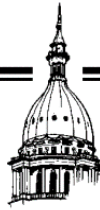




Senate Fiscal Agency
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BILL ANALYSIS



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Senate Bill 79 (Substitute S-7 as reported by the Committee of the Whole)
Senate Bill 279 (as reported without amendment)
Sponsor: Senator Goeff Hansen
Committee: Regulatory Reform

CONTENT

Senate Bill 79 (S-7) would amend the Michigan Liquor Control Code to provide for a farmer's market permit that would allow a qualified small wine maker to conduct wine tastings and sell wine at a farmer's market for consumption off the premises. "Qualified small wine maker" would mean a small wine maker, or an out-of-State entity that is the substantial equivalent of a small wine maker, that manufactures or bottles not more than 5,000 gallons of wine in one calendar year.

The Liquor Control Commission could issue an annual farmer's market permit to a qualified small wine maker as part of an approved license. The permit holder could conduct tastings and sell, at retail at a farmer's market, wine produced by that qualified small wine maker.

The Commission would have to charge an applicant a \$25 permit fee for each farmer's market location. The applicant would have to provide documentation that both the local police agency where the farmer's market was located and the farmer's market manager approved the proposed activity. A permit would be nontransferable.

The Commission could issue only one farmer's market permit in a county where the qualified small wine maker was located, for each 1,500 of population or fraction of 1,500 in that county. Notwithstanding this quota provision, the Commission could not limit the number of permits a qualified small wine maker obtained, but an applicant could not apply for more than five separate sites at one time. Current restrictions for sites within 500 feet of a church or school would not apply to these permits.

Permit holders would have to do the following:

- Limit tastings and sales to an exclusive area, in a manner prescribed by the Commission, under control of the permit holder, as verified by the farmer's market manager.
- Limit tasting samples per customer to three servings of two ounces or less of wine within a 24-hour period.
- Allow only employees who had completed a Commission-approved server training program to conduct tastings and sales.
- Provide wine for sales, or tastings, only from the stock of the permit holder.
- Remove wine sold or used for tastings from the premises immediately after the farmer's market had concluded.

The bill would prohibit wholesalers from conducting or participating in events relating to a farmer's market permit.

Two years after the enactment date of the bill, the Commission would have to submit a report to House of Representatives and Senate committees concerned with liquor control issues and to the House and Senate Fiscal Agencies. The report would have to include the following: the number of farmer's market permit applications received each year, the number of applications approved each year, and the number of applications approved in each county.

Senate Bill 279 would amend the Michigan Liquor Control Code to add to the classes of vendors who may sell alcohol at retail a small wine maker, or an out-of-State entity that was the substantial equivalent of a small wine maker, holding a farmer's market permit, where wine could be sampled and sold at a farmer's market for consumption off the licensed premises.

Senate Bill 79 (S-7) would take effect 60 days after its enactment, and Senate Bill 279 would take effect 90 days after its enactment. Senate Bill 279 is tie-barred to Senate Bill 79.

Proposed MCL 436.1415 (S.B. 79)
MCL 436.1537 (S.B. 279)

Legislative Analyst: Glenn Steffens

FISCAL IMPACT

The bills would have an indeterminate fiscal impact on the Department of Licensing and Regulatory Affairs and local units of government. Under the bills, qualified small wine makers would be allowed to obtain a permit to conduct tastings and sell at retail at farmer's markets. These permits would cost \$25 per location. Approximately half of the fee revenue would go to the Michigan Liquor Control Commission and the other half to local law enforcement through grants.

To the extent that the cost to issue the permits was less than the revenue received, the bills would have a positive fiscal impact on the Commission; the opposite is also true. Senate Bill 79 (S-7) would require the permits to be approved by local law enforcement. If revenue from the permits were greater than the cost to make approval decisions, the fiscal impact on local law enforcement departments would be positive. It is unknown at this time whether the cost of permit issuance and approval would exceed revenue received from the permits, so the fiscal impact is indeterminate.

Date Completed: 5-2-13

Fiscal Analyst: Josh Sefton

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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.