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WISCONSIN STATE REPRESENTATIVE

41ST ASSEMBLY DISTRICT

SB 283: Authorized activities of Class A beer retailers and of brewers.
Testimony of State Representative Joan Ballweg
Senate Committee on Public Benefit and Regulatory Reform
October 21, 2015

Thank you, Chair Kapenga and members of the Public Benefit and Regulatory Reform Committee, for hearing Senate Bill 283 today.

Wisconsin culture holds brewers and beer in a special place. German immigrants brought this proud tradition with them to the shores of Lake Michigan, and brewing has been a part of Wisconsin's history and economy ever since.

Craft brews have been gaining popularity over the last several years. Craft beer lovers are able to enjoy the freshest, seasonal brews by purchasing growlers – 64 oz containers made of plastic, aluminum or glass, that can be filled or refilled. Current law, however, does not allow for grocers to meet market demand by filling growlers. SB 283 would correct that, allowing grocers to feature local craft beer in their stores for off-premise consumption.

We accomplish this change by allowing Class A liquor license holders to fill and sell growlers. Wisconsin is home to over 100 craft breweries. We've heard of grocery stores and craft breweries that want to work together to promote their local products, but are unable to because of current law. Many of our local microbreweries are not large enough to bottle their beer. In fact, bottling is a more expensive process than kegging. By permitting the sale of growlers in grocery stores, we give local breweries the chance to market their product without incurring the expense of bottling.

This is merely an alternative package to provide a growing Wisconsin industry and entrepreneurs an outlet for their customers. We've heard from opponents that this will lead to grocery stores having bars in their establishments. That is already an option under a Class B license and if a grocery store wanted to expand their business to do so, they would go through the process of applying to their local municipality. These are entirely separate licenses.

Allowing growlers to be a new means of packaging in the grocery store will provide wider access to Wisconsin products. I ask for your support of Senate Bill 283.

Thank you for your time. I'm happy to answer any questions.



State Senator Sheila Harsdorf

Date: October 21, 2015

To: Senate Committee on Public Benefit and Regulatory Reform

From: Senator Sheila Harsdorf

RE: Senate Bill 333 – Initial Professional License Fees

Dear Chair Kapenga and Committee Members:

Thank you for holding a hearing on Senate Bill 333 (SB 333) which proposes to require the Department of Safety and Professional Services (DSPS) to prorate credential fees for initial professional licenses on a quarterly basis.

Under current law, DSPS is responsible for administering the licensing of those working in certain professions and trades. The Department issues initial and renewal licenses on a set two year schedule. When an individual applies for an initial license to work in a trade, the fee is prorated to reflect the amount of time the individual will hold the license prior to the renewal date. However, fees are not prorated for professional licenses, which can result in an individual being required to pay the full cost of a two year license even though they may hold the license for just a few weeks or months prior to being required to renew the license.

SB 333 would require DSPS to prorate initial license fees on a quarterly basis taking into account when an applicant seeks a license during the Department's two year licensing cycle. This commonsense reform would reduce regulatory costs on Wisconsin citizens and continue our efforts to improve our business climate. Thank you again for holding a hearing on SB 333. I urge your support for this legislation.



CHRIS KAPENGA

WISCONSIN STATE SENATOR

Testimony on Senate Bill 283

Senate Committee on Public Benefit and Regulatory Reform

October 21th, 2015

Thank you committee members for hearing testimony today on Senate Bill 283. I also want to thank Representative Ballweg for leading on this legislation in the Assembly.

Senate Bill 283 simply allows Class A liquor license holders, such as grocery, convenience, and liquor stores to fill and sell growlers for off-premise consumption. Growlers are refillable containers that typically range between 32 ounces and 64 ounces, and can be made from glass, aluminum, or plastic. The typical growler that you will find at a brewpub is of the 64 ounce, brown glass variety.

Currently, brewpubs and craft breweries around the state have the ability to fill growlers in their tasting rooms. As the number of brewpubs and craft breweries has grown, so has the demand for growlers. There are currently over 60 craft breweries operating in the state and dozens more brewpubs, including at least four in my district. Many of these breweries are too small or localized to bottle beer for wide distribution. By allowing grocery stores to sell growlers, it will allow these small breweries to expand their market to a new segment of customers and test new products without major investment.

