deputy sheriff, police
24 officer, constable, marshal, deputy marshal or any employee of the department office
25 or of the department of justice authorized to act under this chapter.

1 **SECTION 11.** 125.02 (13) of the statutes is amended to read:

2 125.02 (13) "Permit" means any permit issued by the department office under
3 this chapter.

4 **SECTION 12.** 125.02 (23) of the statutes is amended to read:

5 125.02 (23) "Wine collector" means an individual who meets the standards
6 established by the department office by rule and who is registered with the
7 department office as a collector of wine.

8 **SECTION 13.** 125.025 of the statutes is created to read:

9 **125.025 Powers and duties of office.** (1) ADMINISTRATION; PERSONNEL. (a)

10 The office, under the direction of the director, shall administer this chapter and have
11 jurisdiction over alcohol beverages regulation, enforcement, and education in this
12 state.

13 (b) The director of the office shall serve outside the classified service. The
14 director of the office shall appoint a chief legal counsel in the classified service. The
15 director may also appoint, in the classified service, special agents and other
16 employees necessary to carry out the permitting, audit, education, and enforcement
17 functions of the office.

18 (c) The director and any employee of the office may not be employed by or have
19 a financial interest in the alcohol beverages industry or any business subject to the
20 office's jurisdiction.

21 (2) POLICE POWERS. The office shall enforce, and the duly authorized employees
22 of the office shall have all necessary police powers to prevent violations of, this
23 chapter.

24 (3) INSPECTION FOR ENFORCEMENT. Duly authorized employees of the
25 department of justice and the office and any sheriff, police officer, marshal, or

1 constable, within their respective jurisdictions, may at all reasonable hours enter
2 any licensed premises, and examine the books, papers, and records of any brewer,
3 brewpub, manufacturer, bottler, rectifier, wholesaler, or retailer, and may inspect
4 and examine, according to law, any premises where fermented malt beverages or
5 intoxicating liquors are manufactured, sold, exposed for sale, possessed, or stored,
6 for the purpose of inspecting the same and determining whether this chapter is being
7 complied with. Any refusal to permit such examination of such premises is sufficient
8 grounds under s. 125.12 for revocation or suspension of any license or permit granted
9 for the sale of any fermented malt beverages or intoxicating liquors and is punishable
10 under s. 125.11 (3).

11 (4) FEES. All fees collected by the office in connection with permits issued under
12 this chapter, including permit fees and other associated administrative fees, shall be
13 credited to the appropriation account under s. 20.566 (9) (g).

14 (5) LIST OF PERMITTEES. The office shall provide the department with all
15 information necessary for the department to publish the information specified in s.
16 139.11 (4) (a) 2. and (b) 2.

17 SECTION 14. 125.03 (title) of the statutes is amended to read:

18 **125.03 (title) Department Office rule making.**

19 SECTION 15. 125.03 (1) (a) of the statutes is amended to read:

20 125.03 (1) (a) The department, in furtherance of effective control, may office
21 shall promulgate rules consistent with necessary to carry out its duties under this
22 chapter and ch. 139.

23 SECTION 16. 125.03 (1) (b) of the statutes is amended to read:

24 125.03 (1) (b) The department office shall promulgate rules providing for
25 registration of wine collectors and establishing standards of eligibility for

1 registration as a wine collector. The rules shall also specify the form and manner of
2 notice required under s. 125.06 (11m).

3 **SECTION 17.** 125.03 (2) of the statutes is amended to read:

4 125.03 (2) CONTAINERS. The department office may by rule prescribe the
5 standard size, form or character of any container in which intoxicating liquor may
6 be sold in this state except that the department office may not set the size of
7 containers in which intoxicating liquor, except wine containing not more than 21
8 percent of alcohol by volume, may be sold at a capacity greater than 1.75 liters
9 (59.1752 fluid ounces).

10 **SECTION 18.** 125.04 (3) (a) (intro.) of the statutes is amended to read:

11 125.04 (3) (a) *Contents.* (intro.) The department office shall prepare an
12 application form for each kind of license, other than a manager's or operator's license,
13 and for each kind of permit issued under this chapter. Each form shall require all
14 of the following information:

15 **SECTION 19.** 125.04 (3) (b) of the statutes is amended to read:

16 125.04 (3) (b) *Application for renewing.* The department office may prepare a
17 simplified application form for renewal of each kind of license or permit which
18 requires only information pertinent to renewal.

19 **SECTION 20.** 125.04 (3) (c) of the statutes is amended to read:

20 125.04 (3) (c) *Distribution.* The department office shall make one copy of each
21 kind of license application that it prepares available to each municipality.

22 **SECTION 21.** 125.04 (3) (d) 1. of the statutes is amended to read:

23 125.04 (3) (d) 1. An application form prepared by the department office shall
24 be used by each applicant for a permit.

25 **SECTION 22.** 125.04 (3) (d) 2. of the statutes is amended to read:

1 125.04 (3) (d) 2. A replica of an application form prepared by the department
2 office shall be used by each applicant for a license, other than a manager's or
3 operator's license.

4 **SECTION 23.** 125.04 (3) (e) 2. of the statutes is amended to read:

5 125.04 (3) (e) 2. The applicant shall file the application for a permit with the
6 department office.

7 **SECTION 24.** 125.04 (4) of the statutes is amended to read:

8 125.04 (4) LIST OF LICENSEES. By July 15 annually, the clerk of a municipality
9 issuing licenses shall mail to the department office a list containing the name,
10 address and trade name of each person holding a license issued by that municipality,
11 other than a manager's or operator's license or a license issued under s. 125.26 (6),
12 the type of license held and, if the person holding the license is a corporation or
13 limited liability company, the name of the agent appointed under sub. (6).

14 **SECTION 25.** 125.04 (5) (a) 5. of the statutes, as affected by 2017 Wisconsin Act
15 59, is amended to read:

16 125.04 (5) (a) 5. Have successfully completed within the 2 years prior to the
17 date of application a responsible beverage server training course at any location that
18 is offered by a technical college district and that conforms to curriculum guidelines
19 specified by the technical college system board or a comparable training course that
20 is approved by the department office or the department of safety and professional
21 services. This subdivision does not apply to an applicant who held, or who was an
22 agent appointed and approved under sub. (6) of a corporation or limited liability
23 company that held, within the past 2 years, a Class "A", "Class A" or "Class C" license
24 or a Class "B" or "Class B" license or permit or a manager's or operator's license.

25 **SECTION 26.** 125.045 of the statutes is amended to read:

1 **125.045 Booklet for licensees and permittees.** (1) The department office
2 shall prepare a booklet explaining the state statutes and rules relating to the retail
3 sale of alcohol beverages, written concisely in language which is clearly understood
4 by those required to utilize it.

5 (2) The department office shall provide a copy of the booklet under sub. (1) free
6 of charge to each person issued a permit, including a renewal, under s. 125.27 or
7 125.51 (5). The department office shall provide the booklet for a charge not to exceed
8 cost, as provided under s. 20.908, to municipalities.

9 (3) A municipality shall provide a copy of the booklet under sub. (1) to each
10 person issued a license, including a renewal, under s. 125.17, 125.18, 125.25, 125.26
11 or 125.51 (1) by the municipality unless the municipality requires the person to
12 complete an instructional program which includes the subject matter of the booklet
13 or unless the person completes the program under s. 125.04 (5) (a) 5. or 125.17 (6).
14 This section does not preclude a municipality from charging a fee for such a program.
15 A municipality may charge for the booklet in an amount not to exceed the amount
16 charged by the department office under sub. (2).

17 **SECTION 27.** 125.06 (11m) of the statutes is amended to read:

18 **125.06 (11m) WINE COLLECTORS.** The sale by a wine collector to any other wine
19 collector of manufacturer-sealed bottles or containers of wine that the selling wine
20 collector has held for at least 8 years if the selling wine collector has provided prior
21 notice of the sale to the department office. No more than one sale in any 12-month
22 period may be conducted by a wine collector under this paragraph.

23 **SECTION 28.** 125.07 (1) (b) 4. of the statutes is amended to read:

1 125.07 (1) (b) 4. The court shall promptly mail notice of a suspension under this
2 paragraph to the department office and to the clerk of each municipality which has
3 issued a license or permit to the person.

