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[00:00:00] **Speaker 1** Probably after the interview, and then we can kind of use that to cancel out what's in the interview a little bit. So we got a chance. Yeah.

[00:00:13] **Speaker 2** I did a TV production in high school, but it was on the colored IMAX. Oh, nice. Yeah. A while.

[00:00:20] **Speaker 1** Ago. Are you from elsewhere?

[00:00:21] **Speaker 2** I'm from triple-A. Oh, okay. So left and then came back. Yeah, I went to that the elsewhere, so. Okay. Yeah.

[00:00:30] **Speaker 1** You can't. You can't leave the area.

[00:00:33] **Speaker 2** I left for about ten years and then it just kind of made sense.

[00:00:40] **Speaker 1** Go for it.

[00:00:44] **Unidentified** And we're rolling. So.

[00:00:46] **Speaker 2** All right.

[00:00:48] **Speaker 1** So just start with your name and make your.

[00:00:52] **Speaker 2** Role okay.

[00:00:53] **Speaker 1** As it as it is, because I'm. I heard it's kind of strange with the boring project.

[00:01:01] **Speaker 2** You want with the business or with the entities.

[00:01:06] **Speaker 1** But let's start with the business.

[00:01:08] **Speaker 2** Okay, so I'm Weinglass. I'm the president and founder of the Brewing Project in Ocala, Wisconsin.

[00:01:15] **Speaker 1** But you're also well, I'll ask you that later. And then you are also involved with some other associations.

[00:01:22] **Speaker 2** Correct. So I've been the president of the Wisconsin Brewers Guild for the last seven years and the president of the Wisconsin Craft Beverage Coalition for the last five. And that organization represents wineries, breweries and the stores.

[00:01:36] **Speaker 1** What made you want to start the brewing project?

[00:01:41] **Speaker 2** We started the brewing project because there was a void in the market. We used to own a tavern piano player. There's a craft beer bar and I was the beer buyer and I have a very hard time getting some of the products that customers are the most excited about. It was it was a challenge to convince brewers from the coast to send some of their most exciting things in the northwestern Wisconsin. And after a while, I kind of thought, hey, you know, if it's not there, maybe we should start making it. So one thing led to another, and here we are.

[00:02:13] **Speaker 1** And you experienced some issues as you started your business. Can you describe that?

[00:02:21] **Speaker 2** Sure. So because of the business that my wife and I used to own originally, right out of the gate, I should say, we got some legal advice from the Department of Revenue. It turned out that that advice was very bad. The person who was in charge of having at that time was an interim. And when he was replaced, the person who replaced him decided that the opinion that we were given was not correct. So we had gone through the process of creating a marital property agreement separating our interests. So she became the sole owner of the of the bar and I became the sole owner of the brewery, went through all the federal process and paperwork and and the time and trials of that. That takes only to then get back to the state of Wisconsin and be told, no, you can't have a brewers permit because your wife owns a bar. We made the argument that you guys told us that we could do this and they said, sorry, we were given bad information and.

[00:03:19] **Speaker 1** Why can't you own both?

[00:03:23] **Speaker 2** So there's this there's this concept of the three tier system where depending on if we want to be a producer or a wholesaler or a retailer, you kind of have to act as one and not the others. There are a lot of exceptions to that. In a brewery specifically, we have the ability to self distribute and act as a retailer, but you can at the same time have an interest in a liquor license. So because my wife's business had a municipal liquor license, I was not allowed to have a brewery. One of the things that they actually told us was that if we got divorced, we could then have this this problem would be solved when it came to be a real conversation, because at that point we were over a half million dollars in investing in this business. We also then found out that because we had children in common and there would be a fiduciary responsibility between spouses, that money would have to go between us, that that would also constitute a bridging of the tears and made us ineligible to get a beer from them.

[00:04:29] **Speaker 1** How did that make you feel?

[00:04:31] **Speaker 2** It was very frustrating. It was a situation where, you know, we we called the state, we did what they asked us to do and then find out that that wasn't good enough. We spent a tremendous amount of money, you know, all of all of my life savings at that point went into significant debt, only to be told that, you know, we've we've interpreted things differently and you're going to have to do it a different way or you can't do it at all, which is really kind of what ended up happening.

[00:05:02] **Speaker 1** And so we're here now. What happened?

