



Senate Fiscal Agency
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BILL ANALYSIS



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House Bill 4709 (Substitute S-1 as reported)
House Bill 4710 (Substitute S-1 as reported)
House Bill 4711 (Substitute S-4 as reported)
Sponsor: Representative Kevin Cotter (H.B. 4709)
Representative Peter MacGregor (H.B. 4710)
Representative Andy Schor (H.B. 4711)
House Committee: Regulatory Reform
Senate Committee: Regulatory Reform

CONTENT

The bills would amend the Michigan Liquor Control Code to revise provisions concerning micro brewers and brewpubs.

House Bill 4709 (S-1) would change the definition of "micro brewer". Currently, a micro brewer is a brewer that produces less than 30,000 barrels of beer per year and that may sell the beer to consumers at the licensed brewery premises for consumption on or off the premises. Under the bill, a micro brewer would be a brewer that produced less than 60,000 barrels of beer per year for sale to consumers at the licensed brewery premises for consumption on or off the premises and to retailers as provided in Section 203 (which Senate Bill 650 would amend to allow micro brewers to sell to retailers if certain conditions were met).

House Bill 4710 (S-1) would allow a brewpub to have an interest in up to five other brewpubs if the combined production of all locations did not exceed 18,000 barrels of beer per year. This would revise a provision that allows a brewpub to have an interest in up to two other brewpubs, if the combined production of all the locations in which the brewpub has an interest does not exceed 5,000 barrels of beer per calendar year.

House Bill 4711 (S-4) would allow a brewer not licensed as a micro brewer to sell its beer for on-premises consumption at up to two locations on its licensed brewery premises, rather than at just one location. The bill also would allow micro brewers to sell beer for on-premises consumption at multiple licensed locations.

The Code allows a brewer that is not licensed as a micro brewer to sell its beer for on-premises consumption at not more than one location in Michigan that is on any of its licensed brewery premises. Under the bill, such a brewer could sell its beer for on-premises consumption at not more than two locations in Michigan that were on any of its licensed brewery premises where the brewer engaged in the production of beer. Also, under the bill, a licensed micro brewer that produced less than 30,000 barrels of beer per year could sell it for on-premises consumption at any location in Michigan on any of its licensed brewery premises where the micro brewer engaged in the production of the beer. A licensed micro brewer that produced 30,000 barrels of beer or more per year could sell its beer for on-premise consumption at not more than three Michigan locations on any of its licensed brewery premises where the micro brewer engaged in the production of beer.

Subject to the provisions described above, if a brewer or micro brewer had more than one licensed brewery premises, it could sell beer that it produced at one licensed brewery for on-premises consumption at any of its other licensed brewery premises.

The bills are tie-barred to each of the other bills and to Senate Bills 504, 505, 506, 507, and 650.

MCL 436.1109 (H.B. 4709)
436.1603 (H.B. 4710)
436.1411 (H.B. 4711)

Legislative Analyst: Patrick Affholter

FISCAL IMPACT

House Bill 4709 (S-1) would have a minor, but likely positive, fiscal impact on the Department of Licensing and Regulatory Affairs and State General Fund/General Purpose revenue, and no fiscal impact on local units of government. The bill would increase the number of barrels of beer that micro brewers may produce in a year from 30,000 to 60,000. Under current law, micro brewer license-holders pay a \$50 annual license fee for the first 15,000 barrels and \$50 for every 1,000 barrels produced thereafter, for an implicit annual maximum fee of \$800 for a microbrewery that produces 30,000 barrels. The bill would raise this implicit maximum fee to \$2,300 for a micro brewer that produced the 60,000-barrel maximum under the bill. As of June 2013, there were 92 micro brewer licenses active in the State. It is unknown how many of these micro brewers produce near the current maximum allowed. To the extent that the bill would allow micro brewers at or near the current maximum to expand production, the bill could result in additional license revenue. Assuming that any beer produced under the new maximum established in the bill was sold to a wholesaler in Michigan, the bill also could generate additional beer excise tax revenue at the rate of \$6.30 per barrel. All beer excise tax revenue is credited to the State's General Fund.

House Bill 4710 (S-1) would have a minor, but likely positive, fiscal impact on State General Fund/General Purpose revenue, and no fiscal impact on local units of government. To the extent that allowing brewpubs to operate additional locations and produce more beer caused brewpubs to sell more beer, the bill could generate additional beer excise tax revenue at the rate of \$6.30 per barrel. All beer excise tax revenue is credited to the State's General Fund.

House Bill 4711 (S-4) would have no fiscal impact on State or local government.

Date Completed: 3-10-14

Fiscal Analyst: Josh Sefton

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.