4 **SECTION 29.** 125.07 (4) (f) 3. of the statutes is amended to read:

5 125.07 (4) (f) 3. A licensee may not bring a civil action under this paragraph
6 unless the licensee has first provided notice to the underage person or the underage
7 person's parent, as applicable, of the licensee's intent to bring the action. The notice
8 shall be mailed to the last-known address of the underage person or underage
9 person's parent, as applicable, at least 15 days prior to filing the action and shall
10 include a demand for the relief described in subd. 1. The department office may, by
11 rule, prescribe a form for this notice.

12 **SECTION 30.** 125.105 (1) of the statutes is amended to read:

13 125.105 (1) No person may impersonate an inspector, agent or other employee
14 of the department office or of the department of justice.

15 **SECTION 31.** 125.11 (3) of the statutes is created to read:

16 125.11 (3) INSPECTION VIOLATION. Any person who refuses to permit
17 examination of premises as provided in s. 125.025 (3) shall be fined not more than
18 \$500 nor less than \$50, or imprisoned not more than 90 days nor less than 10 days
19 or both, and any license or permit issued to that person shall be subject to revocation.

20 **SECTION 32.** 125.12 (1) (a) of the statutes is amended to read:

21 125.12 (1) (a) Except as provided in this subsection, any municipality or the
22 department office may revoke, suspend or refuse to renew any license or permit
23 under this chapter, as provided in this section.

24 **SECTION 33.** 125.12 (1) (c) of the statutes is amended to read:

1 125.12 (1) (c) Neither a municipality nor the department office may consider
2 an arrest or conviction for a violation punishable under s. 101.123 (8) (d), 945.03
3 (2m), 945.04 (2m), or 945.05 (1m) in any action to revoke, suspend, or refuse to renew
4 a Class "B" or "Class B" license or permit.

5 **SECTION 34.** 125.12 (4) (title) of the statutes is amended to read:

6 125.12 (4) (title) **SUSPENSION OR REVOCATION OF LICENSES ON COMPLAINT OF THE**
7 **DEPARTMENT OFFICE.**

8 **SECTION 35.** 125.12 (4) (ag) (intro.) of the statutes is amended to read:

9 125.12 (4) (ag) *Complaint.* (intro.) A duly authorized employee of the
10 department office may file a complaint with the clerk of circuit court for the
11 jurisdiction in which the premises of a person holding a license issued under this
12 chapter is situated, alleging one or more of the following about a licensee:

13 **SECTION 36.** 125.12 (5) of the statutes is amended to read:

14 125.12 (5) **REVOCATIONS OR SUSPENSIONS OF, OR REFUSALS TO RENEW, PERMITS BY**
15 **THE DEPARTMENT OFFICE.** The department office may, after notice and an opportunity
16 for hearing, revoke, suspend or refuse to renew any retail permit issued by it for the
17 causes provided in sub. (4) and any other permit issued by it under this chapter for
18 any violation of this chapter or ch. 139, except that, for a violation of sub. (4) (ag) 6.
19 with respect to a license issued under s. 125.51 (4) (v) or a violation of s. 125.535 or
20 139.035, the department office shall revoke the license or permit. A revocation,
21 suspension or refusal to renew is a contested case under ch. 227.

22 **SECTION 37.** 125.12 (6) (a) of the statutes is amended to read:

23 125.12 (6) (a) Any person may file a sworn written complaint with the
24 department office alleging that an intoxicating liquor wholesaler has violated s.
25 125.54 (7) (a). The complaint shall identify the specific legal basis for the complaint

1 and sufficient facts for the department office to determine whether there is cause to
2 find that a violation has occurred. The department office shall provide a copy of the
3 complaint to any wholesaler against whom allegations are made, along with notice
4 of the time period under par. (b) to show cause why the wholesaler's permit should
5 not be revoked or suspended or to request a hearing.

6 **SECTION 38.** 125.12 (6) (b) of the statutes is amended to read:

7 125.12 (6) (b) Within 30 days of receiving a copy of the complaint under par. (a),
8 any wholesaler against whom allegations are made may file a sworn written
9 response or a written request for an evidentiary hearing before the department office
10 under s. 227.44.

11 **SECTION 39.** 125.12 (6) (c) of the statutes is amended to read:

12 125.12 (6) (c) Subject to pars. (d) 1. and (dm), if no request for an evidentiary
13 hearing is made under par. (b), within 60 days of receiving any response under par.
14 (b) or, if no response is made, within 60 days of the date on which a response or
15 request for hearing is due under par. (b), the department office shall make a written
16 decision as to whether a violation has occurred and either dismiss the complaint or
17 take action under par. (e). Any decision under this paragraph shall include findings
18 of fact and conclusions of law and shall state all reasons for the decision. The
19 department office shall provide a copy of the decision to the complainant and to any
20 wholesaler against whom allegations are made.

21 **SECTION 40.** 125.12 (6) (cm) of the statutes is amended to read:

22 125.12 (6) (cm) Subject to pars. (d) 2. and (dm), if a request for an evidentiary
23 hearing is made under par. (b), the hearing shall be conducted in the manner
24 specified for a contested case under ss. 227.44 to 227.50, except that the hearing shall
25 be conducted within 45 days of receiving the request for hearing under par. (b) and

1 the ~~department~~ office shall make its written decision, including whether a violation
2 has occurred and whether the complaint is dismissed or action is taken under par.
3 (e), within 15 days after the hearing. In addition to service of the decision as provided
4 under s. 227.48, the ~~department~~ office shall provide a copy of the decision to the
5 complainant.

6 **SECTION 41.** 125.12 (6) (d) of the statutes is amended to read:

7 125.12 (6) (d) 1. If no request for an evidentiary hearing is made under par. (b),
8 within 60 days of receiving any response under par. (b) or, if no response is made,
9 within 60 days of the date on which a response or request for hearing is due under
10 par. (b), the ~~department~~ office may extend the time period for making a decision
11 under par. (c) by an additional 60 days if the ~~department~~ office provides notice within
12 the time period specified in par. (c) that an additional 60 days is necessary for
13 investigation.

14 2. If a request for an evidentiary hearing is made under par. (b), within 45 days
15 of receiving the request for hearing under par. (b), the ~~department~~ office may extend
16 the time period for conducting the hearing by an additional 45 days if the ~~department~~
17 office provides notice within 45 days of receiving the request for hearing under par.
18 (b) that an additional 45 days is necessary for investigation.

19 **SECTION 42.** 125.12 (6) (dm) of the statutes is amended to read:

20 125.12 (6) (dm) Within 45 days of receiving any response or request for hearing
21 under par. (b) or, if no response or request for hearing is made, within 45 days of the
22 date on which a response or request for hearing is due under par. (b), the ~~department~~
23 office may elect to file a complaint in circuit court under sub. (4) that includes all
24 allegations of the complaint under par. (a) for which the ~~department~~ office
25 determines there is cause to find that a violation of s. 125.54 (7) (a) has occurred. If

1 the department office files a complaint in circuit court as provided under this
2 paragraph, the department office shall not conduct a hearing under par. (cm) or make
3 a written decision under par. (c), but shall proceed with the matter as provided under
4 sub. (4).

5 **SECTION 43.** 125.12 (6) (e) of the statutes is amended to read:

6 125.12 (6) (e) If the department office finds the allegations under par. (a) true
7 and sufficient, the department office shall either suspend for not less than 10 days
8 nor more than 90 days or revoke the wholesaler's permit, and give notice of the
9 suspension or revocation to the wholesaler.

10 **SECTION 44.** 125.13 of the statutes is amended to read:

11 **125.13 Report of suspension, revocation or imposition of penalty.**

12 Whenever a municipal governing body or court revokes or suspends a license or
13 permit or imposes a penalty on a licensee or permittee for the violation of this
14 chapter, the clerk of the municipality or court revoking or suspending the license or
15 imposing the penalty shall, within 10 days after the revocation, suspension or
16 imposition of penalty, mail a report to the department office at Madison, Wisconsin,
17 giving the name of the licensee, the address of the licensed premises and a full
18 description of the penalty imposed.

19 **SECTION 45.** 125.14 (2) (c) of the statutes is amended to read:

20 125.14 (2) (c) *Identification.* Any person seizing alcohol beverages or personal
21 property and electing to dispose of it under this subsection shall exercise reasonable
22 diligence to ascertain the name and address of the owner of the alcohol beverages or
23 property and of all persons holding a security interest in the property seized. The
24 person shall report his or her findings in writing to the department office.

