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BILL ANALYSIS



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Senate Bill 141 (as enacted)
Senate Bill 142 (as enacted)
Senate Bill 143 (as enacted)
Senate Bill 144 (as enacted)
Sponsor: Senator Wayne Schmidt (S.B. 141)
Senator Winnie Brinks (S.B. 142)
Senator Jeremy Moss (S.B. 143)
Senator Curtis S. VanderWall (S.B. 144)
Senate Committee: Regulatory Reform
House Committee: Regulatory Reform

PUBLIC ACT 16 of 2021
PUBLIC ACT 17 of 2021
PUBLIC ACT 18 of 2021
PUBLIC ACT 19 of 2021

Date Completed: 3-23-23

CONTENT

Senate Bill 141 amended the Michigan Liquor Control Code to do the following:

- Revise provisions pertaining to a retailer who holds a specially designated merchant (SDM) license to refer to a *qualified* retailer and define "qualified retailer".
- Allow a qualified retailer that holds a specially designated distributor (SDD) license to use a common carrier to deliver spirits to a consumer.
- Require a qualified retailer that has been issued licenses at two or more locations to fulfill the shipment of beer, wine, mixed spirit drink, or spirits from the location nearest to the consumer unless that location does not have the item ordered in stock.
- Require a direct shipper that sells, delivers, or imports wine to a consumer and is a wine manufacturer to direct ship only the wine it has manufactured and registered with the Michigan Liquor Control Commission (MLCC), wine purchased from another wine manufacturer and registered with the MLCC, or labeled shiners from another manufacturer and registered with the MLCC.
- Modify the definition of "direct shipper".
- Prohibit a wine maker or wine manufacturer that holds a direct shipper license from holding a license in another state that was the substantial equivalent to a retailer license.
- Allow a qualified small distiller to sell and deliver spirits to a retailer licensed to purchase and sell spirits in the State, if certain conditions were met, and define "qualified small distiller".

Senate Bill 142 amended the Michigan Liquor Control Code to allow a mixed spirit drink manufacturer or an out-of-State entity that is the substantial equivalent of a mixed spirit drink manufacturer to sell and deliver mixed spirit drink that it manufactures to a retailer in the State if certain conditions are met.

Senate Bill 143 amended Section 609 of the Liquor Control Code to modify references to "licensee" or "retail licensee" to refer instead to "retailer".

Senate Bill 144 amended the Michigan Liquor Control Code to do the following:

- **Modify the definition of "mixed spirit drink" and other terms and definitions.**
- **Require certain licensees to pay \$50 for each motor vehicle used for delivery of alcoholic liquor.**
- **Allow a supplier to take certain actions, including advertising the name and location of a retailer, to assist a consumer seeking to have an alcoholic beverage sold by the supplier delivered or direct shipped to the consumer's home or allowed designated location by a retailer, if certain conditions are met.**
- **Apply various requirements pertaining to the supply and retail sale of wine to mixed spirit drink.**

The bills took effect August 23, 2021.

Senate Bill 141

Section 203(1) of the Code specifies that, except as otherwise provided, a person may not sell, deliver, or import alcoholic liquor, including alcoholic liquor for personal use, in the State unless the sale, delivery, or importation is made by the MLCC, the Commission's authorized agent or distributor, an authorized distribution agent approved by order of the Commission, a person licensed by the Commission, or by prior written order of the Commission.

For the purposes of Section 203(1), the Act formerly allowed a retailer that held an SDM license located in the State to use a common carrier to deliver wine to a consumer in the State. The bill amended these provisions to refer to a *qualified* retailer. The bill allows a qualified retailer that holds an SDM license also to deliver beer and mixed spirits. The bill also allows a qualified retailer that holds an SDD licensed located in Michigan to use a common carrier to deliver spirits to consumers in Michigan.

Under the bill, "qualified retailer" means a retailer licensed to sell alcoholic liquor for consumption off the premises that complies with all of the following: a) the retailer maintains physical licensed premises are open to the general public for face-to-face sales transactions of alcoholic liquor, packaged food, or other products to consumers; b) at least 25% of the retailer's annual gross sales of alcoholic liquor must be from face-to-face transactions with consumers unless the retailer's physical licensed premises are under 15,000 square feet; and c) the retailer holds and maintains a retail food establishment license, or an extended retail food establishment license, issued under the Food Law.

