

HOUSE BILL No. 5226

August 4, 2009, Introduced by Reps. Nerat, Leland, Sheltroun, Lahti, McDowell, Lindberg, Bauer, Cushingberry, Constan, Slavens, Huckleberry, Liss, Neumann and Valentine and referred to the Committee on Regulatory Reform.

A bill to amend 1998 PA 58, entitled
"Michigan liquor control code of 1998,"
by amending section 603 (MCL 436.1603), as amended by 2009 PA 2.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 603. (1) Except as provided in subsections (6) to ~~(12)~~
2 (13) and section 605, a manufacturer, mixed spirit drink
3 manufacturer, warehouser, wholesaler, outstate seller of beer,
4 outstate seller of wine, outstate seller of mixed spirit drink, or
5 vendor of spirits shall not have any financial interest, directly
6 or indirectly, in the establishment, maintenance, operation, or
7 promotion of the business of any other vendor.

8 (2) Except as provided in subsections (6) to ~~(12)~~-(13) and
9 section 605, a manufacturer, mixed spirit drink manufacturer,

1 warehouse, wholesaler, outstate seller of beer, outstate seller of
2 wine, outstate seller of mixed spirit drink, or vendor of spirits
3 or a stockholder of a manufacturer, mixed spirit drink
4 manufacturer, warehouse, wholesaler, outstate seller of beer,
5 outstate seller of wine, outstate seller of mixed spirit drink, or
6 vendor of spirits shall not have an interest by ownership in fee,
7 leasehold, mortgage, or otherwise, directly or indirectly, in the
8 establishment, maintenance, operation, or promotion of the business
9 of any other vendor.

10 (3) Except as provided in subsections (6) to ~~(12)~~-(13) and
11 section 605, a manufacturer, mixed spirit drink manufacturer,
12 warehouse, wholesaler, outstate seller of beer, outstate seller of
13 wine, outstate seller of mixed spirit drink, or vendor of spirits
14 shall not have an interest directly or indirectly by interlocking
15 directors in a corporation or by interlocking stock ownership in a
16 corporation in the establishment, maintenance, operation, or
17 promotion of the business of any other vendor.

18 (4) Except as provided in subsections (6) to ~~(12)~~-(13) and
19 section 605, a person shall not buy the stocks of a manufacturer,
20 mixed spirit drink manufacturer, warehouse, wholesaler, outstate
21 seller of beer, outstate seller of wine, outstate seller of mixed
22 spirit drink, or vendor of spirits and place the stock in any
23 portfolio under an arrangement, written trust agreement, or form of
24 investment trust agreement and issue participating shares based
25 upon the portfolio, trust agreement, or investment trust agreement,
26 and sell the participating shares within this state.

27 (5) The commission may approve a brandy manufacturer to sell

1 brandy made by that brandy manufacturer in a restaurant for
2 consumption on or off the premises if the restaurant is owned by
3 the brandy manufacturer or operated by another person under an
4 agreement approved by the commission and is located on the premises
5 where the brandy manufacturer is licensed. Brandy sold for
6 consumption off the premises under this subsection shall be sold at
7 the uniform price established by the commission.

8 (6) THE COMMISSION SHALL ISSUE A WINE MAKER LICENSE TO A
9 HOLDER OF A CLASS C LICENSE UNDER THE FOLLOWING CIRCUMSTANCES:

10 (A) THE APPLICANT IS LOCATED IN A COUNTY WITH A POPULATION OF
11 NOT MORE THAN 40,000, AT THE TIME OF APPLICATION.

12 (B) THE COUNTY WITHIN WHICH THE APPLICANT PROPOSES TO CONDUCT
13 BUSINESS AS A WINE MAKER HAS, AT THE TIME OF APPLICATION, AN
14 UNEMPLOYMENT RATE OF AT LEAST 7.0% AS VERIFIED BY THE RECORDS OF
15 THE DEPARTMENT OF ENERGY, LABOR, AND ECONOMIC GROWTH.

16 (C) THE APPLICANT SUBMITS PLANS TO THE COMMISSION
17 DEMONSTRATING THAT THE PROPOSED WINE MANUFACTURING OPERATION WILL
18 HAVE SEPARATE LICENSED PREMISES.

19 (D) THE APPLICANT SUBMITS A DULY AUTHORIZED RESOLUTION FROM
20 THE COUNTY COMMISSION HAVING JURISDICTION OVER THE PROPOSED WINE
21 MANUFACTURING OPERATION APPROVING THE GRANT OF THE APPLICATION.

22 (7) ~~(6)~~—The commission shall allow a small distiller to sell
23 brands of spirits it manufactures for consumption on the licensed
24 premises at that distillery.

25 (8) ~~(7)~~—A brewpub may have an interest in up to 2 other
26 brewpubs so long as the combined production of all the locations in
27 which the brewpub has an interest does not exceed 5,000 barrels of

1 beer per calendar year.

2 (9) ~~(8)~~—This section does not prohibit a supplier from having
3 any interest, directly or indirectly, in any other supplier.

4 (10) ~~(9)~~—The commission may approve the following pursuant to
5 R 436.1023(3) of the Michigan administrative code, subject to the
6 written approval of the United States department of treasury,
7 bureau of alcohol and tobacco tax and trade:

8 (a) A wine maker participating with 1 or more wine makers in
9 an alternating proprietor operation in accordance with 27 CFR part
10 24, subpart D, section 24.136.

11 (b) A brewer participating with 1 or more brewers in an
12 alternating proprietor operation in accordance with 27 CFR part 25,
13 subpart F, section 25.52.

14 (11) ~~(10)~~—A manufacturer is prohibited from having any
15 interest, directly or indirectly, in a wholesaler.

16 (12) ~~(11)~~—A wine maker is prohibited from collectively
17 delivering wine, with any other wine maker, to retail licensees.

18 (13) ~~(12)~~—As used in this section:

19 (a) "Manufacturer" means, notwithstanding section 109(1), a
20 wine maker, small wine maker, brewer, micro brewer, manufacturer of
21 spirits, small distiller, brandy manufacturer, and mixed spirit
22 drink manufacturer.

23 (b) "Supplier" means a manufacturer, mixed spirit drink
24 manufacturer, outstate seller of beer, outstate seller of wine,
25 outstate seller of mixed spirit drink, and vendor of spirits.