



Senate Fiscal Agency
P. O. Box 30036
Lansing, Michigan 48909-7536

BILL ANALYSIS



Telephone: (517) 373-5383
Fax: (517) 373-1986

Senate Bill 79 (as introduced 1-24-13)
Sponsor: Senator Goeff Hansen
Committee: Regulatory Reform

Date Completed: 3-14-13

CONTENT

The bill would amend the Michigan Liquor Control Code to provide for a farmer's market permit that would allow a small wine maker to conduct wine tastings and sell wine at a farmer's market for consumption off the premises.

The bill would take effect 90 days after it was enacted.

Permit Procedure

The Liquor Control Commission could issue a farmer's market permit to a small wine maker, or a substantially equivalent out-of-State entity. The permit holder could conduct tastings and sell, at retail at a farmer's market, wine produced by that small wine maker.

The Commission would have to create an application for an annual farmer's market permit. A farmer's market manager would have to verify on the application that the location listed on it qualified as a farmer's market.

The Commission would have to charge the applicant a \$25 permit fee for each farmer's market location.

The Commission could not limit the number of permits a small wine maker or substantially equivalent out-of-State entity obtained, but an applicant could not apply for more than five separate sites at one time. Restrictions for sites within 500 feet of a church or school (contained in Section 503) would not apply to these permits.

In order for the Commission to issue a permit, an 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.

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

Permit Conditions

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 course 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 immediately from the premises after the farmer's market had concluded.

Definitions

The bill would define "farmer's market" as a group of farmers or their designees or a variety of vendors, as determined by the farmer's market manager or his or her designee, who assembles on a recurring basis at a defined community sponsored or municipally sponsored location for the purpose of selling, directly to a consumer, food and products produced by those farmers or their representatives.

"Farmer's market manager" would mean the person responsible for enforcing the market policy and for the daily operation and management of the farmer's market.

The Code defines "small wine maker" as a wine maker manufacturing or bottling not more than 50,000 gallons of wine in one calendar year.

MCL 436.1537 et al.

Legislative Analyst: Glenn Steffens

FISCAL IMPACT

The bill would have an indeterminate fiscal impact on the Department of Licensing and Regulatory Affairs and local units of government. Under the bill, 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. 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 bill would have a positive fiscal impact on the Commission; the opposite is also true. Under the bill, local law enforcement would have to approve these permits. If revenue from the permits were greater than the cost to make approval decisions, the bill would have a positive fiscal impact on local law enforcement departments. 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.

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.