

SENATE BILL No. 579

September 19, 2017, Introduced by Senators PROOS, ZORN, HANSEN and SCHMIDT and referred to the Committee on Regulatory Reform.

A bill to amend 1998 PA 58, entitled
"Michigan liquor control code of 1998,"
by amending section 233 (MCL 436.1233).

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 233. (1) The commission shall establish uniform prices
2 for the sale of alcoholic liquor ~~in state liquor stores and by~~
3 specially designated distributors. ~~The~~**THROUGH DECEMBER 31, 2017,**
4 **THE** prices ~~shall~~**MUST** return a gross profit to the commission of
5 not less than 51% and not greater than 65%. **BEGINNING JANUARY 1,**
6 **2018, FOR EACH BOTTLE OF SPIRITS PRODUCED BY A DISTILLER BELOW THE**
7 **DISTILLER'S THRESHOLD PRODUCTION AMOUNT IN A CALENDAR YEAR, THE**
8 **PRICE FOR EACH OF THOSE BOTTLES MUST RETURN A GROSS PROFIT TO THE**
9 **COMMISSION OF NOT GREATER THAN 20%. BEGINNING JANUARY 1, 2018, FOR**
10 **EACH BOTTLE OF SPIRITS PRODUCED BY A DISTILLER IN EXCESS OF THE**

1 DISTILLER'S THRESHOLD PRODUCTION AMOUNT IN A CALENDAR YEAR, THE
2 PRICE FOR EACH OF THOSE BOTTLES MUST RETURN A GROSS PROFIT TO THE
3 COMMISSION OF NOT LESS THAN 51% AND NOT GREATER THAN 65%. If
4 alcoholic liquor purchased by the commission has not met sales
5 standards established by the commission for a period of 6 months,
6 the commission may sell the alcoholic liquor at a price to be
7 approved by the state administrative board.

8 (2) Notwithstanding subsection (1), the commission may
9 establish by rule prices for the sale of alcoholic liquor to
10 hospitals, charitable institutions, and military establishments
11 located in this state.

12 ~~(3) There shall be allowed a discount of 17% deducted from the~~
13 ~~sale price established by the commission on the sale of~~ **SPECIALLY**
14 **DESIGNATED DISTRIBUTORS AND ON-PREMISES LICENSEES ARE ENTITLED TO A**
15 **17% DISCOUNT FROM THE UNIFORM PRICE DESCRIBED UNDER SUBSECTION (1)**
16 **ON** alcoholic liquor ~~made by the~~ **PURCHASED FROM THIS** state. liquor
17 ~~stores to specially designated distributors and establishments~~
18 ~~licensed to sell for consumption on the premises.~~

19 (4) **AS USED IN THIS SECTION, "THRESHOLD PRODUCTION AMOUNT"**
20 **MEANS THE FIRST 60,000 GALLONS OF SPIRITS MANUFACTURED BY A**
21 **DISTILLER IN A CALENDAR YEAR.**