While there has been concern among some, it is important to note that there are no changes to the three-tier system - that balance is kept intact. There is nothing in this bill that will materially change the behavior of consumers nor would it put any party in the existing three-tier system at a disadvantage. Class A licenses are meant for off-premise consumption, and growlers are just an alternative packaging for people to consume beer off the premise. In fact, my local newspaper, the Waukesha Freeman, covered the bill last week and interviewed two taverns who market growlers and both expressed support for the bill. They indicated that they do not see this as a threat to their businesses, but as a positive for the overall craft beer industry and will only help them raise awareness.

The basic premise of this bill comes down to consumer choice. Most beer connoisseurs prefer draft beer over bottled beer for a number of reasons, including a factor of freshness. If a consumer is going to the grocery store to purchase beer, this just gives them another option when they get there. There is no reason to believe that an individual who frequents taverns and restaurants will all of the sudden decide to stay at home now because they can purchase a growler at the grocery store.

This bill will expand opportunities for local breweries to grow in our state, which keeps disposable income within our districts and supports local businesses. In order to foster an entrepreneurial spirit in Wisconsin, we must continue to break down barriers for small companies to thrive and I believe this bill accomplishes that goal. I urge your support of Senate Bill 283 and would be happy to answer any questions.



Testimony on SB 283
Provided by Michelle Kussow, WGA

The WGA supports Senate Bill 283, which will allow Class A retailers to fill and sell growlers. This is an issue that has been brewing in our industry (pun intended) for a few years. One of our members, who you will hear from shortly, had seen growlers in grocery stores in other states and after learning that it was illegal in Wisconsin, started the ball rolling to change that.

Currently, Class A retailers are licensed to sell liquor for consumption off premises. The statute also specifies that the liquor must be sold in the original package, container or bottle. Growlers easily fall under the guidelines of off-premise consumption, however, the Department of Revenue has determined that a growler is not considered the original package. So, what this bill does is clearly defines what a growler is—a refillable and resealable container exceeding 24 ounces in volume used to package fermented malt beverages for consumption away from the property where sold.

When the liquor licensing statutes were created, growlers did not exist and neither did craft breweries. So we are looking at this as a change that simply updates the statutes to reflect new packaging. After all, a grocery store already sells beer for off-premise consumption, what's the difference if it is in a bottle or a growler?

In many states, growler fills were already legal under their current licensing definitions, and many that were not (like Wisconsin) have made quick changes. In all, 34 states currently allow growlers to be filled and sold at retail. Many states are in the process of changing the law or have recently done so. For example, in July of 2015, it became legal for grocers in Iowa to sell growlers and Ohio did the same back in December, 2013.

The bill includes language that prohibits brewers and distributors from providing services and goods free of charge to Class A retailers selling growlers, but allows the retailer to purchase these items at "fair market value". This language was included at the request of the Beer Distributors who wanted to level the playing field between grocers and Class B retailers, which are already allowed to fill and sell growlers and are subject to similar prohibitions. We understand the concern from the Wisconsin Brewers Guild, and are open to a blanket prohibition as they suggest, but want to make sure that there is an exception to the law, for the brewer to provide promotional items, including signage and tab knobs to the retailer. We view growlers as an opportunity for a local grocer and local brewer to jointly promote their products. We hope that brewers also view it this way and would want to help promote a seasonal brew by providing the grocer signs and other promotional items. On the bar side, this exemption is in place and allows brewers and distributors to provide these items free to

retailers up to \$2500 in value. We think that amount is high, but believe that the brewer should have, and would want to have, some skin in the game.

You will hear, and probably already have heard from local bar owners and restaurants that they are opposed to this bill. We've also heard their reasons for opposition, and want to share our response to them.