The Act required a retailer that used a common carrier to deliver wine to a consumer to comply with enumerated requirements, e.g., to pay applicable taxes and to make available to the Commission any document used to verify the age of the individual ordering or receiving the wine from the retailer. Under the bill, these requirements would apply to a qualified retailer that uses a common carrier to deliver beer, wine, mixed spirit drink, or spirits to a consumer. In addition, a qualified retailer that uses a common carrier to deliver beer, wine, mixed drink spirits, or spirits to a consumer must comply with all of these requirements. In addition, for a qualified retailer that has been issued licenses at two or more locations, the shipment of beer, wine, mixed spirit drink, or spirits must be fulfilled from the location nearest to the consumer unless that location does not have the order in stock.

Direct Shipper

The Code allows a direct shipper to sell, deliver, or import wine to consumers in Michigan by means of a mail order or electronic means or to sell directly to a consumer on the winery

premises. A direct seller that does sell, deliver, or import wine to a consumer must comply with the requirements specified in the Code.

Under the bill, a direct shipper that is an out-of-State wine manufacturer may direct ship only the wine that it has manufactured and registered with the MLCC, wine purchased from another wine manufacturer and further manufactured or bottled and registered with the MLCC, or labeled shiners purchased from another manufacturer in compliance with Section 204a and registered with the MLCC. (This applies to a direct shipper that is a wine manufacturer that is located in the US, but not in Michigan, and holds a Federal basic permit issued by the Alcohol and Tobacco Tax and Trade Bureau of the United States Department of Treasury and a license to manufacture wine in its state of domicile.)

The Code defined "direct shipper" as a person who sells, deliver, or imports wine to consumers in Michigan, that he or she produces and bottles or wine that is manufactured by a wine maker for another wine maker and that is transacted or caused to be transacted through the use of any mail order, internet, telephone, computer, device, or other electronic means, or sells directly to consumers on the winery premises.

Instead, under the bill, "direct shipper" means either of the following:

- A wine manufacturer that sells, deliver, or imports wine it has manufactured, bottled, and registered with the MLCC, to Michigan consumers that is transacted or caused to be transacted through the use of any mail order, internet, telephone, computer, device, or other electronic means, or sells directly to consumers on the winery premises.
- A wine manufacturer that purchases wine from another wine manufacturer and further manufactures or bottles the wine and registers the wine with the MLCC and sells the wine to Michigan consumers that is transacted or caused to be transacted through the use of any mail order, internet, telephone, computer, device, or other electronic means, or sells directly to consumers on the winery premises.

The Code specifies that only specified entities qualify for the issuance of a direct shipper license. This includes a wine maker and, formerly, a wine producer and bottler located inside the country but outside of Michigan holding both a Federal basic permit issued by the Alcohol and Tobacco Tax and Trade Bureau of the US Department of Treasury and a license to manufacture wine in its state of domicile. The bill refers to a *wine manufacturer* instead of a *wine producer and bottler*.

The Code specifies that a retailer that holds a, SDM license, a brewpub, a micro brewer, or an out-of-state entity that is the substantial equivalent of a brewpub or micro brewer may deliver beer and wine to the home or other designated location of a consumer under certain conditions. The bill allows these entities to deliver mixed spirit drinks in the same manner as allowed by the license that the retailer holds, if the same conditions are satisfied.

Third-Party Facilitator

The Code allows a retailer that holds an SDM license to use a third-party that provides delivery service to municipalities in the State surrounded by water and inaccessible by motor vehicle to deliver beer and wine to the home or other designated location of that consumer if the service is approved by the Commission. The bill allows a retailer described above to deliver mixed spirit drinks in the manner described above.

The bill allows a qualified retailer that holds a SDM license located in the State to use a third-party facilitator by means of the internet or mobile application to facilitate the sale of beer, wine, or mixed spirit drink to be delivered to the home or designated location of a consumer

and a third-party facilitator service may deliver beer, wine, or mixed spirit drink to a consumer on behalf of a qualified retailer that holds an SDM license located in the State if all the following conditions are met:

- If the third-party facilitator service delivers beer, wine, or mixed spirit drink under this provision, it verifies that the individual accepting the delivery is at least 21 years of age.
- A manufacturer, warehouser, wholesaler, outstate seller of beer, outstate seller of wine, supplier of spirits, or outstate seller of mixed spirit drinks does not have a direct or indirect interest in the third-party facilitator service.
- A manufacturer, warehouser, wholesaler, outstate seller of beer, outstate seller of wine, supplier of spirits, or outstate seller of mixed spirit drinks does not aid or assist a third-party facilitator service by gift, loan of money or property of any description, or other valuable thing, and a third-party facilitator service does not accept the same.
- The qualified retailer or consumer pays the fees associated with deliveries provided for under this provision.
- The third-party facilitator service offers services for all brands available at the retail location.

