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Senate Bills 586 through 588 (as introduced 10-15-19)
Sponsor: Senator Jeremy Moss
Committee: Regulatory Reform

Date Completed: 10-29-19

CONTENT

Senate Bill 586 would amend the Michigan Liquor Control Code to do the following:

- **Allow the Michigan Liquor Control Commission (MLCC) to issue a special license to a qualified organization conducting a spirits tasting.**
- **Prohibit a holder of a special license from allowing more than six events per calendar year conforming to the requirements listed under the bill.**
- **Allow a holder of a special license to purchase the spirits for an event, and receive a rebate on the purchase of spirits subject to certain provisions.**
- **Require the special licensee to submit its request for a rebate on a form prescribed by the MLCC.**

Senate Bill 587 would amend the Michigan Liquor Control Code to allow a vendor of spirits to provide a special licensee with certain brand logoed material and equipment.

Senate Bill 588 would amend the Michigan Liquor Control Code to specify that a specially designated distributor that sold spirits to a special licensee that was authorized by the MLCC to sell spirits could refund the special licensee for the return of an unopened bottle.

Senate Bill 586 is tie-barred to Senate Bill 588.

Senate Bill 586

Under the bill, the MLCC could issue a special license to a qualified organization conducting a spirits tasting. The application would have to conform to all of the following:

- Be submitted by a qualified organization.
- The spirits tasting involved an event having for its primary purpose the showcasing of spirits and the spirits' production and/or mixability.
- Be accompanied by a fee of \$25 per day of the event.

"Spirits tasting" would mean an event at which spirits are showcased to the general public and at which the general public can purchase and sample the spirits being showcased for consumption on the licensed premises.

The special license holder could not allow more than six events per calendar year conforming to the requirements listed above.

A holder of a special license could purchase the spirits for a spirit tasting event under 436.582 of the Michigan Administrative Code. The holder could receive a rebate on the purchase of spirits subject to all of the following:

- The rebate would have to be the difference of the purchase price the special licensee paid to the specially designated distributor and the sum of a formula prescribed under the bill.
- The special licensee would have to submit one combined request for a rebate by March 1 of each year for all spirit tasting events for which it was issued a special license in the previous calendar year.
- By June of each year, the MLCC would have to issue a combined rebate to the special licensee for each of the events in the previous calendar year for which the special licensee submitted a request for a rebate.

(Rule 12 (R 436.582) allows a special license to purchase spirits from a licensed specially designated distributor at the uniform price set by the MLCC.)

In addition, the special licensee would have to submit its request for a rebate on a form prescribed by the MLCC, and would have to include all of the following information with its request:

- The date or dates of the spirits tasting events for which a rebate was requested.
- The name and license number of the specially designated distributor from which the spirits were purchased.
- The purchase price paid per bottle to the specially designated distributor.
- The quantity of bottles purchased less any bottles returned under Section 609d of the Michigan Liquor Control Code (which Senate Bill 588 would create).
- A copy of the receipt or invoice that showed the price it paid for the spirits to the specially designated distributor and any products returned under Section 609d.

"Qualified organization" would mean a nonprofit association established for the primary purpose of representing the interests of vendors of spirits, craft distillers, and brokers whose membership includes at least 15 primary members and consists of at least three of the following that are licensed by the MLCC:

- Vendors of spirits.
- Small distillers.
- Brokers.
- Authorized distribution agents.

A special license holder and member vendors of spirits, small distillers, authorized distribution agents, and brokers whose vendor representatives, salespeople, or agents are licensed by the Commission, could pour and serve spirits, with or without mixers.

Senate Bill 587

Under the bill, a vendor of spirits could provide a special licensee with any of the following:

- A brand logoed tent for use by the licensee during the effective period of the special license.
- A brand logoed temporary platform for use by the licensee during the effective period of the special license.
- A brand logoed trailer for use by the licensee during the effective period of the special license.

"Temporary platform" would mean a preestablished platform that is exclusively used to serve, dispense, or mix drinks upon, including any refrigeration equipment or mixing equipment.

Senate Bill 588

Under the bill, a specially designated distributor that sold spirits to a special licensee that was authorized by the MLCC to sell spirits could refund the special licensee for the return of an unopened bottle in the same amount that the special licensee paid for the spirits, less any of the specially designated distributor's credit card transaction fees incurred from the sale, if the bottle were without damage to the exterior that would prevent the salability of the bottle.

Proposed MCL 436.2028 (S.B. 586)
MCL 436.1609e (S.B. 587)
MCL 436.1609d (S.B. 588)

Legislative Analyst: Drew Krogulecki

FISCAL IMPACT

Senate Bill 586

The bill would have a minor negative fiscal impact on State government and no fiscal impact on local units of government. Under the bill, the Michigan Liquor Control Commission would receive fee revenue from special licenses. The fee for this license would be \$25 per day for each event. A license holder would be allowed to hold up to six events per year. The number of organizations that would be able to obtain the license is relatively small. As a result the overall increase in revenue would be minimal.

The bill would allow special licensees to receive a rebate from the Commission for spirits according to a set formula. The rebate would decrease the amount of revenue going to the Liquor Purchase Revolving Fund. The balance of this Fund is deposited into the General Fund at the close of the fiscal year. As a result, the bill could result in a decrease in General Fund revenues over time. However, the number of licensees and the number of rebates likely would be small and would have only a minor negative fiscal impact.

The administrative costs associated with this licensing and the revenue generated by these special licenses would not have a significant fiscal impact on the Commission.

Senate Bills 587 & 588

The bills would have no fiscal impact on State or local government.

Fiscal Analyst: Elizabeth Raczkowski

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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.