

Stand Up for Small Taverns in Wisconsin!!!

Oppose Bill to Eliminate the Three Tier System!!!

Earlier this week, Representatives Tauchen, Kooyenga, Macco and Zimmerman and Senator Harsdorf circulated for co-sponsorship LRB 3614, which makes significant changes to the three tier system in Wisconsin. Passage of this bill would be devastating to independent Mom and Pop retailers. It is a radical approach to the regulation of the alcohol industry and unlike that seen in other states. Craft brewers, state wineries and craft distillers have all indicated their support for the bill which is somewhat perplexing given that Wisconsin taverns are selling their products today helping to contribute to their success. Despite our strong relationship with these craft manufacturers they have decided to support a bill which will decimate the very businesses selling their products today. Taverns have supported their business but they don't support our business.

Small taverns cannot compete against manufacturers and this bill lets every brewer get into my business as well as the brewing business with a huge financial advantage. It is not fair and the TLW will oppose it. The bill makes the following changes to state law:

1. 10% increase in the total available "Class B" liquor licenses a municipality may issue.
2. Doubles the production capacity from 10,000 to 20,000 barrels and the number of locations from 6 to 12 for brewpub owners.
3. Doubles the capacity for a winery to be classified as "small winery" from 25,000 gallons to 50,000 gallons.
4. Allows wineries with a retail "Class B" license to remain open until 2 A.M.
5. Deletes the 2011 requirement that a distributor has at least 25 clients, and sells to at least 10 retail license holders.
6. Allows for a brewery to sell intoxicating liquor on-premise or the brewery's off-site retail location.
7. Allows for a creation of distillpub permit by Department of Revenue.

Wisconsin's alcohol industry, along with those in every other state in the nation, is governed by a three-tier system that regulates the activities of manufacturers, distributors and retailers. To prevent abuses within the industry that were prevalent before prohibition, as well as unfair competition between large and small companies within the industry, the three-tier law prevents cross-tier ownership. This has been the law in Wisconsin for decades and everyone within the industry was aware of these rules when they began their business. The current law does not provide carve outs or advantages for one tier over the other. This bill changes that at the expense of small independent tavern owners in your district. Passage of this bill threatens

the future of the Mom and Pop tavern operator unique to Wisconsin. Please take a stand with small business and oppose this bill.

The bill changes the law to provide advantages to certain segments of the industry while not others. Providing carve outs for certain business is wrong and unfair to everyone else in the industry. By adding more licenses, (Wisconsin currently ranks third per capita in liquor licenses in the nation) the bill devalues every retail license in the state, and would allow multi-million dollar corporations the ability to unfairly compete with mom and pop retailers. The authors of this bill may have good intentions but their bill would forever damage the retail tier of the industry.

In addition, passage of the bill would expose Wisconsin to legal challenges. To date, Wisconsin has avoided expensive litigation over our alcohol regulatory system because of its consistency as compared to other states. Right now, over 25 other states have, or are currently, facing lawsuits attacking their statutes – cases in which a state’s Attorney General is obligated to defend. The carve-outs proposed in LRB 3614 would invite constitutional challenges against Wisconsin’s law.

Finally, it is hard to understand why the sponsors of this bill seek to dismantle the three-tier system that has resulted in unprecedented growth in brewers, distillers and wineries. If the current system is to blame, how do proponents of the bill explain the growth in the manufacturing tier? Wisconsin’s three-tier system has allowed all segments of the industry to flourish. Under the current system and as acknowledged by the sponsors of LRB 3614, craft breweries, wineries and distillers have seen explosive growth over the last ten-plus years. By creating a free market within each tier while maintaining an orderly system of business between the tiers, Wisconsin’s three-tier law has provided the environment necessary for these businesses to prosper. Passage of this bill, however, threaten the livelihood of Mom and Pop taverns in Wisconsin.

Please contact your legislator today and urge them to oppose the bill to eliminate the three tier system. Go to <https://legis.wisconsin.gov/> to find your legislators email and phone number.