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BILL ANALYSIS

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Senate Bill 202 (Substitute S-1 as reported)
Sponsor: Senator Alan Sanborn
Committee: Economic Development and Regulatory Reform

CONTENT

The bill would amend the Michigan Liquor Control Code to do all of the following:

-- Specify that the Code's prohibitions regarding business relationships between manufacturers, wholesalers, and vendors would not prohibit a supplier from having any interest in any other supplier.
-- Prohibit a manufacturer from having any interest in a wholesaler.
-- Prohibit two or more wine makers from collectively delivering wine to a retail licensee.
-- Allow the Liquor Control Commission (LCC) to approve alternating proprietor operations for a wine maker participating with one or more other wine makers and for a brewer participating with one or more other brewers, subject to State and Federal approval.

Section 603 of the Code prohibits manufacturers, wholesalers, warehousers, outstate sellers, and vendors from having an interest in the business of any other vendor. The bill specifies that Section 603 would not prohibit a supplier from having any interest, directly or indirectly, in any other supplier.

The bill would prohibit a manufacturer from having any direct or indirect interest in a wholesaler, and would prohibit a wine maker from collectively delivering wine, with any other wine maker, to retail licensees.

The bill would allow the LCC to approve either of the following pursuant to a State administrative rule prohibiting a licensee from leasing, selling, or transferring possession of a portion of a licensed premises without the prior written approval of the LCC, and subject to the written approval of the U.S. Department of Treasury, Bureau of Alcohol and Tobacco Tax and Trade:

-- A wine maker participating with one or more wine makers in an alternating proprietor operation in accordance with Federal regulations.
-- A brewer participating with one or more brewers in an alternating proprietor operation in accordance with Federal regulations.

MCL 436.1603 Legislative Analyst: Patrick Affholter

FISCAL IMPACT

The bill would increase the costs of the Liquor Control Commission within the Department of Energy, Labor, and Economic Growth by a minimal amount due to potential expenses for registering changes of ownership that the bill would permit. The LCC is funded by several restricted fund sources, including liquor license revenue and the liquor purchase revolving fund.

Date Completed: 2-11-09 Fiscal Analyst: Elizabeth Pratt/Maria Tyszkiewicz