The Code formerly referred to retailer, and these provisions applied only to the delivery of beer or wine.

The Code prohibits a third-party facilitator from delivering beer, wine, or spirits to a consumer by means of the internet or mobile application, unless the facilitator applies for and is granted a service license. The bill includes mixed spirit drinks in this provision.

The Code requires a third-party facilitator service that delivers beer, wine, or spirits to a consumer to submit quarterly reports that contain certain information to the Commission. The bill requires a third-party facilitator that delivers mixed spirit drinks also to submit the quarterly report.

Qualified Small Distiller

Under the bill, for purposes of Section 203(1), a qualified small distiller or an out-of-State entity that is the substantial equivalent of a qualified small distiller may sell and deliver spirits to a retailer licensed to purchase and sell spirits in the State if the following conditions are met:

- The spirits are sold and delivered by an employee of the distiller, not an agent, and are transported and delivered using a vehicle owned by the distiller.
- The distiller complies with applicable State and Federal law and applicable regulatory provisions of the Code and rules adopted by the MLCC under the Code, including those requirements related to employees who sell and deliver spirits to retailers, vehicles used to deliver spirits to retailers, State regulations including uniform pricing established by the MLCC, labeling and registration under the Administrative Code, and payment of taxes.
- The spirits are not listed in the State price book.

"Qualified small distiller" means a small distiller, or an out-of-State entity that is the substantial equivalent of a small distiller, that sells under 3,000 gallons of spirits per calendar year directly to retailers located in Michigan or out-of-State entities that are the substantial equivalent of retailers. If a small distiller or an out-of-State entity that is the substantial equivalent of a qualified small distiller manufactures spirits at more than one location, the total number of gallons of spirits sold to retailers or out-of-State entities that are the

substantial equivalent of retailers from all locations must be combined to determine the 3,000-gallon threshold.

Senate Bill 142

Under the bill, notwithstanding anything in this Code to the contrary, a mixed spirit drink manufacturer or an out-of-State entity that is the substantial equivalent of a mixed spirit drink manufacturer may sell and deliver mixed spirit drink that it manufactures to a retailer in this State only if all the following conditions are met:

- The retailer is not located in a sales territory for which the mixed spirit drink manufacturer or an equivalent out-of-State entity has granted exclusive sales rights to a wholesaler under the Code for the sale of any brand or brands of mixed spirit drink produced by the mixed spirit drink manufacturer or equivalent out-of-State entity.
- The mixed spirit drink is sold and delivered by an employee of the mixed spirit drink manufacturer or an equivalent out-of-State entity, not an agent, and is transported and delivered using a vehicle owned by the mixed spirit drink manufacturer or an equivalent out-of-State entity.
- The mixed spirit drink manufacturer or an equivalent out-of-State entity sells not more than 31,000 gallons of mixed spirit drink total per year.

In determining the 31,000-gallon threshold, all brands and labels of a mixed spirit drink manufacturer or the equivalent out-of-State entity, whether sold to a wholesaler or a retailer in this state or outside of this state, must be combined, and sales to consumers on the licensed premises of the mixed spirit drink manufacturer or the equivalent out-of-State entity are not included in determining the 31,000-gallon threshold.

In addition, a manufacturer or out-of-state entity as described above may act as described above if the mixed spirit drink manufacturer or out-of-State entity that is the substantial equivalent of a mixed spirit drink manufacturer complies with applicable State and Federal law and applicable regulatory provisions of the Code and rules promulgated by the Commission related to each of the following:

- Employees who sell and deliver mixed spirit drink to retailers.
- Vehicles used to deliver mixed spirit drink to retailers.
- Price schedules and temporary price reductions.
- Initiated Law 1 of 1976, which governs beverage container returns.
- Labeling and registration of mixed spirit drink.
- Payment of taxes.