In one article, the Tavern League spokesperson said, "We aren't going to put a big meat section up in a tavern where you can get your center-cut pieces of meat. That's not what we do. That's what a grocery store is supposed to do, not sell growlers." The truth is, Class B retailers—bars and restaurants--do sell food to eat on premise and take home. And, specific to alcohol, Class B retailers are allowed to do what grocery stores do, and then some. They are allowed to sell alcohol for off-premise and on-premise consumption—so you can walk into a bar and carryout a six pack and bottle of liquor, for example. They are also allowed to sell liquor for off-premise consumption until midnight, and grocers can only do so until 9 pm.

Another argument against growlers we have heard relates to competition. The Tavern League president from La Crosse was quoted in an article saying, "The last venue we have is tap beer, so we would like to keep that in house. We are losing enough market share every year so we are just trying to protect the little bit we do have left." We've all seen the map that shows how many taverns there are compared to grocery stores. Wisconsin ranks 3rd in the nation when comparing the number of bars per capita. In a Washington Post article shortly after the map was released, they said, "Drive down the street in Milwaukee or Madison or Marinette and you're more likely to pass a bar than a grocery store. In fact, in most Wisconsin counties, you're almost three times more likely to find a place to down a beer than you are to find a place to stock up on groceries." So, if that's what they are referring to as competition, then its an unfair contest. Grocers don't look at it like that. We know that you can get alcohol in numerous locations, so we cater to our customers. The demographic that likes growlers isn't going to sit in a bar all night drinking their favorite craft beer. They prefer to purchase it, bring it home and enjoy it over several days.

Finally, you may hear the argument that there is no need for the bill and that grocers should just go and get a Class B license. Our response to that is: easier said than done. As you know, there is a cap on the number of Class B's that each municipality can offer, and it is often in high demand. As I said before, retailers can sell alcohol for on-premise and off-premise consumption, but there is a 4 liter limit on takeout with a Class B license. And if they are really concerned about grocery stores competing with taverns, why are they suggesting that we are licensed as taverns?

There are many reasons why grocers want to be able to fill and sell growlers, but the biggest reason is because their customers are asking for it. If there is not a demand for growlers, grocers won't offer it, plain and simple. But, we believe grocers should have the opportunity to sell growlers and we think customers should have the choice to purchase their beer in a bottle or a growler.

Grumbling over the idea of growlers in Wisconsin grocery stores

- JESSICA VANEGEREN | The Capital Times | jvanegeren@madison.com

Dec 13, 2013



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An Ale Asylum growler.

Two powerful special interest groups that control many of the ground rules for product availability in bars, taverns, liquor and grocery stores across the state are at odds over how available to make growlers of beer in Wisconsin.

For the uninitiated, a growler is a half-gallon glass jug, typically available as a to-go container from craft breweries and brew pubs. But a push is underway by the Wisconsin Grocers Association to allow Class A liquor license holders — grocery stores and liquor stores — to offer beer on tap and allow customers to fill up and purchase growlers.

Class A licenses, also referred to as off-premises licenses, are used by grocery and liquor stores because they allow for alcohol to be sold in greater quantities — cases or kegs of beer, for example — which are consumed off premises.

In contrast, bars, taverns and craft brewers operate with a Class B license. This allows customers to purchase and consume alcohol on the premises and also purchase smaller amounts of alcohol — six packs — to go.

"We think it would be a great opportunity for craft brewers in Wisconsin," said Brandon Scholz, president of the Wisconsin Grocers Association. "When a consumer tries something, and they like it, it is likely they will ask for it at restaurants."

The Tavern League of Wisconsin's spokesman and lobbyist, Scott Stenger, said that while there is no official proposal to review, it is not likely his organization would support the idea.

He said grocery stores already have the option to choose between Class A and Class B licenses. Allowing current and future Class A license holders to install beer taps to fill growlers would "turn the state's liquor licensing system on its head."

"We aren't going to put a big meat section up in a tavern where you can get your center-cut pieces of meat," Stenger said. "We are taverns. That's not what we do. That's what a grocery store is supposed to do, not sell growlers."

While no grocery stores in Madison currently offer draft beer in growlers, that's not the case throughout the state.