[00:05:07] **Speaker 2** So what ended up happening was we we were wrestling internally. What are we do? How do we make this thing happen? I started looking at the statutes a little closer. I started trying to figure out how we could give these things up and divide them up. And I was having a conversation with my father. I was driving to the grocery store, getting some milk. I was talking to him on the phone and he said, Well, what if I own the brewery? And I said, Well, that could work. So we basically made a deal where I transferred all of my assets into his name. So all of the debt that I have taken on of all of the all of the money that I had. Four years working towards being able to open the business, basically handed it over to him so that he could assume that that really. And then we had to go back to the federal government to have the name change. Luckily, he has the same name that I do. So we had a change of middle initial on a birthday. We got all that switched around, went back to the States, and then they actually told us no. Again, they told us no again because one of the management employees that we had on our federal paperwork, because when you're dealing with the feds, they want to know everybody who has a management error, who is in a management role in the business. His wife was a bartender at a bar in town, and they told us we weren't going to be able to get our permit because his wife would have undue purchasing influence over customers. And we were just I mean. What can we do? So the good news was that she was about to go to grad school and she quit her job. And then we put her on payroll and she. Barton Press. Um, but it was, it's just that kind of crazy stuff that that really made things difficult for the first year and a half, two years.

[00:06:55] **Speaker 1** You know, other people that have had similar issues, not necessarily the same as yours, but just have run up against these really strange.

[00:07:08] **Speaker 2** I met a woman yesterday who started a winery six years ago. Her husband was a pharmacist. The pharmacy that he worked for closed down. He now works for Hy-Vee. Hy-Vee has a liquor license. Now she owns a winery that is a producer. Her husband works at a an establishment that has both a Class AA and a Class B license. And if the state found out about that, she could be shut down. She's in a position where she wants to move into a larger location because her business is seeing success. But she's afraid to file the paperwork out of fear that they might find out that her husband got a new job. I know another situation where another woman who owns a winery over in the Green Bay area, her husband's family owned a golf course. When his parents passed, he inherited a part of the golf course. Now, her business is illegal. It's it's all this crazy stuff. And it really is the unintended consequences of people not paying attention to the changes that happened in 2011 to our industry. And those are just a couple of stories. And I to tell you, there are a lot more. Sure.

[00:08:19] **Speaker 1** What happened in 2011.

[00:08:21] **Speaker 2** In 2011, we lost the ability to hold multiple permits at the same time. So it's my opinion that from the repeal of prohibition until the first time traveling 28, but that was murder proof, obviously. But from the repeal of prohibition until 2011, Wisconsin had, I would argue, probably the most perfect system for the three tier system where if you wanted to be a brewer, you got a brewer's permit. If you wanted to distribute your beer, you got a wholesalers permit. If you wanted to operate a taproom, you got a class media license. Everybody played by the same rules. Everybody knew exactly what the rules are. It was unambiguous. Everybody knew what they couldn't couldn't do. In 2011, when they removed our ability to hold those permits, at the same time, they gave us the ability to self distribute, but they also gave you the ability to operate a taproom without those municipal licenses. But then what happened was there were other things put into the into the statute that limited the interest that you could have crossing those tiers. And it just turned into this kind of rat's nest of of complications and and exceptions to this rule and exceptions to that rule. And, well, there's a three year divestment period for wholesalers, but there's not breweries. There are different hours for wineries as there are for taverns. It just it was all of this stuff that I think just really wasn't thought about at the time.

[00:09:43] **Speaker 1** I mean, craft breweries have really kind of and distilleries and wineries have really exploded onto the market hard. Seltzer Did the changing industry challenge the the laws on the books?

[00:09:58] **Speaker 2** Without a doubt, the statutes have not kept up with the market. They have not kept up with products. You mentioned hard seltzers right now, hard seltzers in the state of Wisconsin are considered one that's as of about two months ago when the Department of Revenue decided to reinterpret what a hard what a hard seltzer would be as opposed to being a fermented malt beverage. Now they consider it a wine. So where for years since hard seltzers became a thing, they've been made by breweries because the federal code recognizes the hard seltzer has as beer or a fermented malt beverage. Now the state is saying that's wine. So if you don't have a winery permit and you're making hard seltzer now, suddenly you're illegal. There are retailers in the state who integrate examples like QuikTrip. In some municipalities, QuikTrip can't get a wine license, but they can get a beer license to sell beer. Well, they have hard seltzers in their cooler. And, you know, now they're illegal and they got in trouble just like a month and a half ago. And it's this just this kind of crazy thing where as the market has developed, as the industry has changed, as consumer habits have changed, the statutes are still lagging well behind.

[00:11:08] **Speaker 1** And Jeff said that, you know, Midwest and especially Wisconsin breweries really do a lot of contract brewing. And it's a huge industry for us.

