

Pro-winery bills attract opposition from Tavern League

Wisconsin wineries have flourished, but efforts to sustain that fast-paced growth have sent the fledgling industry headfirst into a confrontation with the Tavern League of Wisconsin.

The dispute now playing out in the Capitol centers on two bills. One would let wineries stay open until midnight instead of 9 p.m. And another would let them sell liquor in certain circumstances. Both bills have bipartisan support, and both have received recent public hearings.

But both also have drawn opposition from the Tavern League.

Scott Stenger, longtime Tavern League lobbyist, said the problem boils down to the nature of a winery. At its core, it's a manufacturer, he said, and that comes with certain restrictions to ensure fairness in the marketplace.

He said the restrictions establish tiers that separate retailers from manufacturers, for example. The reason is if manufacturers could compete freely with retailers, they'd have all of the price advantages because they don't have to worry about wholesale costs.

"We are not afraid of competition," Stenger said. "We thrive with competition. But competition has to be within the tier, within the retail tier."

Wineries, though, view the proposals as an attempt for them to gain equal footing. Anna Maenner, executive director of the Wisconsin Winery Association, said there were 40 wineries in the state five or six years ago.

But the development of grapes that fit the climate plus the popularity of fruit wines has boosted membership in her organization to 75.

The industry, though, has hit a glass ceiling of regulations, she said.

"Now the wineries are trying to be successful businesses," Maenner said, "and they face challenges doing that."

The organization's fall agenda originally included both the change in hours and liquor bill. Maenner said the group no longer is pushing the liquor bill, but the Dancing Dragonfly Winery in St. Croix Falls kept advocating for the change.

And in the Capitol, Sen. Sheila Harsdorf, R-River Falls, and Rep. Adam Jarchow, R-Balsam Lake, have teamed up on both bills. The liquor bill would let wineries serve distilled spirits at special events planned 30 days in advance and at which at least 50 people attend.

Harsdorf said Dancing Dragonfly is in her district and is trying to draw more customers from the Twin Cities for events as well as wine tasting and sales.

"It's about providing an opportunity for them to meet a market demand," she said.

Bill Bluhm, the winery owner, said he has event space at his business and has hosted 12 weddings so far this year. But he said he's also lost out when people discovered he couldn't serve liquor.

When they look elsewhere, Bluhm said, they don't look at taverns. Rather, they often go to large hotels in the Twin Cities.

Wineries, he said, aren't trying to take business from taverns, though he argued the League is missing that point with its opposition to the liquor bill.

"I think they're misrepresenting what it's doing and who we're competing with," Bluhm said.

Stenger said he knows exactly what wineries are trying to do, and the liquor bill's caveats about number of people and advance planning prove to him those businesses know they have an unfair advantage.

"If it were apples-to-apples, they'd say, 'To hell with it,'" he said, adding he expects if the bill passes, there will be a later push to remove the caveats.

Jarchow, though, said tavern owners he has spoken to in his district don't see wineries as competition. Rather, they are a way to attract more people from Minnesota to western Wisconsin, he said, and the state should be "falling all over ourselves to help this industry grow."

"Because of our proximity to the Twin Cities," Jarchow said, "we have this incredible tourist draw that's just been dropped at our doorstep."

The hours bill, Jarchow and others have pointed out, even includes a provision that would let local municipalities require earlier closing times than the legislation would allow.

But that bill is in the Assembly's State Affairs and Government Operations Committee, chaired by Rep. Rob Swearingen, R-Rhineland, who also is a former president of the Tavern League.

Swearingen couldn't be reached to say if he will give the hours bill an exec.

But the winery industry isn't pushing just the two bills. Maenner said her association's agenda also includes a request that winery permits include allowances for two tasting rooms, rather than one.

That proposal has not been turned into legislation.

The need for vineyard space, she said, means wineries are outside of heavily populated areas. And most of those businesses have the tasting room on-site, though some have set it up elsewhere.

If they could have one on-site and another in a nearby city or town, business would go up and put wineries closer to the level of brewpubs, which are allowed multiple locations, Maenner said.

"We are not saying, 'Make special legislation for wineries,'" she said. "Let's look at it and make it fair."

Stenger said he didn't know about the permit proposal. But extra tasting rooms, liquor sales and later hours, he said, sound a lot like a winery industry trying to step into Tavern League business.

"That's game, set and match," he said.