25 **SECTION 46.** 125.14 (2) (d) of the statutes is amended to read:

1 125.14 (2) (d) *Order*. Upon conviction of any person for owning, possessing,
2 keeping, storing, manufacturing, selling, distributing or transporting alcohol
3 beverages in violation of this chapter or ch. 139, the court shall order part or all of
4 the alcohol beverages or personal property seized to be destroyed if it is unfit for sale.
5 Alcohol beverages and other personal property fit for sale shall be turned over to the
6 department office for disposition. Upon receipt of the confiscated property, the
7 department office shall exercise reasonable diligence to ascertain the names and
8 addresses of all owners of the property and of all persons holding a security interest
9 in the property. If a motor vehicle is confiscated, the department office shall obtain
10 the written advice of the department of transportation as to the ownership of the
11 motor vehicle and shall make a reasonable search for perfected security interests in
12 the vehicle.

13 **SECTION 47.** 125.14 (2) (e) of the statutes is amended to read:

14 125.14 (2) (e) *Disposal*. The department office shall dispose of the alcohol
15 beverages turned over to it by the court by either giving it to law enforcement
16 agencies free of charge for use in criminal investigations, selling it to the highest
17 bidder if the bidder is a person holding a license or permit issued under this chapter,
18 or destroying it, at the discretion of the department office. If the department office
19 elects to sell the alcohol beverages, it shall publish a class 2 notice under ch. 985
20 asking for sealed bids from qualified bidders. Any items or groups of items in the
21 inventory subject to a security interest, the existence of which was established in the
22 proceedings for conviction as being bona fide and as having been created without the
23 secured party having notice that the items were being used or were to be used in
24 connection with the violation, shall be sold separately. The net proceeds from the

1 sale, less all costs of seizure, storage, and sale, shall be turned over to the secretary
2 of administration and credited to the common school fund.

3 **SECTION 48.** 125.14 (2) (f) of the statutes is amended to read:

4 125.14 (2) (f) *Sale.* Any personal property, other than alcohol beverages, seized
5 under par. (a) and fit for sale, shall be turned over by the department office to the
6 department of administration for disposal at public auction to the highest bidder, at
7 a time and place stated in a notice of sale which describes the property to be sold.
8 The sale shall be held in a conveniently accessible place in the county where the
9 property was confiscated. A copy of the notice shall be published as a class 2 notice
10 under ch. 985. The last insertion shall be at least 10 days before the sale. The
11 department of revenue office shall serve a copy of the notice of sale at least 2 weeks
12 before the date thereof on all persons who are or may be owners or holders of security
13 interests in the property. Any confiscated property worth more than \$100 shall be
14 sold separately, and the balance of the confiscated property shall be sold in bulk or
15 separately at the discretion of the department of administration. The net proceeds
16 from the sale, less all costs of seizure, storage, and sale, shall be turned over to the
17 secretary of administration. No motor vehicle or motorboat confiscated under this
18 section may be sold within 30 days after the date of seizure.

19 **SECTION 49.** 125.14 (3) (b) of the statutes is amended to read:

20 125.14 (3) (b) *Deadline.* The application shall be made within one year after
21 the sale of the property. A copy of the application and the order setting a hearing on
22 it shall be served on the department office at least 20 days before the date set for
23 hearing.

24 **SECTION 50.** 125.145 of the statutes is amended to read:

1 **125.145 Prosecutions by attorney general or department office.** Upon
2 request by the secretary of revenue office, the attorney general may represent this
3 state or assist a district attorney in prosecuting any case arising under this chapter.
4 The department office may represent this state in prosecuting any violation of s.
5 125.54 (7) (a) or (b) and shall bring any such action in the circuit court for Dane
6 County.

7 **SECTION 51.** 125.15 (1) of the statutes is amended to read:

8 **125.15 (1)** An intoxicating liquor wholesaler, intoxicating liquor retail licensee
9 or permittee, or intoxicating liquor trade association that makes a written complaint
10 to the department office under s. 125.12 (6) of a violation of s. 125.54 (7) (a) may bring
11 an action to enforce the provisions of s. 125.54 (7) if any of the following apply:

12 (a) The department office has not rendered a decision within the time periods
13 specified in s. 125.12 (6) (c) to (d).

14 (b) The department office has rendered a decision under s. 125.12 (6) in which
15 the department office has determined that a violation has occurred but no action has
16 been brought in circuit court by the department office, attorney general, or a district
17 attorney to prosecute the violation.

18 **SECTION 52.** 125.17 (6) (a) (intro.) of the statutes, as affected by 2017 Wisconsin
19 Act 59, is amended to read:

20 **125.17 (6) (a) (intro.)** Except as provided in par. (b), no municipal governing
21 body may issue an operator's license unless the applicant has successfully completed
22 a responsible beverage server training course at any location that is offered by a
23 technical college district and that conforms to curriculum guidelines specified by the
24 technical college system board or a comparable training course, which may include
25 computer-based training and testing, that is approved by the department office or

1 the department of safety and professional services, or unless the applicant fulfills
2 one of the following requirements:

3 **SECTION 53.** 125.19 (1) of the statutes is amended to read:

4 125.19 (1) ISSUANCE. The department office shall issue an alcohol beverage
5 warehouse permit which authorizes the permittee to store and warehouse alcohol
6 beverages in warehouse premises covered by the permit, subject to rules adopted by
7 the department office. The permit does not authorize the sale of any alcohol
8 beverages.

9 **SECTION 54.** 125.27 (1) (a) of the statutes, as affected by 2017 Wisconsin Act 59,
10 is amended to read:

11 125.27 (1) (a) The department office shall issue Class "B" permits to clubs
12 holding a valid certificate issued under s. 73.03 (50) that are operated solely for the
13 playing of golf or tennis and are commonly known as country clubs and to clubs that
14 are operated solely for curling, ski jumping or yachting, if the club is not open to the
15 general public and if no Class "B" licenses are issued by the governing body of the
16 municipality in which the club is located. A Class "B" permit authorizes retail sales
17 of fermented malt beverages to be consumed on the premises where sold. Persons
18 holding a Class "B" permit may sell beverages containing less than 0.5 percent of
19 alcohol by volume without obtaining a license under s. 66.0433.

20 **SECTION 55.** 125.27 (2) (a) 1. (intro.) of the statutes is amended to read:

21 125.27 (2) (a) 1. (intro.) The department office may issue a Class "B" permit to
22 any person who holds a valid certificate issued under s. 73.03 (50) and who is
23 qualified under s. 125.04 (5) authorizing the sale of fermented malt beverages for
24 consumption on any vessel having a regular place of mooring located in any waters
25 of this state as defined under s. 29.001 (45) and (63) if any of the following applies:

1 **SECTION 56.** 125.27 (2) (a) 2. of the statutes is amended to read:

2 125.27 (2) (a) 2. The ~~department~~ office may issue the permit only if the vessel
3 leaves its place of mooring while the sale of fermented malt beverages is taking place
4 and if the vessel fulfills the requirement under par. (am). A permit issued under this
5 paragraph also authorizes the permittee to store fermented malt beverages
6 purchased for sale on the vessel on premises owned or leased by the permittee and
7 located near the vessel's regular place of mooring. The permittee shall describe on
8 the permit application under s. 125.04 (3) (a) 3. the premises where the fermented
9 malt beverages will be stored. The premises shall be open to inspection by the
10 ~~department~~ office upon request.

11 **SECTION 57.** 125.27 (3) (b) of the statutes is amended to read:

12 125.27 (3) (b) Upon application, the ~~department~~ office shall issue a Class "B"
13 permit to a tribe that holds a valid certificate issued under s. 73.03 (50) and that is
14 qualified under s. 125.04 (5) and (6). The permit authorizes the retail sale of
15 fermented malt beverages for consumption on or off the premises where sold.

16 **SECTION 58.** 125.275 (1) of the statutes is amended to read:

17 125.275 (1) The ~~department~~ office may issue an industrial fermented malt
18 beverages permit which authorizes the permittee to purchase and use fermented
19 malt beverages for industrial purposes only. Such permits may be issued only to
20 persons who prove to the ~~department~~ office that they use alcohol for industrial
21 purposes and who holds a valid certificate issued under s. 73.03 (50).

22 **SECTION 59.** 125.275 (3) of the statutes is amended to read:

23 125.275 (3) Shipments of industrial fermented malt beverages shall be
24 conspicuously labeled "for industrial purposes" and shall meet other requirements
25 which the ~~department~~ office prescribes by rule.

1 **SECTION 60.** 125.28 (1) (a) of the statutes is amended to read:

2 125.28 (1) (a) Subject to par. (b), the ~~department~~ office may issue permits to
3 wholesalers for the sale of fermented malt beverages from premises within this state,
4 which premises shall comply with the requirements under s. 125.34 (2). Subject to
5 s. 125.34, and except as provided in pars. (e) and (f), a wholesaler's permit authorizes
6 sales of fermented malt beverages only in original packages or containers to retailers
7 or wholesalers.

