Issue AIU23 | Spring 2025



A Wisconsin Alcohol Industry Update

Top News:

- New DAB Hires
- Municipal Retail Alcohol Beverage License Forms Update
- Statewide Operator's Permits
- Unauthorized Purchases



Greetings Readers!

I'm **Ann DeGarmo**, Editor in Chief of DOR on Tap (we changed the layout, isn't it fun?). I'm excited to report that my role with DOR on Tap hasn't changed, but my role within the Department of Revenue has! I am thrilled to join the leadership team in the Division of Alcohol Beverages as the supervisor of the Education and Outreach Unit (E&O). We are the small but mighty team that answers phone calls, emails, maintains and updates municipal license forms, published guidance, and leads the Division's outreach presentations. Once fully staffed, E&O will be a team of three.

If you are interested in working for the Division, keep a close eye on <u>Wisc.Jobs</u> over the next month or so for career opportunity announcements. Since it's just me, answering all the inquiries can be tough, especially when there's so much building that must also be done. I encourage you to review the <u>Division of Alcohol Beverages Webpage</u> to see if your questions can be answered by any of our existing resources. If not, email is the best way to reach the team these days. Use the contact information provided later in this newsletter.

My long-term vision for the unit is to provide high-quality educational resources, in different formats, customized to different stakeholder audiences. From my first day serving in the DOR Secretary's Office in 2019, I've been engaging with alcohol beverage regulation. I'm excited to serve this community and look forward to each opportunity I get to interact with business owners, clerks, legislators, and trade associations.

Clink

Ann

Applicable Laws and Rules

This document provides statements or interpretations of Wisconsin statutes and administrative rules enacted as of March 7, 2025. Laws enacted and in effect after this date, new administrative rules, and court decisions may change the interpretations in this document. Guidance issued prior to this date that is contrary to the information in this document is superseded by this document, according to sec. 73.16(2)(a), Wis. Stats.



To DOR Alcohol Beverage News

Connect with us:

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We are excited to announce the addition of these amazing individuals to our team!

Please join us in giving a warm welcome to four new Special Agents who have joined our Bureau of Enforcement.

These agents bring a wealth of experience with them and are ready to carry their skills and enthusiasm to the Division of Alcohol Beverages. We look forward to their fresh perspectives and ideas as we continue to grow.

Madison

Nicole (Nicki) Zautner

Nicki joins us from the UW-Madison Police Department where she was a narcotics K9 handler and supervisor. With over 11 years of law enforcement experience, she brings a unique perspective from working on Wisconsin's flagship campus.

Tanner Gregory

Tranner brings his experience as a former Special Agent for the Wisconsin Lottery to the Division of Alcohol Beverages. Special Agent Gregory was a key player in transforming lottery security positions to sworn law enforcement officers. He brings 10 years of law enforcement experience and 6 years of state service to the Division.

Special Agents Zautner and Gregory are headquartered out of Madison and will serve southwest and south-central Wisconsin.

Appleton

Travis Borkenhagen

Travis joins the Division after serving as a Sergeant for the Ripon Police Department. With over 12 years of law enforcement experience, he brings his perspective working in a small city with a small, diverse private college campus to the job and leadership skills from serving as president of his union. Special Agent Borkenhagen is headquartered out of Appleton and will work with Special Agent Goodreau to serve northeast Wisconsin.

Eau Claire

Diana Anderson

Diana served as Chief of Police for the City of Arcadia for 12 years before joining the Division of Alcohol Beverages. With over 19 years of experience in law enforcement, she brings her executive leadership, community policing, and unique experience with the alcohol beverage licensing process to the job. Special Agent Anderson is headquartered out of Eau Claire and will work with Special Agent Robertson to serve northwest Wisconsin.

Clerk's Corner: Municipal Retail Alcohol Beverage License Forms Update

Based on outreach efforts DAB and the Department of Revenue undertook last year, municipal clerks made it clear that an abbreviated renewal form was a priority for future licensing seasons. Unfortunately, the holidays, January 1 implementation deadlines, and staffing changes got in the way of creating a renewal form for the upcoming licensing season.

Please continue to use Form AB-200 to process your new and renewal applicants for license year 2025-2026.

A Bright Future

We are prioritizing an abbreviated renewal form for the 2026-2027 licensing season that is expected to debut in Winter 2025. Further, the plan is to conduct an annual review of license forms that result in the forms being reviewed and updated (if necessary) every December. We've had a lot of changes in the last three years and are hoping to create a process that follows a more predictable schedule in the future.

Small Changes

A few minor changes were made to streamline Forms AB-100 and AB-101. Please accept either version of Forms AB-100 and AB-101 as part of a complete application package for 2025-2026.

Changes made to Form AB-100:

Changed the phrasing of Part C, Question 1 relating to address history, asking for the month and year a person permanently moved to Wisconsin.

Changes made to Form AB-101:

Changed "Age" to "Date of Birth."

WHY: The previous versions of these questions incorporated annual changes in this information due to the passage of time. Every year, we all get a year older and have lived in Wisconsin a year longer. Asking for the originating information eliminates these forms from having to be re-filed annually just because another year has passed.