[00:11:22] **Speaker 2** Absolutely. And contract production in the state of Wisconsin is huge, in part because our our our excise taxes are pretty low because we have lower excise taxes. It makes us more competitive. So somebody from out of state can come. Man and have me produce a beer for them and not have to pay a much higher excise tax which ends up getting passed down the line. So because of that lower excise tax, there are a lot of breweries, including myself, with a significant amount of contract production in that. There are also some ambiguities in the current state statute as to what's allowed and what's not allowed. We actually just did a product this morning that is somewhere in the gray area that if Department of Revenue wanted to reinterpret guitar so we couldn't do it anymore. We've been doing it for years. It's legal by federal code, but it's in a gray area by state government.

[00:12:12] **Speaker 1** How difficult is it? I mean, you've grown your business, but for much smaller craft breweries to stay on top of this. I mean, it sounds like you have to have a law degree to own a brewery.

[00:12:26] **Speaker 2** It is. It is very difficult to know what you can and can't do. You know, this there's also kind of this thing where we have been told that the mentality of the Department of Revenue is if it's not explicitly allowed, then it's forbidden. Right. So, you know, and then we can talk about like freedom and liberty, where if there is not a law that says that you can can't do something, then you should be able to do it. But in our industry, it's been interpreted as exactly that. If you're not told you can do it, then you can't. So when an entrepreneur starts a business and there's nothing that says that they can't do something, it only makes sense that they would make take action, spend money, make decisions doing something that they believe to be legal, only to find out that it's not. You know, you can put two attorneys in the same room, give them the same section of chapter 125, have them read it and come up with two totally different conclusions. And so the comment about you have to be an attorney, but that's not even true. You almost just have to pick and choose and hope that you're right. And that's that's kind a good way to run an industrial business.

[00:13:41] **Speaker 1** So the changes that have been proposed, um, how do you feel about them?

[00:13:48] **Speaker 2** This, this proposal that's being floated right now, we're major proponents of it would clean up the vast majority of issues that I have run into in the past, the majority of issues that our members run into. It cleans up issues. It gives the Department of Revenue a dedicated enforcement agency. So we have agents who actually know what they're supposed to be enforcing. One of the major issues we have right now is that those agents are looking at alcohol, tobacco and gambling, but they spend 80 to 90% of their time on gambling and tobacco. So then when they start looking at alcohol issues, they come in and they genuinely don't know what they're here to talk about. I have actually had a revenue agent come into this building, tell me I was doing something illegal, and then I had to pull out the statute and show him where it was legal. And then him call Madison and get a sign off to say, yes, he's right, that's legal. And now I can't blame it on that enforcement agent. The statutes were not written very well, and they also don't have the tools in their tool belt to be able to make the right decisions or I shouldn't say the right decisions. They don't have the tools to make good decisions. They don't have the ability to interpret things because it's hard to interpret.

[00:15:04] **Speaker 1** Do you think this bill will get passed?

[00:15:07] **Speaker 2** You know, I do think that this will get passed. I think that it's long overdue. The fact that we have worked for years. I mean, I've been working on this for eight years. I've been working with the coalition for five. We've been working with the other tiers in the industry for the last few years. We were told by legislators that you guys need to work together to come to a compromise, and you did. None of us are particularly happy with the way that things are written. I think that we all think we all have our own opinions on what could be better about it. But at the end of the day, I think that we're all getting what we need and not all getting what we want. And because of that, I would hope that it's going to pass. I don't think that I don't think that there's anything especially related to us that that is controversial at all and that that actually feels pretty good because we've done a lot of work to come to that compromise. And I think legislators recognize that as well.

[00:16:03] **Speaker 1** Why did it take so long? Why was it so hard?

[00:16:08] **Speaker 2** It took a long time to get to where we are because these industries are entrenched. You know, our industry really only started picking up in the 2000. Wholesalers have been around since the repeal of prohibition in the state of Wisconsin. Taverns have been around since the repeal of prohibition. There were not that many breweries in the state that they have had are the other tiers have had a lot more time to make sure that their message is received. There has been a lot of time and effort put into explaining to legislators the importance of a pure three tier system. The problem with a pure three tier system is that it takes away a lot of opportunity from entrepreneurs. It holds up the ability for the market to change and for us to be able to respond to that because the the other members of our industry have spent so much time in. It changes. Difficult change is hard and we came in and wanted to change things right away. And they were not comfortable with that. They were not okay with it. So we met a lot of resistance for years. What ended up happening in this situation specifically is that the enforcement piece kept coming up, kept coming up and just kept coming up. And we were against increasing enforcement because if you can read the statutes and you don't know what's legal and what's not legal, you don't want to be enforced. You know, I don't want to be driving down the highway going 55 miles an hour, only to find out there are no, you know, signs on the road. And then it's a 25 mile an hour zone and I got a ticket. You know, you're going to be against enforcement if you don't know what the rules are. So our industry fought enforcement and we got to defeat a couple of bills that would have created an unaccountability or I'm sorry, it would have created an Office of Enforcement within the revenue that had an unaccountable director, someone who didn't report to the secretary of Department of Revenue, someone who didn't report to the governor, even because it was a six year appointment. And after us beating that bill several times, the wholesalers came to us and said, you know, why are you guys against enforcement? And when we explained to them, we're the low hanging fruit, you know, we don't have staff attorneys, we don't have the ability to call an attorney very easily without, you know, pulling out our wallet and spending working capital that we desperately need to get out of a jam. And when we said that a light bulb went off and they understood and we said we will get on board with enforcement as long as we can make the laws make sense so that we know what enforcement means. And that's kind of how the whole compromise really started to come together. It's how everybody gave a little everybody took a little. And we came to a conclusion where I think that we can live with the way that it's it's currently set up in that bill.