8 **SECTION 61.** 125.28 (1) (b) of the statutes is amended to read:

9 125.28 (1) (b) If a wholesaler does not maintain any warehouse in this state but
10 is licensed and maintains a warehouse in an adjoining state that allows wholesalers
11 holding a wholesaler's permit in this state to deliver fermented malt beverages to
12 retailers in the adjoining state without warehousing in that state and that further
13 requires that all fermented malt beverages be first unloaded and physically at rest
14 at, and distributed from, the warehouse of the licensed wholesaler in that state, the
15 wholesaler's permit shall be issued by the ~~department~~ office. Notwithstanding s.
16 125.04 (5) (a) 2. and (c) and (6), the ~~department~~ office may issue the wholesaler's
17 permit to a wholesaler described in this paragraph who is a natural person and not
18 a resident of this state or that is a corporation or limited liability company and has
19 not appointed an agent in this state.

20 **SECTION 62.** 125.28 (2) (e) 2. of the statutes is amended to read:

21 125.28 (2) (e) 2. After January 1, 2012, the ~~department~~ office shall issue to each
22 person holding an unexpired wholesaler's license issued under s. 125.28, 2009 stats.,
23 a wholesaler's permit if the person does not hold a license or permit prohibited under
24 par. (b). The issuance of a wholesaler's permit by the ~~department~~ office to any person

1 shall invalidate any previous wholesaler's license issued under s. 125.28, 2009 stats.,
2 to the person.

3 **SECTION 63.** 125.28 (4) of the statutes is amended to read:

4 125.28 (4) The amount of the permit fee shall be established by the department
5 and shall be an amount that is sufficient to fund one special agent position dedicated
6 to alcohol and tobacco enforcement at the department, but the permit fee office but
7 may not exceed \$2,500 per year or fractional part thereof. All permit fees received
8 under this subsection shall be credited to the appropriation account under s. 20.566
9 (1) (hd).

10 **SECTION 64.** 125.28 (5) (b) of the statutes is amended to read:

11 125.28 (5) (b) A wholesaler under this section shall annually sell and deliver
12 fermented malt beverages to at least 25 retail licensees or other wholesalers that do
13 not have any direct or indirect interest in each other or in the wholesaler. The
14 department office may not issue a permit under this section unless the applicant
15 represents to the department office an intention to satisfy this requirement, and may
16 not renew a permit issued under this section unless the wholesaler demonstrates
17 that this requirement has been satisfied.

18 **SECTION 65.** 125.28 (5) (d) 3. of the statutes is amended to read:

19 125.28 (5) (d) 3. This paragraph shall not affect the authority of any
20 municipality or the department office to revoke, suspend, or refuse to renew or issue
21 a license or permit under s. 125.12.

22 **SECTION 66.** 125.28 (5) (e) of the statutes is amended to read:

23 125.28 (5) (e) The department office shall promulgate rules to administer and
24 enforce the requirements under this subsection. The rules shall ensure coordination
25 between the department's office's issuance and renewal of permits under this section

1 and its enforcement of the requirements of this subsection, and shall require that all
2 applications for issuance or renewal of permits under this section be processed by
3 department office personnel generally familiar with activities of fermented malt
4 beverages wholesalers. The department office shall establish by rule minimum
5 requirements for warehouse facilities on premises described in permits issued under
6 this section and for periodic site inspections by the department office of such
7 warehouse facilities.

8 **SECTION 67.** 125.29 (1) of the statutes is amended to read:

9 125.29 (1) PERMIT. No person may operate as a brewer unless that person
10 obtains a permit from the department office. A permit under this section may only
11 be issued to a person who holds a valid certificate issued under s. 73.03 (50).

12 **SECTION 68.** 125.29 (3) (intro.) of the statutes is amended to read:

13 125.29 (3) AUTHORIZED ACTIVITIES. (intro.) The department office shall issue
14 brewer's permits to eligible applicants authorizing all of the following:

15 **SECTION 69.** 125.295 (1) (intro.) of the statutes is amended to read:

16 125.295 (1) (intro.) The department office shall issue brewpub permits to
17 eligible applicants authorizing all of the following:

18 **SECTION 70.** 125.295 (2) (b) of the statutes is amended to read:

19 125.295 (2) (b) If an applicant under par. (a) has no current operations, the
20 applicant may certify that the applicant has applied for or will apply for a Class "B"
21 license or license under s. 97.30 for a restaurant or will comply with any other
22 requirement under par. (a), prior to or upon commencing operations authorized
23 under this section. If a Class "B" license or license under s. 97.30 for a restaurant
24 is not subsequently issued to the applicant, or if the applicant otherwise fails to

1 comply with any requirement for eligibility under par. (a), the ~~department~~ office may
2 revoke under s. 125.12 (5) the permit issued under this section.

3 **SECTION 71.** 125.295 (2) (c) of the statutes is amended to read:

4 125.295 (2) (c) If an applicant under par. (a) holds any license or permit
5 prohibited under par. (a) 6. at the time of its application, the applicant may certify
6 that the applicant will surrender any such license or permit upon issuance of a
7 permit under this section. If the ~~department~~ office issues a permit under this section
8 and the applicant fails to surrender any license or permit prohibited under par. (a)
9 6., the ~~department~~ office may revoke under s. 125.12 (5) the permit issued under this
10 section. An applicant is not required to surrender any Class "B" license issued under
11 s. 125.31 (1) (a) 2., 2009 stats., or under s. 125.31 (1) (a) 3., 2005 stats., if the
12 applicant's continued possession of the license is consistent with subs. (1) (h), (2) (a)
13 4., and (3) (b) and (c).

14 **SECTION 72.** 125.295 (4) of the statutes is amended to read:

15 125.295 (4) The fee established by the ~~department~~ office for a brewpub permit
16 shall not exceed the fee established by the ~~department~~ office for a permit under s.
17 125.29.

18 **SECTION 73.** 125.295 (5) of the statutes is amended to read:

19 125.295 (5) The ~~department~~ office shall promulgate rules and prescribe forms
20 to ensure strict compliance with the requirements under this section.

21 **SECTION 74.** 125.30 (1) of the statutes is amended to read:

22 125.30 (1) The ~~department~~ office shall issue out-of-state shippers' permits
23 which, except as provided in sub. (4), authorize the permittee to ship fermented malt
24 beverages only to holders of a wholesaler's permit issued under s. 125.28. Except
25 with respect to any shipment from a warehouse in an adjoining state by a wholesaler

1 issued a wholesale permit under s. 125.28 (1) (b), no person may receive fermented
2 malt beverages in this state which have been directly shipped from outside this state
3 by any person other than the holder of a permit issued under this section. Subject
4 to s. 125.34 (2), all shipments of fermented malt beverages to a wholesaler of
5 fermented malt beverages in this state, whether shipped to the wholesaler from
6 inside this state or from outside this state, shall be unloaded in, physically at rest in,
7 and only then distributed from the wholesaler's warehouse in this state.

8 **SECTION 75.** 125.30 (2) (intro.) of the statutes is amended to read:

9 125.30 (2) (intro.) The application for an out-of-state shipper's permit and the
10 permit shall be on forms prescribed by the department office which shall contain
11 provisions determined by the department office as necessary to effectuate the
12 purposes of ss. 139.01 to 139.25 and shall include a provision that the permittee
13 agrees:

14 **SECTION 76.** 125.30 (2) (b) of the statutes is amended to read:

15 125.30 (2) (b) To permit inspections and examinations of the permittee's
16 premises and records by the department office and its duly authorized employees,
17 as authorized under s. ~~139.08 (4)~~ 125.025 (3); and

18 **SECTION 77.** 125.30 (3) of the statutes is amended to read:

19 125.30 (3) Out-of-state shippers' permits may be issued only to a person who
20 holds a valid certificate issued under s. 73.03 (50), who is qualified under s. 125.04
21 (5), who does not maintain an office or street address in this state, and who is the
22 primary source of supply for the brand of fermented malt beverages. An out-of-state
23 shipper's permit may not be issued to a person determined by the department office
24 of alcohol beverages enforcement to be primarily engaged in wholesale or retail sales
25 in another state. Notwithstanding s. 125.04 (5) (a), natural persons obtaining

1 out-of-state shippers' permits are not required to be residents of this state.
2 Notwithstanding s. 125.04 (5) (a) 5., a person is not required to complete a
3 responsible beverage server training course to be qualified for a permit under this
4 section. Notwithstanding s. 125.04 (6), corporations or limited liability companies
5 obtaining out-of-state shippers' permits are not required to appoint agents.