Provide your feedback!

If you have suggestions about any license forms, please email <u>DORAlcohol@wisconsin.gov</u> with "Retail Alcohol Beverage License Forms 2026" as the subject.

Clerk's Corner: General Licensing Process

This article first ran in the May 2023 Edition. It has been refreshed and is ready for your use for the 2025-2026 licensing season!

Alcohol beverage renewals have already started in most municipalities. Licenses, except those issued by the City of Milwaukee, expire on June 30. State law requires following a specific process when an alcohol beverage license is received. Below is a general outline for this process.

- **1. Application Forms** New businesses and renewing licensees should submit Form AB-200, *Alcohol Beverage License Application*. Include the following forms with each application, if applicable:
 - Individual Questionnaire (AB-100) for each agent, officer, member, partner, or individual owner as required by the municipality.
 - *Appointment of Agent* (AB-101) if the business is an LLC or corporation.
 - Any other documents or information the municipality may need to make a licensing determination.
- 2. Waiting Period Applications for initial issuance and renewal retail alcohol beverage licenses be received by the clerk 15 days prior to the board granting the license.
- **3. Publication** The municipal clerk must publish each application for a Class "A" beer, Class "B" beer, "Class A" liquor, "Class B" liquor, or "Class C" wine license.
 - The publication shall include the name and address of the applicant, the type of license applied for, and the location of the premises to be licensed.
 - The newspaper used for publication shall be one that is published daily;, a weekly newspaper may be utilized if a daily newspaper is not published in the municipality.
 - The publication shall be printed in a daily newspaper on three successive occasions, or if a weekly newspaper is utilized, it shall be printed at least once.

- At the time the application is filed, the applicant shall pay to the clerk the cost of publication as determined under sec. <u>985.08</u>, Wis. Stats.
- There is no statutory timeline for publication, but DAB generally suggests publishing about seven days before the meeting in step 5.
- **4. Fees** Retail licenses may not be issued until the applicant pays the applicable license fees.
 - Cities and villages may not require their applicants to pay fees more than 15 days prior to the license issue date.
 - Towns may not require their applicants to pay fees more than 30 days prior to the license issue date.
- **5. Board/Council Review** The applicant will go before the municipal board or council to review the application.
 - The applicant must meet the minimum qualifications to hold the license described in sec. <u>125.04(5)</u>, Wis. Stats.
 - Municipalities generally have broad authority when considering new license applications and may consider factors beyond the minimum qualifications, such as business plans, parking issues, and law enforcement access concerns, provided the municipality does not discriminate.
- 6. Issuance If granted by the governing body, the clerk will issue the alcohol beverage license document to the new licensee. Alcohol beverage license documents may vary in appearance as they are prepared by each municipality.

Retail Alcohol Beverage Licensing Resources

<u>Alcohol beverage license application forms</u> can be found on the Division of Alcohol Beverage's landing page.

Coming Soon! <u>Publication 309</u>, *Retail Alcohol Beverage Licensing Guide for Municipalities*, is getting a refresh and will be posted in the next month or so. Bookmark the link so you'll have alcohol beverage licensing knowledge at your fingertips.

Tax Time: Publication 303 is updated!

<u>Publication 303</u>, Alcohol Beverage Tax Information, was updated in December. This helpful guide contains information about the imposition of alcohol taxes, tax rates, how to file tax returns, and more!

2025 Vintage: Emergency Rules are Active

After a long fermentation period, <u>Emergency Rule 2419</u> went into effect on December 14, 2024, and will remain in effect until May 12, 2025. The department and division intend to request the maximum number of extensions to keep this emergency rule in effect through September 2025 or until permanent rules are in effect.

We received an exceptional amount of feedback from our stakeholders on this rule. This feedback generated a great product that provided a strong foundation to our permanent rule drafting process.

Now, we're prioritizing the finalization of permanent rules. There will be a public hearing in the next few months where we encourage your robust participation. If you want to get updates as soon as they are available on the administrative rules process, sign up for the DOR Alcohol Beverage and Administrative Rules email lists.

New Brews

The Division of Alcohol Beverages (DAB) has published new permit application forms for nearly all alcohol beverage permits. These changes align the forms with updates from 2023 Wisconsin Act 73 and <u>Emergency Rule 2419</u>. A complete list of permit application forms is available on the DAB website.



2023 Wisconsin Act 73 made sweeping changes to permit fees and Emergency Rule 2419 set the new fees. See the <u>advisory published on December 17, 2024</u>, for a list of the updated permit fees for existing permittees and new applicants. Current permit holders do not owe any additional fees until their regularly scheduled renewal period, which occurs every two years. At that time, expect the bill from DAB to reflect the updated permit fee.

Send questions or comments on the new forms or fee changes directly to the Permitting Bureau by emailing <u>DORAlcoholPermits@wisconsin.gov</u>.

Statewide Operator's (Bartender's) Permits are Available Online!