Take Whole Foods' Milwaukee location. Since shortly after the store opened in 2006, it has offered its customers the ability to drink tap beer while they shop or fill up growlers to take home.

Mike Buetow, the store's manager, said in order to offer its customers that option, it had to obtain an addendum to its Class B license. One growler equals four pints and costs between \$12 and \$15, Buetow said.

He said the store sees its highest sales when its beer buyer brings in beers categorized as "harder to find exclusives." That includes Zombie Dust, an American pale ale from Indiana's Three Floyds Brewing Co. which is seldom available outside Indiana and Illinois but was on tap at the store a few weeks ago.

"The beer on tap is extremely popular. People grab a beer and do some grocery shopping. It's a good time," Buetow said. "The growlers are popular, but the beer on tap is the bigger draw."

This week, Madison-based Ale Asylum's Ambergeddon is on tap in the store. Otto Dilba, Ale Asylum's co-founder and vice president, said expanding the growler market is a positive as it offers brewers, particularly craft brewers, another point of sale.

Dilba said the Wisconsin Grocers Association's push to expand the market is an idea he'd favor.

"If you're going to a place that specializes in growler sales, you're not looking to fill up with Miller Lite," Dilba said. "People want something that's unique."

But the Tavern League's Stenger said that is not a compelling enough reason to change the state's licensing system because some craft brewers are too small to distribute their products to a large number of grocery stores.

"It seems we would start licensing liquor stores and grocery stores like taverns," he said. "If we are going to start eroding the current system, we might have some recommendations of our own to make."

Expanded beer howlers, growlers on tap



Daniel Higgins, Gannett Wisconsin Media 5:36 p.m. CDT October 15, 2015

MADISON — There could be more growlers and howlers in the hands of craft beer aficionados if a bill introduced in the State Assembly this week becomes law.

Assembly Bill 391 would make it easier for grocery, liquor and convenience stores to fill and sell growlers. These locations typically hold a Class A license, allowing for sales of packaged beer for offsite consumption. The proposed changes would allow Class A holders to tap kegs to fill growlers.

The bill defines a growler as a refillable and resealable container exceeding 24 ounces in volume used to package beer for consumption away from the property where sold. Traditionally, a growler holds 64 ounces, but 32-ounce versions, sometimes called howlers, are also commonly sold at breweries.

Scott Stenger, spokesperson for the Tavern League of Wisconsin, said the bill erodes the rules for selling beer that are in place for a reason.

"There's no need for the bill," Stenger said. "There are grocery stores all across the state with the proper liquor licenses that sell growlers."

Stenger said businesses holding a Class B license, which allows draft beer sales, are licensed the way they are because they know what they are doing when it comes to cleaning tap lines and maintaining that equipment.

Brandon Scholz, president of the Wisconsin Grocers Association, doesn't agree with that assessment.

"The next time you walk through a grocery store, look at the sprayers and coolers they're operating. Being able to maintain and clean a growler station isn't going to be a challenge."

Brandon Scholz, president of Wisconsin Grocers Association

"The next time you walk through a grocery store, look at the sprayers and coolers they're operating," Scholz said. "Being able to maintain and clean a growler station isn't going to be a challenge."

Ahnapee Brewing owner Brad Schmiling said the bill could be beneficial for a brewery like his that currently only sells beer out of its Algoma taproom and is on tap at nearby bars.

"Being that we're still so young and not bottling, having another opportunity to sell is an advantage," Schmiling said.

Though he said the biggest advantage from his perspective is that beer sold in growlers would be fresher and taste better. Still, given the chance, not all breweries will be flooding more locations with more brews.

Black Husky, a nanobrewery that's in the process of moving its operations from Pembine to Milwaukee, has earned a good reputation on beer rating sites like Beer Advocate but self-distributes its beer to select locations — mostly in the Milwaukee and Madison markets.

"Yes, we are very selective about who sells our beer and how it is handled," Black Husky co-owner Toni Eichinger said. "The growler fill model calls into question the proper handling of beer which impacts the quality."