6 **SECTION 78.** 125.30 (4) of the statutes is amended to read:

7 125.30 (4) An out-of-state brewer that manufactures 300,000 barrels or less
8 of fermented malt beverages in a calendar year from all locations and that holds an
9 out-of-state shipper's permit may sell and ship fermented malt beverages directly
10 to retail licensees if the out-of-state brewer registers with the department office,
11 files whatever periodic reports with the department office as the department office
12 may require, and complies with the requirements in ss. 125.33 and 125.34, as
13 applicable, to the same extent as if the out-of-state brewer were a wholesaler
14 holding a permit under s. 125.28.

15 **SECTION 79.** 125.30 (5) of the statutes is amended to read:

16 125.30 (5) The department office may revoke or suspend an out-of-state
17 shipper's permit for such time as the department office determines, if the permittee
18 violates any provision of the application or ss. 139.01 to 139.25.

19 **SECTION 80.** 125.33 (2) (a) of the statutes is amended to read:

20 125.33 (2) (a) Give to any campus or Class "B" licensee or permittee, at any
21 given time, for placement inside the premises, signs, clocks, or menu boards with an
22 aggregate value of not more than \$2,500. If a gift of any item would cause the \$2,500
23 limit to be exceeded, the recipient shall pay the brewer, brewpub, or wholesaler the
24 amount of the item's value in excess of \$2,500. Each recipient shall keep an invoice
25 or credit memo containing the name of the donor and the number and value of items

1 received under this paragraph. The value of an item is its cost to the donor. Each
2 recipient shall make the records kept under this paragraph available to the
3 department office for inspection upon request.

4 SECTION 81. 125.33 (2) (d) of the statutes is amended to read:

5 125.33 (2) (d) Sell to a campus or Class "B" licensee or permittee at fair market
6 value equipment designed and intended to preserve and maintain the sanitary
7 dispensing of fermented malt beverages or any services necessary to maintain this
8 kind of equipment. A brewer, brewpub, or wholesaler shall charge the same price per
9 unit of equipment to each campus or Class "B" licensee or permittee making the same
10 or a similar purchase, and shall charge the same rate to each campus or Class "B"
11 licensee or permittee purchasing maintenance services under this subdivision. Each
12 brewer, brewpub, or wholesaler shall keep records of each transaction under this
13 subdivision and shall make the records available to the department office upon
14 request.

15 SECTION 82. 125.51 (5) (a) 1. of the statutes is amended to read:

16 125.51 (5) (a) 1. The department office shall issue "Class B" permits to clubs
17 that are operated solely for the playing of golf or tennis and are commonly known as
18 country clubs and to clubs which are operated solely for curling, ski jumping, or
19 yachting. A "Class B" permit may be issued only to a club that holds a valid certificate
20 issued under s. 73.03 (50), that is not open to the general public, and that is located
21 in a municipality that does not issue "Class B" licenses or to a club located in a
22 municipality that issues "Class B" licenses, if the club holds a valid certificate issued
23 under s. 73.03 (50), is not open to the general public, was not issued a license under
24 s. 176.05 (4a), 1979 stats., and does not currently hold a "Class B" license. The
25 permits may be issued by the department office without regard to any quota under

1 sub. (4). The holder of a “Class B” permit may sell intoxicating liquor for consumption
2 by the glass and not in the original package or container on the premises covered by
3 the permit.

4 **SECTION 83.** 125.51 (5) (a) 4. of the statutes is amended to read:

5 125.51 (5) (a) 4. The department office may annually issue a “Class B” permit
6 to any club that holds a valid certificate issued under s. 73.03 (50), is organized to
7 engage in sports similar to curling, golf, tennis or yachting and that held a license
8 from July 1, 1950, to June 30, 1951, as long as it is continuously operated under
9 substantially the same circumstances under which it operated during the year
10 beginning July 1, 1950, if the club is located in a municipality that does not issue
11 “Class B” licenses.

12 **SECTION 84.** 125.51 (5) (b) 2. of the statutes is amended to read:

13 125.51 (5) (b) 2. The department office shall issue a “Class B” permit to a
14 concessionaire that holds a valid certificate issued under s. 73.03 (50) and that
15 conducts business in an operating airport or public facility, if the county or
16 municipality which owns the airport or public facility has, by resolution of its
17 governing body, annually applied to the department office for the permit. The permit
18 authorizes the sale of intoxicating liquor for consumption by the glass and not in the
19 original package or container on the premises.

20 **SECTION 85.** 125.51 (5) (b) 4. of the statutes is amended to read:

21 125.51 (5) (b) 4. The department office may not issue a permit under this
22 paragraph to any county or municipality or officer or employee thereof.

23 **SECTION 86.** 125.51 (5) (c) 1. of the statutes is amended to read:

24 125.51 (5) (c) 1. The department office may issue a “Class B” permit to any
25 person who holds a valid certificate issued under s. 73.03 (50) and who is qualified

1 under s. 125.04 (5) authorizing the sale of intoxicating liquor for consumption on any
2 vessel having a regular place of mooring located in any waters of this state as defined
3 under s. 29.001 (45) and (63) if the vessel either serves food and has an approved
4 passenger capacity of not less than 40 individuals and the sale of intoxicating liquor
5 and fermented malt beverages on the vessel accounts for less than 50 percent of the
6 gross receipts of all of the food and beverages served on the vessel or if the vessel has
7 an approved passenger capacity of at least 100 individuals and the sale of
8 intoxicating liquor and fermented malt beverages on the vessel accounts for less than
9 50 percent of the gross receipts of the vessel. The department office may issue the
10 permit only if the vessel leaves its place of mooring while the sale of intoxicating
11 liquor is taking place and if the vessel fulfills the requirement under par. (c) 1m. A
12 permit issued under this subdivision also authorizes the permittee to store
13 intoxicating liquor purchased for sale on the vessel on premises owned or leased by
14 the permittee and located near the vessel's regular place of mooring. The permittee
15 shall describe on the permit application under s. 125.04 (3) (a) 3. the premises where
16 the intoxicating liquor will be stored. The premises shall be open to inspection by the
17 department office upon request.

18 **SECTION 87.** 125.51 (5) (d) 2. of the statutes is amended to read:

19 125.51 (5) (d) 2. Upon application, the department office shall issue a "Class B"
20 permit to a tribe that holds a valid certificate issued under s. 73.03 (50) and that is
21 qualified under s. 125.04 (5) and (6). The permit authorizes the retail sale of
22 intoxicating liquor for consumption on the premises where sold by the glass and not
23 in the original package or container. The permit also authorizes the sale of
24 intoxicating liquor in the original package or container, in multiples not to exceed 4

1 liters at any one time, to be consumed off the premises where sold, except that wine
2 is not subject to the 4-liter limitation.

3 **SECTION 88.** 125.52 (1) (a) of the statutes is amended to read:

4 125.52 (1) (a) The ~~department~~ office shall issue manufacturers' and rectifiers'
5 permits which authorize the manufacture or rectification, respectively, of
6 intoxicating liquor on the premises covered by the permit. A person holding a
7 manufacturer's or rectifier's permit may manufacture and bottle wine, pursuant to
8 the terms of the permit, without procuring a winery permit.

9 **SECTION 89.** 125.52 (1) (b) 2. of the statutes is amended to read:

10 125.52 (1) (b) 2. Notwithstanding s. 125.09 (1), a manufacturer's or rectifier's
11 permit authorizes the retail sale of intoxicating liquor that is manufactured or
12 rectified on the premises, for consumption on or off the premises. A manufacturer's
13 or rectifier's permit also authorizes the provision of taste samples, free of charge and
14 in an amount not exceeding a total of 1.5 fluid ounces to any one person, of
15 intoxicating liquor that is manufactured or rectified on the premises, for
16 consumption on the premises. The ~~department~~ office may prescribe additional
17 regulations for the sale of intoxicating liquor under this subdivision, if the additional
18 regulations do not conflict with the requirements applicable to holders of "Class B"
19 licenses. Notwithstanding any other provision of this chapter, the authorization
20 under this subdivision applies with respect to a person who holds any permit under
21 this section, a winery permit under s. 125.53, and either a "Class A" license or a
22 "Class B" license issued under s. 125.51 (3) (am), all issued for the same premises or
23 portions of the same premises.

