

SENATE BILL No. 1624

November 12, 2008, Introduced by Senator SANBORN and referred to the Committee on Economic Development and 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 2008 PA 218.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 603. (1) Except as provided in ~~subsection~~**SUBSECTIONS** (6)
2 **TO (12)** 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 ~~subsection~~**SUBSECTIONS** (6) **TO (12)**
9 and section 605, a manufacturer, mixed spirit drink manufacturer,
10 warehouser, wholesaler, outstate seller of beer, outstate seller of

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

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

17 (4) Except as provided in ~~subsection~~**SUBSECTIONS (6) TO (12)**
18 and section 605, a person shall not buy the stocks of a
19 manufacturer, mixed spirit drink manufacturer, warehouse,
20 wholesaler, outstate seller of beer, outstate seller of wine,
21 outstate seller of mixed spirit drink, or vendor of spirits and
22 place the stock in any portfolio under an arrangement, written
23 trust agreement, or form of investment trust agreement and issue
24 participating shares based upon the portfolio, trust agreement, or
25 investment trust agreement, and sell the participating shares
26 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 allow a small distiller to sell
9 brands of spirits it manufactures for consumption on the licensed
10 premises at that distillery.

11 (7) A brewpub may have an interest in up to 2 other brewpubs
12 so long as the combined production of all the locations in which
13 the brewpub has an interest does not exceed 5,000 barrels of beer
14 per calendar year.

15 (8) THIS SECTION DOES NOT PROHIBIT ANY OF THE FOLLOWING:

16 (A) A SUPPLIER FROM HAVING ANY INTEREST, DIRECTLY OR
17 INDIRECTLY, IN ANY OTHER SUPPLIER.

18 (B) A WHOLESALER FROM HOLDING AN OUTSTATE SELLER OR WINE,
19 OUTSTATE SELLER OF BEER, OUTSTATE SELLER OF MIXED SPIRIT DRINK, OR
20 A WAREHOUSER LICENSE AS LONG AS THE LICENSE IS ISSUED TO THE SAME
21 LEGAL ENTITY AS THE WHOLESALE LICENSE.

22 (C) A WHOLESALER FROM HOLDING ANY INTEREST, DIRECTLY OR
23 INDIRECTLY, IN A VENDOR OF SPIRITS.

24 (9) THE COMMISSION MAY APPROVE THE FOLLOWING PURSUANT TO R
25 436.1023(3) OF THE MICHIGAN ADMINISTRATIVE CODE, SUBJECT TO THE
26 WRITTEN APPROVAL OF THE UNITED STATES DEPARTMENT OF TREASURY,
27 BUREAU OF ALCOHOL AND TOBACCO TAX AND TRADE:

1 (A) A WINE MAKER PARTICIPATING WITH 1 OR MORE WINE MAKERS IN
2 AN ALTERNATING PROPRIETOR OPERATION IN ACCORDANCE WITH 27 CFR PART
3 24, SUBPART D, SECTION 24.136.

4 (B) A BREWER PARTICIPATING WITH 1 OR MORE BREWERS IN AN
5 ALTERNATING PROPRIETOR OPERATION IN ACCORDANCE WITH 27 CFR PART 25,
6 SUBPART F, SECTION 25.52A.

7 (10) THE COMMISSION MAY APPROVE THE OPERATION OF AN OFF-SITE
8 TASTING ROOM BY 2 OR MORE WINE MAKERS UNDER THE PROVISIONS OF
9 SECTION 537(3).

10 (11) A MANUFACTURER IS PROHIBITED FROM HAVING ANY INTEREST,
11 DIRECTLY OR INDIRECTLY, IN A WHOLESALER.

12 (12) A WINE MAKER IS PROHIBITED FROM COLLECTIVELY DELIVERING
13 WINE, WITH ANY OTHER WINE MAKER, TO RETAIL LICENSEES.

14 (13) AS USED IN THIS SECTION:

15 (A) "MANUFACTURER" MEANS, NOTWITHSTANDING SECTION 109(1), A
16 WINE MAKER, SMALL WINE MAKER, BREWER, MICRO BREWER, MANUFACTURER OF
17 SPIRITS, SMALL DISTILLER, BRANDY MANUFACTURER, AND MIXED SPIRIT
18 DRINK MANUFACTURER.

19 (B) "SUPPLIER" MEANS A MANUFACTURER, MIXED SPIRIT DRINK
20 MANUFACTURER, OUTSTATE SELLER OF BEER, OUTSTATE SELLER OF WINE,
21 OUTSTATE SELLER OF MIXED SPIRIT DRINK, AND VENDOR OF SPIRITS.