

Legislative Analysis



LIQUOR CONTROL CODE: SPIRITS AND SPECIAL LICENSES

Phone: (517) 373-8080
<http://www.house.mi.gov/hfa>

House Bill 6541 as introduced
House Bill 6543 as introduced
Sponsor: Rep. Brandt Iden

Analysis available at
<http://www.legislature.mi.gov>

House Bill 6542 as introduced
Sponsor: Rep. Curtis S. VanderWall

Committee: Regulatory Reform
Complete to 12-3-18

SUMMARY:

As a package, the bills would allow a specially designated distributor (SDD) to sell discounted spirits to a special licensee; allow a vendor of spirits to provide a special licensee with a brand-logoed tent, platform, or trailer for use during the special event; and create a special license for a qualified organization to conduct a spirits tasting.

Under the Michigan Liquor Control Code, nonprofit organizations may apply for up to 12 special licenses a year. The license, which is valid for one day, allows the charitable organization to sell beer, wine, mixed spirit drink, or spirits at retail for consumption on the premises only. In addition, a special license can be obtained that allows an organization to auction wine that has been donated to it and another that allows a nonprofit organization comprising brewers, microbrewers, and/or brewpubs to obtain up to six beer festival special licenses in a calendar year.

House Bill 6541 would add a new section to the Michigan Liquor Control Code to allow an SDD licensee who sells spirits to a special licensee authorized to sell spirits to offer those spirits at a discount. The discount would have to be from the 17% that is deducted from the sale price established by the Liquor Control Commission on the sale of alcohol made by the state liquor stores to SDDs and on-premises licensees (e.g., restaurants and bars).

The bill would also allow the SDD to refund the special licensee for an unopened bottle in the same amount that the special licensee paid for those spirits, but only if the bottle had no damage to the exterior that would prevent it from being resold. A restocking fee of up to 10% of the amount the special licensee paid for the spirits could be charged by the SDD. The restocking fee would be considered income for the SDD for handling expenses.

Proposed MCL 436.1609d

House Bill 6542 would add a new section to the Liquor Control Code to allow a vendor of spirits to provide a special licensee with a brand logoed tent, brand logoed *temporary platform*, and/or a brand logoed trailer for use during the effective period of the special license. *Temporary platform* would mean a preestablished platform exclusively used to serve, dispense, or mix drinks upon, including any refrigeration equipment or mixing equipment. [Currently, Section 609 of the Code prohibits a vendor from aiding or assisting another vendor by gift, loan of money or property, or any other valuable thing, or by premiums or rebates.]

Proposed MCL 436.1609e

House Bill 6543 would add a new section to the Liquor Control Code to create a special license for a *qualified organization* conducting a *spirits tasting*.

Spirits tasting would mean an event at which spirits are showcased to the general public and at which the general public could purchase and sample the spirits being showcased for consumption on the licensed premises.

Qualified organization would mean a nonprofit association whose membership includes at least 15 primary members and consists of all of the following that are licensed by the commission:

- Vendors of spirits
- Small distillers
- Brokers, as that term is defined in Section 609 of the Code
- Authorized delivery agents

An application for a spirits tasting special license would have to be submitted by a qualified organization, with a fee of \$25 per day of the event, and the spirits tasting being applied for would have to involve an event with the primary purpose of showcasing spirits and the spirits' production or mixability.

The holder of a spirits tasting special license could purchase spirits for the event either from its member vendors of spirits and small distillers at the same price quoted for sale to the Liquor Control Commission or as a consolidated transaction through one or more authorized distribution agents, at the same price the Commission would pay for the spirits before accounting for the gross profit described in Section 233 of the Code.

The special license holder could not have more than six such events per year. The license holder and the member vendors of spirits, small distillers, authorized distribution agents, and brokers whose vendor representatives, salespersons, or agents are licensed by the Liquor Control Commission, could pour and serve spirits, with or without mixers.

Proposed MCL 436.2028

FISCAL IMPACT:

House Bill 6541 would not have a significant fiscal impact on any unit of state or local government. The bill would allow specially designated distributors to offer special licensees a discount on the purchase of spirits. However, the discount offered to special licensees would come from the 17% discount already allowed for specially designated distributors under section 233 of the Michigan Liquor Control Code. Other provisions of the bill, and House Bills 6542 and 6543, would not have a fiscal impact on any unit of state or local government.

Legislative Analyst: Susan Stutzky
Fiscal Analyst: Marcus Coffin

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