Eichinger has concerns about proper cleaning, filling and sealing of the growlers when it comes to the quality of the beer.

She sees growlers as way for breweries that don't package or have limited packaging capabilities to be able to sell its beer direct to the consumer, and for the consumer to be able to take home direct from the brewery the freshest beer possible.

"Growler fills are not meant to be a substitute for bottle sales in traditional Class A outlets," Eichinger said.

Others see this bill as a good opportunity for all brewers and craft beer drinkers.

Grant Pauly, owner and head brewer of 3 Sheeps Brewing in Sheboygan supports the bill. 3 Sheeps is widely distributed in bottles at retail locations across Wisconsin, but Pauly says this bill would allow him to bring small batches of specialty brews to more locations.

A few examples of draft-only beer from 3 Sheeps this year were Really Cool Waterslides aged on gin-soaked yellow birch, Baaad Boy aged in bourbon barrels and Rebel Kent aged in red wine barrels.

"We did not make enough to warrant bottles, but I would have loved the opportunity for people to be able to take these and enjoy at home through this new bill," Pauly said.

Source: Lake Geneva Regional News

Remove Images

Wisconsin grocers want to refill 'growlers'

by Associated Press

January 01, 2015

LA CROSSE (AP)— The Wisconsin Grocers Association is pushing to allow customers to get fresh beer on tap at grocery stores.

Currently in Wisconsin, most grocery stores have a Class A liquor license allowing them to sell pre-packaged beer and liquor. The association wants to amend the law to allow customers to refill half-gallon glass containers, known as growlers, with tap beer as a means of expanding beer drinkers' options.

"The industry, really around the country, has been moving in this direction," said Marlin Greenfield, senior vice president and chief operating officer of Festival Foods in Wisconsin.

Greenfield said the proposal would not mean having a bar in the store, WKBT-TV (<http://bit.ly/174uvwK>) reported. Instead, customers could bring in or buy an empty jug from the grocery store and have it filled there, he said.

Joe Katchever, owner and brewmaster of Pearl Street Brewery in La Crosse, said growlers can help a brewery get its beer out to customers in an environmentally friendly way.

"When you buy a growler, instead of a six-pack, you don't have six bottles to throw away, caps or labels," Katchever said.

But the La Crosse Tavern League contends growlers would mean competition for pubs.

"The last venue we really do have is tap beer, so we would like to keep that in house," La Crosse Tavern League president Mike Brown said. "We are losing enough market shares every year so we are just trying to protect the little bit we do have left."

More than a dozen states already have amended their laws to allow liquor stores within grocery stores to fill up growlers.

There is no current legislation in Wisconsin, but the association is asking state residents to voice their opinion online at www.foodaction.net/wisconsinagrocers.

Good afternoon Chairman Kapenga and members of the committee....

My name is Dan Dringoli and my wife and I are proud new owners of Bare Bones Brewery in Oshkosh. In fact we just opened our doors in May of this year and rolled out our first hand crafted beers in mid-August. What is in our name "Bare Bones"... Well it has a few different meanings but first and foremost we are a simple brewery and tap room. No frills if you will. No TV's, no fancy food, and everything we serve is from Wisconsin. Every guest tap beer, spirit, soda and frozen pizza is from this great State. We refuse to serve Coke and Pepsi products, rather opting to serve Sun Drop in a returnable bottle as well as the Sprecher lines of sodas. We firmly believe in "local" suppliers help local businesses.

I am here in support of Senate Bill 283 which would allow Class A license holders to dispense growlers of beer for off-premise consumption. As a new brewery, we are only providing our beers in kegs for distribution as well as in Growlers in our taproom. Bottling craft beer is great, yet it is very expensive. We hope to be bottling in the near future, but a bottling line of any substance will cost us well over \$150, 000 to purchase. Canning is as expensive well. I recently met with a canning line supplier and we can expect to pay as much or more for a canning line. Some of the national suppliers of aluminum cans are currently refusing new smaller customers and wait times for cans are purported to 18 months.