24 **SECTION 90.** 125.52 (2) of the statutes is amended to read:

1 125.52 (2) LIMITED MANUFACTURER'S PERMIT. The department office shall issue
2 a limited manufacturer's permit which authorizes the use or sale of the intoxicating
3 liquor produced only if it is rendered unfit for use as a beverage and is used or sold
4 for use as fuel. The department office shall notify the department of natural
5 resources of the name and address of any person to whom a limited manufacturer's
6 permit is issued.

7 **SECTION 91.** 125.53 (1) of the statutes is amended to read:

8 125.53 (1) The department office shall issue only to a manufacturing winery
9 in this state that holds a valid certificate issued under s. 73.03 (50) a winery permit
10 authorizing the manufacture and bottling of wine on the premises covered by the
11 permit for sale to wholesalers holding a permit under s. 125.54. A winery permit also
12 authorizes the permittee to, on the winery premises and without obtaining a
13 rectifier's permit, possess intoxicating liquor and mix or blend intoxicating liquor to
14 produce wine sold to wholesalers holding a permit under s. 125.54. A winery holding
15 a permit under this section may offer on the premises taste samples of wine
16 manufactured on the premises to persons who have attained the legal drinking age.
17 A permittee under this section may also have either one "Class A" license or one
18 "Class B" license, but not both. The "Class A" license or "Class B" license may either
19 be issued for the winery premises or for real estate owned or leased by the winery.
20 If a "Class A" or "Class B" liquor license has also been issued to the winery, the winery
21 may provide wine manufactured, mixed, or blended on the winery premises directly
22 to the "Class A" or "Class B" premises and may offer the taste samples on the "Class
23 A" or "Class B" premises. A winery holding a permit under this section may also
24 make retail sales and provide taste samples on county or district fair fairgrounds as

1 provided in s. 125.51 (10), but this wine sold at retail or provided as taste samples
2 shall be purchased from a wholesaler holding a permit under s. 125.54.

3 **SECTION 92.** 125.535 (1) of the statutes is amended to read:

4 125.535 (1) AUTHORIZED ACTIVITIES. The department office shall issue direct
5 wine shippers' permits authorizing the permittee to ship wine directly to an
6 individual in this state who is of the legal drinking age, who acknowledges receipt
7 of the wine shipped, and who is not intoxicated at the time of delivery.

8 **SECTION 93.** 125.535 (2) of the statutes is amended to read:

9 125.535 (2) ANNUAL PERMIT FEE. The department office may, by rule, establish
10 an annual fee, not to exceed \$100, for each permit issued under this section. ~~All fees~~
11 ~~collected under this subsection shall be credited to the appropriation account under~~
12 ~~s. 20.566 (1) (ha).~~

13 **SECTION 94.** 125.535 (3) (b) 2. of the statutes is amended to read:

14 125.535 (3) (b) 2. The winery submits to the department office, with any initial
15 application or renewal for a certificate under s. 73.03 (50) or a permit under par. (a)
16 3. or 4., a copy of any current license, permit, or authorization issued to the winery
17 by the state from which the winery will ship wine into this state or the winery's
18 federal basic permit.

19 **SECTION 95.** 125.54 (1) of the statutes is amended to read:

20 125.54 (1) AUTHORIZED ACTIVITIES. The department office shall issue
21 wholesalers' permits authorizing the permittee to sell, from the premises described
22 in the permit, intoxicating liquor at wholesale to retailers and wholesalers, as well
23 as to manufacturers, rectifiers, and wineries for production purposes. The permittee
24 may not sell intoxicating liquor for consumption on the premises. Possession of a

1 permit under this section does not authorize the permittee to sell tax-free
2 intoxicating liquor and wine brought into this state under s. 139.03 (5).

3 **SECTION 96.** 125.54 (5) of the statutes is amended to read:

4 125.54 (5) SALES AREA. No wholesaler may sell any intoxicating liquor before
5 filing with the department office a written statement that the permittee is a
6 distributor of a particular brand in this state, or an area of this state, and that the
7 sales of that brand by the permittee and anyone purchasing from the permittee will
8 be limited to the area specified. The permittee shall notify the department office of
9 any change in the area within 7 days of the effective date of the change.

10 **SECTION 97.** 125.54 (7) (a) 2. of the statutes is amended to read:

11 125.54 (7) (a) 2. A permittee under this section shall annually sell and deliver
12 intoxicating liquor to at least 10 retail licensees or permittees that do not have any
13 direct or indirect interest in each other or in the permittee under this section. The
14 department office shall not issue a permit under this section unless the applicant
15 represents to the department office an intention to satisfy this requirement, and
16 shall not renew a permit issued under this section unless the permittee
17 demonstrates that this requirement has been satisfied.

18 **SECTION 98.** 125.54 (7) (c) 3. of the statutes is amended to read:

19 125.54 (7) (c) 3. This paragraph shall not affect the authority of any
20 municipality or the department office to revoke, suspend, or refuse to renew or issue
21 a license or permit under s. 125.12.

22 **SECTION 99.** 125.54 (7) (d) of the statutes is amended to read:

23 125.54 (7) (d) The department office shall promulgate rules to administer and
24 enforce the requirements under this subsection. The rules shall ensure coordination
25 between the department's office's issuance and renewal of permits under this section

1 and its enforcement of the requirements of this subsection, and shall require that all
2 applications for issuance or renewal of permits under this section be processed by
3 department office personnel generally familiar with activities of intoxicating liquor
4 wholesalers. The department office shall establish by rule minimum requirements
5 for warehouse facilities on premises described in permits issued under this section
6 and for periodic site inspections by the department office of such warehouse facilities.

7 **SECTION 100.** 125.545 (2) (a) 3. b. of the statutes is amended to read:

8 125.545 (2) (a) 3. b. The small winery is certified by the department office under
9 sub. (6) (a) as a small winery.

10 **SECTION 101.** 125.545 (3) (a) 1. of the statutes is amended to read:

11 125.545 (3) (a) 1. Within 7 days after filing its articles of incorporation under
12 ch. 185, a cooperative wholesaler shall apply to the department office for a
13 wholesaler's permit under s. 125.54. The provisions of s. 125.04 (5) (c) and (6) shall
14 apply to a cooperative wholesaler as if the cooperative wholesaler were a corporation
15 or a limited liability company and, for each of these provisions, the department office
16 shall determine whether the cooperative wholesaler is most similar to a corporation
17 or a limited liability company in the context of that provision and apply that
18 provision to the cooperative wholesaler accordingly.

19 **SECTION 102.** 125.545 (3) (a) 2. of the statutes is amended to read:

20 125.545 (3) (a) 2. Notwithstanding s. 125.54 (6), the department office may
21 issue not more than one wholesaler's permit to any cooperative wholesaler. The
22 department office may not issue more than a total of 6 wholesalers' permits to
23 cooperative wholesalers in this state. The department office may not issue any new
24 wholesaler's permit to a cooperative wholesaler after December 31, 2008, but may

1 renew wholesalers' permits that were initially issued to cooperative wholesalers
2 prior to that date.

3 SECTION 103. 125.545 (5) of the statutes is amended to read:

4 125.545 (5) BIENNIAL REPORTS. With each application for renewal of a
5 wholesaler's permit issued to a cooperative wholesaler, each cooperative wholesaler
6 shall file with the department office, in the form and manner prescribed by the
7 department office by rule, a biennial report that includes detailed information on its
8 members, board of directors, and sale and distribution activities.

9 SECTION 104. 125.545 (6) of the statutes is amended to read:

10 125.545 (6) DEPARTMENT OFFICE CERTIFICATION AND RULE MAKING. (a) 1. The
11 department office shall, upon application, certify eligible applicants as small
12 wineries and renew prior certifications of eligible applicants as small wineries.

13 2. Any winery seeking to become a member of, or to maintain its membership
14 in, a cooperative wholesaler may apply to the department office for certification as
15 a small winery. If the winery meets the definition of a small winery under this
16 section, satisfies the requirement under sub. (2) (a) 3. a., and submits any other
17 information that the department office determines is necessary to certify that the
18 winery is operating as a small winery and is eligible for membership in a cooperative
19 wholesaler, the department office shall certify the winery as a small winery. This
20 certification shall remain valid for one year.

21 3. In certifying any winery under subd. 2., the department office shall classify
22 the winery as either a Wisconsin winery or an out-of-state winery.