Senate Bill 143

The Code allows a manufacturer, outstate seller, or vendor of spirits to provide brand logoed merchandise to an on-premises retailer and off-premises retailer to promote the brand and price of its products in compliance with Michigan Administrative Code. Among other requirements, the following apply to brand logoed merchandise:

- Brand logoed merchandise must not be given to the retailer or the retailer's employee or any other person for their personal use.
- The value of the brand logoed merchandise on display must not exceed \$200 per item.
- Brand logoed merchandise that a retailer could use in the daily operation of the retailer's business is prohibited.
- Brand logoed merchandise must not be more than 3,500 square inches in dimension.

-- Brand logoed merchandise must be owned by the manufacturer or supplier; ownership of brand logoed merchandise may not be transferred to the retailer, the retailer's employee, or any other person.

The bill refers to a retailer or retailer's employees instead of retail licensees and staff in the provisions above.

Senate Bill 144

Definitions

Under the Code, "approved tasting room" means a tasting room approved by the Commission. The bill specifies that a licensee with an approved tasting room is not a retail licensee as that term is used in the Code and the rules promulgated under this Code, except for specified sections.

The Code defines "class G-2 license" as a place licensed to sell at retail beer, and wine for consumption on the premises at a golf course having at least 18 holes that measure at least 5,000 yards and which license is issued only to a facility that permits member access by means of payments that include annual paid membership fees. The bill included in the definition a place licensed to sell at retail mixed spirit drink.

"Class A hotel" means a hotel licensed by the Commission to sell beer, and wine, for consumption on the premises only, that provides for the rental of, and maintains the availability for rental of, not less than 25 bedrooms if located in a local governmental unit with a population of less than 175,000 or not less than 50 bedrooms if located in a local governmental unit with a population of 175,000 or more. The bill included in the definition a hotel licensed to sell mixed spirit drink.

Formerly, "master distributor" meant a wholesaler that acts in the same or similar capacity as a brewer, wine maker, outstate seller of wine, or outstate seller of beer, for a brand or brands of beer, or wine, to other wholesalers on a regular basis in the normal course of business. Under the bill, the term means, except as otherwise provided, a wholesaler that acts in the same or similar capacity as a brewer, wine maker, mixed spirit drink manufacturer, outstate seller of wine, outstate seller of beer, or outstate seller of mixed spirit drink for a brand or brands of beer, wine, or mixed spirit drink to other wholesalers on a regular basis in the normal course of business.

"Mixed spirit drink" means a drink manufactured and packaged or sold by a mixed spirit drink manufacturer or sold by an outstate seller of mixed spirit drink to a wholesaler that contained 10% or less alcohol by volume and consisting of spirits mixed with nonalcoholic beverages or flavoring or coloring materials and that may contain water, fruit juices, fruit adjuncts, sugar, carbon dioxide, and preservatives. Under the bill, mixed spirit drink also may contain more than 10% and not more than 13.5% alcohol by volume consisting of spirits mixed with nonalcoholic beverages and flavoring or coloring materials and one or more of the ingredients listed above; in this circumstance the drink must be filled in a metal container that meets the following conditions:

- The container has the general shape and design of a can that has a liquid capacity that does not exceed 24 ounces.
- The container has a closure that is an integral part of the container.
- The container cannot be readily closed after opening.

The bill defines "outstate self-distributor" as a person located in another state that is the substantial equivalent of a micro brewer, small distiller, mixed spirit drink manufacturer, or

small wine maker licensed by the Commission to sell alcoholic liquor that the person manufactured outside the State directly to a retailer under sections the Code in accordance with rules promulgated by the Commission. An applicant for an outstate self-distributor license must submit a copy of its Federal basic permit or brewer's notice and its manufacturing license from the state of issuance.

The Code defines "specially designated merchant" as a person to whom the Commission grants a license to sell beer or wine at retail for consumption off the licensed premises. The bill includes a person to whom the Commission grants a license to sell mixed spirit drink at retail.

"Tavern" means any place licensed to sell at retail beer and wine for consumption on the premises only. Under the bill, the term includes any place licensed to sell at retail mixed spirit drink.

"Agreement" means any agreement between a wholesaler and a supplier, whether oral or written, whereby a wholesaler is granted the right to offer and sell a brand or brands of wine sold by a supplier. The bill includes the offer and sale of mixed spirit drink.