So far we have heard the following information from BA about the can supply:

- Both new and existing customers report being dropped by Crown;

- Supply disruptions are occurring in 12 oz. cans as well as 16 oz. cans;
- Lead time for orders submitted to Crown is as long as 18 months when available at all;

To compete in the local market place we need the opportunity to have our local grocers fill growlers. I am very supportive of the bill, however it would be nice if protection was in place to assure “Big Beer” does not monopolize the playing field. I also support the efforts of the Wisconsin Brewers Guild that ...**Wholesalers and brewers should not be involved in providing equipment to growler stations buildouts.** Allowing wholesalers and brewers to provide equipment ~~to offer~~ the opportunity for the very large breweries that can afford to provide free equipment to monopolize the market with their craft brewery subsidiaries.

So to recap, I would support the bill regardless of any future revisions however a small revision would help protect the little guy to make sure we are all on a level playing field.

Thank you for your time today.



GROWLER TESTIMONY

Marlin Greenfield, Festival Foods

Good afternoon Chairman Kapenga and members of the committee. My name is Marlin Greenfield and I am the Senior Operations Leader with the Skogen family owned chain of Festival Foods stores throughout this fine State. We are very excited to be opening our first Madison store just a few blocks east of here on East Washington in early December! I am pleased to be here to share our company's views in support of Senate Bill 283 which would allow Class A license holders to dispense growlers of beer for off-premise consumption.

I have spent a life time (50 years this year) in the retail food industry and have studied many of the finest grocers in the county. In the past few years we have seen a growing number of grocers install growler filling stations, tap beer equipment that cools and dispenses fresh draft beer into sealable glass containers that the consumer may enjoy at home without having to visit the brewery.

It's no secret that craft brews have completely transformed the beer industry over last five years. We carry dozens of brands of craft beer that is bottled or canned but our shoppers crave fresh draft brews poured from a tapper as well. As you may know, Wisconsin is now home to nearly 100 upstart craft breweries, most of who do not have the ability to package and distribute their products until they establish a base to grow from. I have Dan Dringoli from Bare Bones Brewery here with me today. He can give you a personal testimony on that in a few minutes.

So what are the reasons to make it easy for Class A licensed grocers to do this?

1 - Our customers want it. Beer tasting is the new wine tasting. There are now beer pairing dinners like there are wine pairing dinners. Will we sell MORE beer as a result? Maybe. Maybe not. The draft sale may replace a pre-packaged sale, but it's good for all concerned and will help the category overall.

2 - Its "green". These 64 oz. glass containers are meant to be rinsed and re-used and recapped. It's better than having to dispose of or recycle every 12 oz. bottle or can.

3 - It's easy for a grocer to get involved with this. The equipment required is not extensive and not that expensive. It cools the beer properly and is easy to clean and maintain. In fact contrary to what you may hear from those in opposition, this equipment is simple to sanitize compared to the extensive deli and meat department equipment that we sanitize on a daily basis.

4 - Most of all, it helps local business. There are more than a dozen small startup breweries near the stores in cities we do business in. It's good to buy and sell local. Our company has a free farmer's market in our parking lot in every store every week during the growing season. (The new store could have a tough time doing that in the parking ramp now that I think about it.) We now feature fresh lamb from a farm in Wisconsin, instead of carrying the popular national brand.

5 - It's so WISCONSIN to do so. It just makes sense. Look at this SOMETHING SPECIAL FROM WISCONSIN CATALOGUE. It's full of locally produced cheeses, honey, preserves, maple syrup, and candies. Where is the beer? It would be great to see our local craft brewers like Dan and his many counter parts be able to get their brew exposed to the public the way these other entrepreneurs can rather than just hope someone makes the trip to their small brewery which is frequently located off the beaten path.

6 - In closing, this may not be for everyone. You heard Kristy say it did not do big things for them. Stores with certain demographics will do well. This won't turn the industry upside down and CERTAINLY won't stop the public from making their regular trip to their favorite bar for a social experience over a tap beer, but I feel strongly it will help our local small business and give Wisconsin residents an easier way to enjoy LOCAL rather than only regional and national brews.

Thank you for your kind attention!