23 4. The department office shall refuse to certify under this paragraph any
24 winery that cannot demonstrate it holds all necessary permits for its operations or

1 that the department office finds is otherwise not in full compliance with the laws of
2 this state.

3 (b) The department office shall promulgate rules to administer and enforce the
4 requirements under this section.

5 **SECTION 105.** 125.545 (7) of the statutes is amended to read:

6 125.545 (7) PENALTIES. (a) Any winery that sells or distributes its wine directly
7 to a retailer, rather than through a wholesaler or cooperative wholesaler, is subject
8 to a fine of not more than \$10,000 and revocation of all of its permits by the
9 department office under s. 125.12 (5).

10 (b) Any cooperative wholesaler that provides preferential treatment to a
11 Wisconsin winery or discriminates against an out-of-state winery is subject to a fine
12 of not more than \$10,000 and revocation of its wholesaler's permit by the department
13 office under s. 125.12 (5).

14 **SECTION 106.** 125.55 (1) of the statutes is amended to read:

15 125.55 (1) The department office may issue a combination manufacturer's and
16 rectifier's permit.

17 **SECTION 107.** 125.56 (2) (a) of the statutes is amended to read:

18 125.56 (2) (a) The department office shall issue sacramental wine permits to
19 organized religious bodies authorizing them to purchase for their own use
20 sacramental wine from any permittee under s. 125.52 (1), 125.53 or 125.54. A permit
21 under this subsection does not authorize the resale of sacramental wine by the
22 permittee.

23 **SECTION 108.** 125.56 (2) (c) of the statutes is amended to read:

1 125.56 (2) (c) Shipments of sacramental wine shall be conspicuously labeled
2 “for sacramental purposes” and shall meet any other requirements the department
3 office prescribes by rule.

4 **SECTION 109.** 125.56 (2) (d) of the statutes is amended to read:

5 125.56 (2) (d) A sacramental wine permit shall be issued free of charge by the
6 department office and is not subject to s. 125.04 (11) (a).

7 **SECTION 110.** 125.58 (1) of the statutes is amended to read:

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

1 **SECTION 111.** 125.60 (1) of the statutes is amended to read:

2 125.60 (1) The ~~department~~ office may issue a wholesale alcohol permit which
3 authorizes the permittee to sell ethyl alcohol of 190 proof or more to persons holding
4 permits or licenses issued under s. 125.61 or 125.62. Nothing in this section requires
5 manufacturers, rectifiers and wholesalers holding permits issued under s. 125.52 (1)
6 or 125.54 to obtain a wholesale alcohol permit.

7 **SECTION 112.** 125.61 (1) of the statutes is amended to read:

8 125.61 (1) The ~~department~~ office may issue a medicinal alcohol permit which
9 authorizes the permittee to purchase and use alcohol for medicinal purposes only.
10 The permit may be issued only to persons who prove to the ~~department~~ office that
11 they use alcohol for medicinal purposes.

12 **SECTION 113.** 125.61 (3) of the statutes is amended to read:

13 125.61 (3) Shipments of medicinal alcohol shall be conspicuously labeled “for
14 medicinal purposes” and shall meet other requirements which the ~~department~~ office
15 prescribes by rule.

16 **SECTION 114.** 125.61 (4) of the statutes is amended to read:

17 125.61 (4) A medicinal permit shall be issued free of charge by the ~~department~~
18 office and is not subject to s. 125.04 (11) (a).

19 **SECTION 115.** 125.62 (1) of the statutes is amended to read:

20 125.62 (1) The ~~department~~ office may issue an industrial alcohol permit which
21 authorizes the permittee to purchase and use alcohol for industrial purposes only.
22 Such permits may be issued only to persons who prove to the ~~department~~ office that
23 they use alcohol for industrial purposes.

24 **SECTION 116.** 125.62 (3) of the statutes is amended to read:

1 125.62 (3) Shipments of industrial alcohol shall be conspicuously labeled “for
2 industrial purposes” and shall meet other requirements which the department office
3 prescribes by rule.

4 **SECTION 117.** 125.63 (1) of the statutes is amended to read:

5 125.63 (1) The department office may issue an industrial wine permit which
6 authorizes the purchase and use of wine for industrial purposes only. An industrial
7 wine permit may be issued only to persons who prove to the department office that
8 they use wine for industrial purposes.

9 **SECTION 118.** 125.63 (3) of the statutes is amended to read:

10 125.63 (3) Shipments of industrial wine shall be conspicuously labeled “for
11 industrial purposes” and shall meet other requirements which the department office
12 prescribes by rule.

13 **SECTION 119.** 125.65 (1) of the statutes is amended to read:

14 125.65 (1) The department office may issue a permit for wholesale sales for
15 future delivery which authorizes the permittee to solicit orders, and to engage in the
16 sale, of intoxicating liquor for delivery at a future date. A person holding a permit
17 under this section may give a sample of a brand of intoxicating liquor to a “Class A”
18 licensee who has not previously purchased that brand from the permittee.

19 **SECTION 120.** 125.65 (4) (intro.) of the statutes is amended to read:

20 125.65 (4) (intro.) The department office shall require the following
21 information in applications for permits under this section:

22 **SECTION 121.** 125.65 (4) (e) of the statutes is amended to read:

23 125.65 (4) (e) Any other information required by the department office.

24 **SECTION 122.** 125.65 (6) of the statutes is amended to read:

1 125.65 (6) Employers shall furnish the department office with the names of all
2 employees engaged in activities requiring a permit under this section and shall
3 notify the department office whenever an employee begins or terminates
4 employment. Upon leaving employment, an employee shall submit his or her permit
5 to the department office for cancellation.

6 **SECTION 123.** 125.65 (10) of the statutes is amended to read:

7 125.65 (10) The department office may not require a fee for a permit under this
8 section for an individual who is eligible for the veterans fee waiver program under
9 s. 45.44.

10 **SECTION 124.** 125.68 (9) (f) of the statutes is amended to read:

11 125.68 (9) (f) Every person manufacturing, rectifying or blending intoxicating
12 liquor sold in this state shall provide the department office with the names, brands,
13 descriptions, alcoholic content by volume and any other information about the
14 intoxicating liquor required by the department office. Information required by this
15 paragraph shall be submitted prior to placing any new blend on the market. The
16 department office may also require by rule that samples of new products be
17 submitted for examination and analysis.

18 **SECTION 125.** 125.69 (4) (e) of the statutes is amended to read:

19 125.69 (4) (e) *Costs.* The cost of administering this subsection shall be charged
20 to the manufacturer, rectifier and wholesaler permittees. The department office
21 shall determine the costs and shall establish the procedure for apportioning the cost
22 against the permittees and provide for the method of payment to the department
23 office. All moneys collected by the office under this paragraph shall be credited to
24 the appropriation account under s. 20.566 (9) (g).

25 **SECTION 126.** 139.01 (4) of the statutes is amended to read:

1 139.01 (4) "License," and "fermented malt beverages" have the same meaning
2 as in s. 125.02, and "licensed premises" are premises described in licenses and
3 permits issued by the department office, cities, villages, or towns under the authority
4 of said section.

5 **SECTION 127.** 139.01 (5g) of the statutes is created to read:

6 139.01 (5g) "Office" means the office of alcohol beverages enforcement.

7 **SECTION 128.** 139.03 (5) (a) of the statutes is amended to read:

8 139.03 (5) (a) No person who enters this state from another state may have in
9 his or her possession and bring into the state any intoxicating liquor or wine. The
10 prohibition in this paragraph does not apply to a person who changes his or her
11 domicile from another state or a foreign country to this state and who brings into this
12 state intoxicating liquor and wine constituting household goods. The prohibition in
13 this paragraph does not apply to intoxicating liquor or wine consigned to any person
14 having a permit from the secretary office to engage in the sale of such intoxicating
15 liquor or wine.

16 **SECTION 129.** 139.08 (3) of the statutes is amended to read:

17 139.08 (3) POLICE POWERS. The department of revenue shall enforce and the
18 duly authorized employees of the department shall have all necessary police powers
19 to prevent violations of s. 134.65, and this subchapter ~~and ch. 125~~.