On January 1, the Division of Alcohol Beverages released the Statewide Operator's (Bartender's) Permit to the public. Operator's Permits have the same requirements and authorizations of a locally issued operator's license, but the permit is valid for use in any municipality in Wisconsin. For more information about qualifications and authorizations of operator's licenses and permits, see <u>Fact Sheet 3104</u>. The permit fee is \$200 every 2 years, plus a \$7 background check fee.

Statewide Operator's Permits are available through the department's online services program, My Tax Account (MTA). Applicants for operator's permits do not need to register for an MTA Account before completing the application.

Operator's Permits are located on the Division of Alcohol Beverage's <u>landing page</u> under the heading "Department – Issued Permits (Producers, Wholesalers, and Certain Retailers)." Select "Operator's Permit" |and scroll to the "Excise" box. Selecting "Operator's Permit" will open a new application.

This permit is the first alcohol beverage permit application that is available exclusively online. The programming makes it easy for applicants to apply and difficult to submit incorrect information or incomplete applications. These permits are easier for the division to process and helps us turn around decisions more quickly.

No License, No Sales: Racine County Resident Convicted of Allowing Gambling on Premises, Selling Liquor and Tobacco Products Without a License

Ricco K. Farrell was charged with one felony count of setting up commercial gambling machines, one misdemeanor count of allowing gambling on premises, one misdemeanor count of selling liquor without a license, one misdemeanor count of allowing consumption of alcohol beverages in a public place without a license, and one misdemeanor count of selling tobacco products without a license.

In mid- to late-2020, Farrell began operating an illegal bar/nightclub called Dream Lounge without obtaining the required licenses from the City of Racine.

Following numerous police calls for service, city officials informed Farrell that a retail alcohol beverage license was required to sell alcohol beverages. In January 2021, Farrell submitted retail alcohol beverage license and retail cigarette/tobacco license applications to the City of Racine clerk's office. However, due to the high volume of police activity at this business, the City of Racine denied the licenses. Despite this denial, Farrell continued to operate the business, which included selling alcohol beverages, tobacco, and food. On August 2, 2022, agents executed a search warrant at the business and criminal charges were subsequently referred to the Racine County



District Attorney's Office. On October 17, 2022, Racine County Circuit Court declared the establishment a nuisance property and all business operations stopped at that time. Farrell pleaded guilty on September 20, 2024, to the misdemeanor count of allowing gambling on premises, the misdemeanor count of selling liquor without a license, and the misdemeanor count of selling tobacco without a license. All other charges were dismissed.

Farrell was ordered to pay \$3,090 in fines, court costs, and other surcharges. Farrell's charges were the result of an investigation conducted by Wisconsin Department of Revenue Special Agents. To report complaints about potential alcohol beverage or cigarette, tobacco, or vapor products violations, use the <u>Alcohol Beverage</u> <u>Complaint Form</u> or the <u>Cigarette, Tobacco, and Vapor</u> <u>Products Complaint Form</u>.

Reminder to Wisconsin Alcohol Beverage Retailers

Generally, all alcohol beverages offered for sale at a licensed retail establishment must be purchased from a Wisconsin wholesaler holding a permit issued by the Division of Alcohol beverages. Licensed retailers may also purchase fermented malt beverages directly from a self-distributing brewer or brewpub. Retailers cannot purchase or otherwise obtain alcohol beverages from another retailer.



The following examples of intoxicating liquor purchases are illegal:

Example 1: A distillery in Wisconsin or another state offers to sell entire barrels of whiskey to a Wisconsin tavern owner. The distillery will bottle the whiskey expressly for the tavern and apply a unique label. The tavern owner agrees to pick up the products purchased directly from the distillery. (A retailer cannot purchase any intoxicating liquor directly from a manufacturer for resale at their establishment.)

Example 2: A Wisconsin tavern owner purchases too many cases of liquor or beer from a Wisconsin wholesaler. Instead of holding onto this slow-moving inventory, the tavern owner offers it for sale to another tavern in a nearby town. (A retailer cannot purchase any alcohol beverages from another retailer for resale at their establishment.)

Example 3: A Wisconsin tavern owner lives very close to the Minnesota/Wisconsin border. The tavern owner knows the owner of a Minnesota wholesaler that offers to sell to the tavern directly if they will drive across the border to pick up the merchandise from the warehouse. (A retailer cannot purchase any intoxicating liquor or beer directly from an out-of-state wholesaler for resale at their establishment.)

It is often misunderstood that a tavern owner may purchase a certain amount of liquor or beer from another retailer. Any such purchases are illegal. The misunderstanding usually originates from laws that impose lesser penalties on certain unauthorized purchases. Lesser penalties exist for a retailer that illegally purchases or possesses 4,320 fluid ounces (360 twelve-ounce cans/bottles) or less of fermented malt beverages in one month. Likewise, lesser penalties exist for a retailer that illegally purchases or possesses 12 liters or less of intoxicating liquor in one month.

Though the law provides for these lesser penalties in certain situations, any such purchases or possession are illegal and subjects the retailer to forfeitures, fines, adverse actions against their license, and potential confiscation of the illegal alcohol beverages by law enforcement officers.