

HOUSE SUBSTITUTE FOR
SENATE BILL NO. 329

A bill to amend 1998 PA 58, entitled
"Michigan liquor control code of 1998,"
by amending section 605 (MCL 436.1605).

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 605. (1) A brewer, **WINE MAKER, DISTILLER, BRANDY**
2 **MANUFACTURER**, or the parent company, a subsidiary or an affiliate
3 of a brewer, **WINE MAKER, DISTILLER, OR BRANDY MANUFACTURER** which
4 parent company, subsidiary, or affiliate is located in this state
5 may acquire, develop, sell, lease, finance, maintain, operate, or
6 promote real property occupied or to be occupied by another vendor,
7 except a wholesaler, if all of the following exist:

8 (a) The brewer, **WINE MAKER, DISTILLER, OR BRANDY MANUFACTURER**
9 has received written approval of the commission before entering

1 into any arrangement or contract between the parties regarding the
2 real property.

3 (b) The legislative body of the city, village, or township
4 where the property is located certifies to the commission that the
5 real property is in an urban, commercial, or community
6 redevelopment area. ~~and is designated as such by a state or federal~~
7 ~~agency.~~

8 (c) Any arrangement or contract entered into between the
9 brewer, **WINE MAKER, DISTILLER, BRANDY MANUFACTURER**, its parent
10 company, subsidiary, or affiliate and another vendor shall not
11 directly or indirectly influence or control the brand of alcoholic
12 liquor sold or to be sold by the vendor and shall only be concerned
13 with real property.

14 **(D) THE BREWER, WINE MAKER, DISTILLER, BRANDY MANUFACTURER,**
15 **ITS PARENT COMPANY, SUBSIDIARY, OR AFFILIATE HAS NOT ACQUIRED,**
16 **DEVELOPED, SOLD, LEASED, FINANCED, OR MAINTAINED, OPERATED, OR**
17 **PROMOTED MORE THAN 7 REAL PROPERTIES THAT ARE OCCUPIED OR TO BE**
18 **OCCUPIED BY ANOTHER VENDOR, EXCEPT A WHOLESALER.**

19 (2) The commission may deny or approve an arrangement or
20 contract to be entered into under this section. In denying or
21 approving an arrangement or contract, the commission shall consider
22 all of the following:

23 (a) That the arrangement or contract to be entered into is
24 concerned only with real property.

25 (b) That the certification required under subsection (1)(b)
26 has been received by the commission.

27 (c) That the arrangement or contract does not violate this act

1 or the rules promulgated under this act.

2 (3) The commission may review any arrangement or contract
3 under this section at the time that 1 of the parties to the
4 arrangement or contract applies for or renews a license. The
5 commission may deny, revoke, or suspend the license of a party to
6 the arrangement or contract if the commission finds that the party
7 to the arrangement or contract has violated this act or the rules
8 promulgated under this act.

9 (4) Except as otherwise provided in subsection (5), a
10 wholesaler shall not be a party to, directly or indirectly, an
11 arrangement or contract under this section.

12 (5) A manufacturer, mixed spirit drink manufacturer,
13 warehouser, wholesaler, authorized distribution agent, outstate
14 seller of beer, outstate seller of wine, outstate seller of mixed
15 spirit drink, or vendor of spirits may acquire, develop, sell,
16 lease, finance, maintain, operate, or promote a condominium project
17 or own a condominium unit as its sole property, under the
18 condominium act, 1978 PA 59, MCL 559.101 to ~~559.275~~, **559.276**, if
19 that condominium unit is not the licensed premises owned separately
20 by a retailer and if all of the following apply:

21 (a) Condominium assessments in the condominium project are
22 based on the proportional area each condominium unit has to the
23 total area.

24 (b) A condominium unit operating as a licensed premises
25 operates under a separate name from the condominium project except
26 that cooperative advertising shall be permitted among owners of
27 condominium units for the purpose of promoting the condominium

1 project if the name of a brand or brands of an alcoholic liquor is
2 not mentioned in the advertising.

3 (c) Ownership of a condominium unit and participation in a
4 condominium association under this section is not considered a
5 financial interest, interest by ownership, or interest by
6 interlocking directors on stock ownership prohibited by section
7 603.

8 (d) A retailer separately owning a separate condominium unit
9 as sole property does not directly purchase alcoholic liquor from
10 the manufacturer, warehouse, wholesaler, outstate seller of mixed
11 spirit drink, or vendor of spirits who owns, leases, maintains,
12 finances, or operates the condominium project.

13 (e) A wholesaler ~~who~~ **THAT** has a direct or indirect interest in
14 a condominium unit in which a retailer is located does not sell
15 alcoholic liquor to any licensed retail business in which that
16 retailer, or any person having an ownership interest in that
17 retailer, has an ownership interest; and, a retail licensed
18 business in which that retailer, or any person having an ownership
19 interest in that retailer, has an ownership interest does not
20 purchase alcoholic liquor from a wholesaler ~~who~~ **THAT** has a direct
21 or indirect interest in a condominium or condominium unit in which
22 that retailer is located.

23 (f) A retailer acquiring a separate condominium unit as sole
24 property pays the fair market value for the unit.

25 (6) Subsection (5) does not apply to a manufacturer, mixed
26 spirit drink manufacturer, warehouse, wholesaler, authorized
27 distribution agent, outstate seller of beer, outstate seller of

1 wine, outstate seller of mixed spirit drink, or vendor of spirits
2 with a direct or indirect interest in a license under the Michigan
3 gaming control and revenue act, ~~the Initiated Law of 1996 IL 1~~, MCL
4 432.201 to ~~432.216~~.**432.226**. Subsection (5) does not prohibit a
5 direct physical connection between a condominium unit ~~which~~**THAT** is
6 the licensed premises and a condominium unit ~~which~~**THAT** is not the
7 licensed premises.

8 Enacting section 1. This amendatory act does not take effect
9 unless all of the following bills of the 97th Legislature are
10 enacted into law:

- 11 (a) Senate Bill No. 504.
- 12 (b) Senate Bill No. 505.
- 13 (c) Senate Bill No. 506.
- 14 (d) Senate Bill No. 507.
- 15 (e) Senate Bill No. 650.
- 16 (f) House Bill No. 4277.
- 17 (g) House Bill No. 4709.
- 18 (h) House Bill No. 4710.
- 19 (i) House Bill No. 4711.