20 **SECTION 130.** 139.08 (4) of the statutes is amended to read:

21 139.08 (4) INSPECTION FOR ENFORCEMENT. Duly authorized employees of the
22 department of justice and the department of revenue and any sheriff, police officer,
23 marshal, or constable, within their respective jurisdictions, may at all reasonable
24 hours enter any licensed premises, and examine the books, papers, and records of
25 any brewer, brewpub, manufacturer, bottler, rectifier, wholesaler, or retailer, for the

1 purpose of inspecting the same and determining whether the tax and fee imposed by
2 ss. 139.01 to 139.25 have been fully paid, and may inspect and examine, according
3 to law, any premises where fermented malt beverages or intoxicating liquors are
4 manufactured, sold, exposed for sale, possessed, or stored, for the purpose of
5 inspecting the same and determining whether the tax imposed by ss. 139.01 to
6 139.25 has been fully paid, and whether ss. 139.01 to 139.25 and ~~ch. 125~~ are being
7 complied with. Any refusal to permit such examination of such premises is sufficient
8 grounds under s. 125.12 for revocation or suspension of any license or permit granted
9 for the sale of any fermented malt beverages or intoxicating liquors and is punishable
10 under s. 139.25 (10).

11 **SECTION 131.** 139.11 (1) of the statutes is amended to read:

12 139.11 (1) PRESERVATION OF RECORDS. Every person who manufactures,
13 rectifies, distributes, imports, transports, stores, warehouses, or sells intoxicating
14 liquor or fermented malt beverages shall keep complete and accurate records of all
15 such liquor or malt beverages purchased, sold, manufactured, rectified, brewed,
16 fermented, distilled, produced, stored, warehoused, imported, or transported within
17 this state. Such records shall be of a kind and in the form prescribed by the secretary
18 and shall be safely preserved to ensure accessibility for inspection by the secretary
19 or by the office as provided in s. 125.025 (3). A person required to keep records under
20 this subsection may keep such records in electronic form only.

21 **SECTION 132.** 139.11 (4) (a) 2. of the statutes, as created by 2017 Wisconsin Act
22 17, is amended to read:

23 139.11 (4) (a) 2. A current list, available on paper and on the department's
24 Internet site, providing detailed information regarding every person issued a
25 wholesalers permit under s. 125.28, brewers permit under s. 125.29, brewpub permit

1 under s. 125.295, or out-of-state shippers permit under s. 125.30. The information
2 provided under this subdivision shall include the name and address of the permit
3 holder and the date on which the ~~department~~ office issued the permit.

4 **SECTION 133.** 139.22 of the statutes is amended to read:

5 **139.22 Confiscation.** If a duly authorized employee of the department of
6 revenue or the department of justice or any sheriff, police officer, marshal, or
7 constable, within his or her respective jurisdiction, discovers any fermented malt
8 beverages upon any premises other than the premises of a brewer, brewpub, or
9 bottler, or any intoxicating liquor upon any premises other than the premises of a
10 manufacturer, rectifier, winery, or wholesaler, and upon which the tax has not been
11 paid or which was possessed, kept, stored, manufactured, sold, distributed, or
12 transported in violation of ss. 139.01 to 139.25 ~~and ch. 125~~, the employee or any such
13 officer may immediately seize the fermented malt beverages or intoxicating liquors.
14 Any such fermented malt beverages or intoxicating liquors so seized shall be held
15 transferred by the department of revenue to the office and disposed of under s. 125.14
16 (2) (e).

17 **SECTION 134.** 139.25 (9) of the statutes is amended to read:

18 139.25 (9) FAILURE TO KEEP RECORDS. Failure to comply with s. 139.11 (1) shall
19 carry a penalty of revocation by the ~~secretary of revenue~~ office of the license or
20 permit.

21 **SECTION 135.** 227.52 (1) of the statutes is amended to read:

22 227.52 (1) Decisions of the department of revenue ~~other than decisions relating~~
23 ~~to alcohol beverage permits issued under ch. 125.~~

24 **SECTION 136.** 230.08 (2) (e) 11. of the statutes is amended to read:

25 230.08 (2) (e) 11. Revenue — ~~7~~ 6.

1 **SECTION 137. Nonstatutory provisions.**

2 (1) TRANSFER OF ALCOHOL BEVERAGES REGULATION AND ENFORCEMENT FUNCTIONS.

3 (a) *Definitions.* In this subsection:

4 1. "Department" means the department of revenue.

5 2. "Office" means the office of alcohol beverages enforcement.

6 (b) *Assets and liabilities.* On the effective date of this paragraph, the assets and
7 liabilities of the department primarily related to alcohol beverages regulation and
8 enforcement under chapter 125 of the statutes, as determined by the secretary of
9 administration, become the assets and liabilities of the office.

10 (c) *Tangible personal property.* On the effective date of this paragraph, all
11 tangible personal property, including records, of the department that is primarily
12 related to alcohol beverages regulation and enforcement under chapter 125 of the
13 statutes, as determined by the secretary of administration, is transferred to the
14 office.

15 (d) *Contracts.* All contracts entered into by the department in effect on the
16 effective date of this paragraph that are primarily related to alcohol beverages
17 regulation and enforcement under chapter 125 of the statutes, as determined by the
18 secretary of administration, remain in effect and are transferred to the office. The
19 office shall carry out any obligations under those contracts unless modified or
20 rescinded by the office to the extent allowed under the contract.

21 (e) *Position and employee transfers.* On the effective date of this paragraph, all
22 positions, and the incumbent employees who hold those positions, in the department
23 with duties that are primarily related to alcohol beverages regulation and
24 enforcement under chapter 125 of the statutes, as determined by the secretary of
25 administration, are transferred to the office.

1 (f) *Employee status.* Employees transferred under paragraph (e) have all the
2 rights and the same status under chapter 230 of the statutes in the office that they
3 enjoyed in the department immediately before the transfer. Notwithstanding
4 section 230.28 (4) of the statutes, no employee transferred under paragraph (e) who
5 has attained permanent status in class is required to serve a probationary period.

6 (g) *Rules and orders.* All rules promulgated by the department that relate to
7 alcohol beverages regulation and enforcement under chapter 125 of the statutes and
8 that are in effect on the effective date of this paragraph remain in effect until their
9 specified expiration dates or until amended or repealed by the office. All orders
10 issued by the department that relate to alcohol beverages regulation and
11 enforcement under chapter 125 of the statutes and that are in effect on the effective
12 date of this paragraph remain in effect until their specified expiration dates or until
13 modified or rescinded by the office.

14 (h) *Pending matters.* Any matter pending with the department on the effective
15 date of this paragraph that is primarily related to alcohol beverages regulation and
16 enforcement under chapter 125 of the statutes, as determined by the secretary of
17 administration, is transferred to the office. All materials submitted to or actions
18 taken by the department with respect to the pending matters are considered as
19 having been submitted to or taken by the office.

20 (i) *Fees.* All fees established by the department related to permits issued under
21 chapter 125 of the statutes that are in effect on the day before the effective date of
22 this paragraph shall remain in effect until modified or rescinded by the office.

23 (j) *Secretary of administration to resolve transition disagreements.* In the case
24 of disagreement between the department and the office with respect to any matter

1 specified in this subsection, the secretary of administration shall determine the
2 matter and shall develop a plan for an orderly transfer.

3 (2) POSITION AUTHORIZATIONS. In addition to positions transferred under
4 subsection (1) (e), there is authorized for the office of alcohol beverages enforcement
5 1.0 FTE PR director position and 6.0 FTE PR special agent positions, to be funded
6 from the appropriation account under section 20.566 (9) (g) of the statutes.

7 (3) TRANSITION; PERMIT ISSUER. On the effective date of this subsection, any
8 permit issued by the department of revenue under chapter 125 of the statutes prior
9 to the effective date of this subsection shall be considered to have been issued by the
10 office of alcohol beverages enforcement.

11 **SECTION 138. Fiscal changes.**

12 (1) TRANSFER OF ALCOHOL BEVERAGES REGULATION AND ENFORCEMENT FUNCTIONS.

13 (a) On the effective date of this paragraph, the unencumbered balance in the
14 appropriation account under section 20.566 (1) (hd), 2015 stats., immediately before
15 the effective date of this paragraph, is transferred to the appropriation account
16 under section 20.566 (9) (g) of the statutes.

17 (b) In the schedule under section 20.005 (3) of the statutes for the appropriation
18 to the department of revenue under section 20.566 (1) (ha) of the statutes, the dollar
19 amount for fiscal year 2018-19 is decreased by \$500,000 to adjust funding to reflect
20 the transfer of alcohol beverages enforcement functions to the office of alcohol
21 beverages enforcement.

22 **SECTION 139. Effective date.**

23 (1) TRANSFER OF ALCOHOL BEVERAGES REGULATION AND ENFORCEMENT FUNCTIONS.

24 This act takes effect on July 1, 2018.

25 (END)