[00:19:02] **Speaker 1** And so the three tier system isn't going away, but the legislation just kind of modifies a lot of things so that you you feel satisfied with what those changes are?

[00:19:17] **Speaker 2** Correct. The three tier system isn't going away. You know, the practical reality is that it would be difficult to be so vertically integrated that the three tier system wouldn't ever exist. You know, for for us to get beer across the strait, we'd need a bunch of trucks. We need salespeople all over the state. We need retailers all over the place. The three tier system isn't going anywhere. But what this bill does is it creates allowances with that. It gives somebody the ability to open a brewery when their wife owns a bar. It gives somebody the ability to have small levels of investment in other other parts of the industry and other tiers. That's been forbidden for a very long time. It just kind of opens the market up in a way that makes sense today. It's it's a little more common sense than it is just well, that's the way that it works or that's the way that the three tier system should be. So three tier system isn't going anywhere. It's just it's getting modified to work for the present day.

[00:20:16] **Speaker 1** Is there anything in the proposed legislation that you have lingering concerns about?

[00:20:22] **Speaker 2** Can you say one more time?

[00:20:23] **Speaker 1** Do you have anything in the proposed legislation that you still have kind of lingering concerns about.

[00:20:31] **Speaker 2** As it relates to the things that specifically impact us? I don't have any concerns, but what's there are we spent a significant amount of time working on the language. I mean, we were debating, you know, one in two words in sentences, because they make a big deal. They make a big difference. So I really don't have any concerns. I think that this is this is an equitable change that makes it easier for us to know what we can and can't do. But it also creates a significant amount of opportunity for for our members. And that's also really important as far as. You know, keeping up with the times and ultimately giving the consumer what they want.

[00:21:11] **Speaker 1** Is it important to help promote small businesses?

[00:21:14] **Speaker 2** Absolutely. Absolutely. The some of the concepts that are in this bill are going to make it easier for you to market your own product, as it were. For for wineries, it gives them a more competitive advantage as far as their closing hours. They've had to close at 9 p.m. for years, you know, and they were fighting for midnight. But now we will all have the same closing hours and they'll match the same as as a Class B license holder. The opportunities and the ability for business owners and entrepreneurs to flourish is going to be a lot easier there. There's the opportunities also that come with the clarification are tremendous.

[00:21:53] **Speaker 1** So going all the way back to the beginning, if you are the president and founder. Or how is that possible if the law hasn't changed yet?

[00:22:06] **Speaker 2** In 2019, my wife sold her business and when she sold her business, I was able to resume ownership of the business business. So it was bittersweet. You know, that was a business that we started young, and it's still an existing business, but it's not ours anymore.

[00:22:27] **Speaker 1** Which. Which one is it?

[00:22:28] **Speaker 2** The firehouse. Oh, okay. Yeah. So we started the firehouse in 2010. And my plan with that business was actually to, at some point grow it into a brewery. But those laws that changed in 2011 killed the business plan. I think they made it so I couldn't make it happen. What I wanted to happen.

[00:22:45] **Unidentified** So. Anything else that I didn't cover.

[00:22:55] **Speaker 2** I don't think so. I did a lot of talking. Yeah.

[00:22:58] **Speaker 1** Thank you.

[00:22:59] **Speaker 2** Yeah, you bet.

[00:23:01] **Speaker 1** So we'll do a. Yep. So we need some in town. Do you want us to take our mikes off to do that? Why don't you leave them where they are? Okay.

[00:23:16] **Unidentified** Okay, I'll just play. I'll call you when it's over. So starting now.

[00:23:42] **Speaker 2** Good. Yeah, I.

[00:23:44] **Speaker 1** Think. Felt like church.

[00:23:49] **Speaker 2** All right. I've hosted church services in this room.

[00:23:52] **Speaker 1** Really?

[00:23:52] **Speaker 2** Oh, it's weird, but we do. Yeah, that's so. They do like this thing called Praise in the park in Phenix Park. Okay. And when it rains, they come here. So.