

Legislative Analysis



TASTING AND SALE OF WINE AT FARMERS MARKETS

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Senate Bill 79 (Substitute S-7 as reported w/o amendment)

Sponsor: Sen. Goeff Hansen

House Committee: Regulatory Reform

Senate Committee: Regulatory Reform

Complete to 6-6-13

A SUMMARY OF SENATE BILLS 79 REPORTED FROM HOUSE COMMITTEE

Senate Bill 79 (S-7) would add a new Section 415 to the Liquor Control Code allow the Liquor Control Commission (LCC) to issue farmers market permits to qualified small wine makers to conduct wine tastings and sell the wine produced by the qualified small wine maker at retail at a farmers market.

Quota

Permits would be subject to a quota of one per county for each 1,500 of population or a fraction of 1,500.

Application fee

The bill would establish a \$25 application fee for each farmers market permit.

Multiple locations under a permit

Aside from the quota provisions, the LCC would be prohibited from limiting the number of permits a qualified small wine maker could obtain. However, each permit application could only contain up to five separate locations at one time. Permits would be non-transferable.

Local approval

Applicants would be required to provide documentation that the local police agency where the farmers market is located and the manager of the market had approved the proposed sampling and/or sales of wine.

Conduct of tastings and sales

Tastings and sales of wine under a farmers market permit would be limited to an exclusive area, in a manner prescribed by the LCC, which was under the control of the permit holder, and verified by the farmers market manager.

Tastings and sales would have to be conducted by employees of the permit holder who had successfully completed a server training program, as required in Section 906 of the Liquor Control Code. Wine sold or used for tastings would have to be provided from the stock of the permit holder and would have to be removed from the market premises immediately at the conclusion of the farmers market.

Tasting samples provided to a consumer could not exceed three servings of not more than two ounces of wine in a 24-hour period.

Development of annual application

The LCC would be required to develop an annual farmers market permit application that allows for the licensed activity being proposed in the bill. Applications would have to be verified by the market manager that the location listed on the application meets the definition as a farmers market under the bill.

Report

The LCC would be required to submit a report to the House and Senate committees concerned with issues involving liquor control and the House and Senate Fiscal Agencies within two years of the bill's enactment that assesses the continued issuance of farmer's market permits. The report would have to address all of the following: The number of permit applications received each year, the number of permit applications approved each year, and the number of permit applications approved in each county.

Enacting Section 1

The bill would take effect 60 days after being signed into law.

FISCAL IMPACT:

Senate Bills 79 would have a nominal, yet indeterminate, fiscal impact on the Liquor Control Commission (LCC) and local law enforcement agencies contingent on whether the \$25 fee for a Farmers Market Permit issued to Qualified Small Wine Makers is sufficient to cover the administrative costs of the LCC (which would receive \$10.25 per application) and local law enforcement agencies (which would receive \$13.75 per application) to review, approve or deny, and issue the permits.

BACKGROUND INFORMATION AND DISCUSSION:

Farmers markets have become increasingly popular as consumers seek out products that are locally grown and produced. According to the National Conference of State Legislatures, as of 2012, there were more than 7,800 farmers markets around the country, a more than 400% increase from 1994. Farmers markets offer a wide assortment of products for purchase, including locally grown produce, locally sourced meat, and baked goods. However, under current law, small wine makers, who are part of a growing industry in the state, cannot offer their products for sale at farmers markets.

The bill would allow small wine makers to obtain a permit to sell and offer tasting of wine at farmers markets. This would allow wine makers access to a growing customer base and provide consumers with an additional opportunity to purchase locally produced products. Under the bill, wine samples would be limited to three two-ounce servings in a 23-hour period and the permit would not be transferable.

During committee discussions, there was concern with how the sampling restrictions would be monitored and whether local governments would have input in the process of allowing wine makers to sell at farmers markets. Under the bill, a wine maker would have to obtain approval from the farmers market manager and the local police department prior to a permit being issued. It was suggested that the restrictions on wine sampling would be self-enforced. According to testimony, alcohol samples are permitted in other settings and have not resulted in any problems.

There was opposition to the idea of making alcohol more available. According to testimony, farmers markets have been identified as safe places that support individuals recovering from or currently struggling with alcohol addiction. Allowing wine to be sold at farmers markets could take away a safe setting and make recovery from alcohol addiction more difficult. Additionally, there was general opposition to the expansion of alcohol availability and increasing alcohol outlet density.

POSITIONS:

The Michigan Municipal League supports the bill. (5-21-13)

The Michigan Beer and Wine Wholesalers Association is neutral on the bill. (5-21-13)

The Michigan Liquor Control Commission is neutral on the bill. (5-21-13)

Michigan Alcohol Policy Promoting Health & Safety opposes the bill. (5-21-13)

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■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.