Wine & Mixed Spirit Regulation

The Code specifies that the purpose of Section 305 is to provide a structure for the business relations between a wholesaler of wine or mixed spirit drink and a supplier of wine of mixed spirit drink. Regulation in this area is considered necessary to maintain stability and healthy competition in the wine in the State; to promote and maintain a sound, stable, and viable three-tier distribution system of wine to the public; and to recognize the marketing distinctions between beer and wine.

The Code specifies that a supplier may not engage in any of a list of prohibited activities, including coercing, or attempting to coerce, a wholesaler to accept delivery of any wine or other commodity that has not been ordered by the wholesaler, or fixing, maintaining, or establishing the price at which a wholesaler must sell any wine. The bill also prohibits a supplier from engaging in those activities in the supplying of mixed spirit drink.

The Code prohibits a wholesaler from selling or delivering wine to a retail licensee located outside the sales territory designated by the supplier of a particular brand or brands of wine. The bill applies this prohibition to the sale or delivery of mixed spirit drink.

Under the Code, a supplier may terminate, cancel, not renew, or discontinue an agreement upon not less than 30 days' prior written notice if the supplier discontinues production or discontinues distribution in the State of all the brands sold by the supplier to the wholesaler. This does not prohibit a supplier upon not less than 30 days' notice from discontinuing the distribution of any particular brand or package of wine or from conducting test marketing of a new brand of wine or a brand of wine is not currently being sold in the State if the supplier has notified the Commission in writing of its plans to test market. The notice must describe the market area in which the test must be conducted, the name or names of the wholesaler or wholesalers who will be selling the wine, the name or names of the brand of wine being tested, and the period of time during which the testing will take place. A market testing period may not exceed 18 months. The bill applies these provisions to distribution, marketing, and sale of mixed spirit drink.

The Code specifies that a successor to a supplier that continues in business as a wine maker, an outstate seller of wine, or master distributor is bound by all terms and conditions of each agreement of the supplier with a wholesaler licensed in the State that were in effect on the

date on which the successor received the distribution rights of the previous supplier. Under the bill, this provision also applies to a mixed spirit drink manufacturer and an outstate seller of mixed spirit drink.

The Code requires a manufacturer, an outstate seller of wine, and a master distributor to grant to each of its wholesalers a sales territory within which the wholesaler is a distributor of the specified brand or brands of the manufacturer, outstate seller of wine, or master distributor under an agreement. The Code specifies that this requirement does not prohibit the following:

- A manufacturer of wine, an outstate seller of wine, or a master distributor from continuing or renewing an agreement with a wholesaler for a specified brand or brands for any county or part of a county where more than one wholesaler has an agreement with the manufacturer of wine, outstate seller of wine, or master distributor in effect on June 1, 2010, if the wholesaler had an agreement to distribute that specified brand or brands in that county or that part of a county and was a master distributor or was actively selling that brand or brands of wine to a retailer in that county or that part of a county on June 1, 2010.
- A wholesaler from selling or transferring the wholesaler's distribution rights or a manufacturer of wine, outstate seller of wine, or master distributor from approving the sale or transfer of a wholesaler's distribution rights to a specified brand or brands of wine for any county or part of a county to another wholesaler if the selling or transferring wholesaler, or any of its predecessors, had the right to distribute that brand or brands of wine in that county or part of that county and was actively selling that brand or brands to a retailer in that county or that part of a county on June 1, 2010, or was acting as a master distributor for that county or part of that county on June 1, 2010.

Under the bill, the requirement would not prohibit the above is they relate to a mixed spirit drink manufacturer or outstate seller of mixed spirit drink and mixed spirit drink.

"Master distributor" meant, notwithstanding specified sections of the Code, a wholesaler that acts in the same or similar capacity as a wine maker, wine manufacturer, or outstate seller of wine for a brand or brands of wine to other wholesalers on a regular basis in the normal course of business. Under the bill, the term means, notwithstanding specified sections of the Code, a wholesaler that acts in the same or similar capacity as a wine maker, wine manufacturer, outstate seller of wine, mixed spirit drink manufacturer, or outstate seller of mixed spirit drink for a brand or brands of wine or mixed spirit drink to other wholesalers on a regular basis in the normal course of business.

Tavern or Class C License

The Code prohibited the commission from issuing an SDM license, SDD license, or any other license that allows the sale of alcoholic liquor for consumption off the premises in conjunction with a license issued to a specific tavern or class C license or at the premises for which a license has been issued to a specific tavern or class C license. The bill deleted this provision.

License Fees

Except as otherwise provided, the Code requires certain license fees when the application is filed or as otherwise provided in the Code and are subject to allocation under Section 543, including the following:

- Outstate seller of mixed spirit drink, delivering or selling mixed spirit drink in the State, \$300.

- Mixed spirit drink manufacturer, \$100.

Wine makers, blenders, and rectifiers of wine, including makers, blenders, and rectifiers of wine containing 21% or less ABV, and small distillers, must pay a fee of \$100. Under the bill, these licensees must pay \$50 for each motor vehicle used for delivery of wine to a retailer.

The Code requires the following license fees:

- Specially designated merchants, for selling beer, or wine for consumption off the premises only but not at wholesale, \$100.00 for each location regardless of whether the location is part of a system or chain of merchandising.
- Hotels of class A selling beer, and wine a minimum fee of \$250 and \$1 for each bedroom in excess of 20, but not more than \$500 total.
- Taverns, selling beer, and wine, \$250.

The bill requires these entities to pay the prescribed fees for the selling of mixed spirit drink.

The bill prescribes the following license fees:

- For each motor vehicle used by a mixed spirit manufacturer for delivery of mixed spirit drink to retailers, \$50.
- For each motor vehicle used by a qualified small distiller for delivery to retailers, \$50.
- For an outstate self-distributor license, \$300.
- For each motor vehicle used by an outstate self-distributor for delivery of alcoholic liquor to retailers, \$50.

Vendors, Sale of Alcoholic Liquor

Under Section 537 of the Code, various classes of vendors may sell alcoholic liquor at retail, including, among others, the following:

- Taverns, where beer and wine may be sold for consumption on the premises only.
- Hotels of class A, where beer, and wine may be sold for consumption on the premises and in the rooms of bona fide registered guests. Hotels of class B where beer, wine, mixed spirit drink, and spirits may be sold for consumption on the premises and in the rooms of bona fide registered guests.
- Specially designated merchants, where beer and wine may be sold for consumption off the premises only.
- Motorsports event licensee, where beer and wine may be sold for consumption on the premises during sanctioned motorsports events only.

The bill includes references to the sale of mixed spirit drink in the provision above.

The Code specifies that an SDD where beer and mixed spirit drink may be sold for consumption off the premises only may sell alcoholic liquor at retail. The bill deleted the reference to mixed spirit drink.

Advertising

Under the bill, notwithstanding specified prohibitions on advertising and subject to the provision below, a supplier may take any of the following actions to assist a consumer seeking to have an alcoholic beverage sold by the supplier delivered or shipped to the consumer's home or designated location by a retailer as allowed under the Code:

- Advertise the name and location of all retailers that deliver or ship to a consumer the alcoholic beverages sold by the supplier.
- Provide a link to the website of each retailer that delivers or ships to a consumer the alcoholic beverages sold by the supplier.
- Transmit the consumer's order and payment information to the retailer that the consumer chooses to fulfill the customer's purchase and perform the delivery or shipment.

The bill prohibits a supplier from taking any action above unless the following conditions are met:

- The supplier and retailer do not provide or receive any other valuable thing in consideration for any action described above taken by the supplier.
- The supplier provides the consumer a list of retailers, from which the consumer selects, that will sell, deliver, or ship the alcoholic beverage to the consumer; the supplier may satisfy this condition by providing the consumer with a list of retailers located in the zip code or nearest zip codes to the consumer's location.

MCL 436.1203 (S.B. 141)
 436.1203b (S.B. 142)
 436.1609 (S.B. 143)
 436.1105 et al. (S.B. 144)

Legislative Analyst: Eleni Lionas

FISCAL IMPACT

The bills will have a negative fiscal impact on State government. The replacement of the 48-cents-per-liter tax on mixed spirits drinks with a 30-cents-per-liter tax will decrease revenue to the General Fund. The Michigan Liquor Control Commission estimates that this change will result in an annual loss of approximately \$400,000. The exact amount of lost revenue due to the change will depend upon the volume sold. This figure may increase if current consumption trends continue. The sale of canned cocktail items, however, will result in additional tax revenue. The amount cannot be estimated at this time, but it likely will partially offset this loss.

The Commission also likely will experience minor increased administrative costs associated with these changes.

The \$50 fee on motor vehicles used for delivery of wine by a small wine maker will go the Michigan Craft Beverage Council, housed in the Department of Agriculture and Rural Development.

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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.