



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



BILL ANALYSIS

Telephone: (517) 373-5383
Fax: (517) 373-1986
TDD: (517) 373-0543

House Bill 5925 (Substitute H-1 as passed by the House)
Sponsor: Representative Barb Byrum
House Committee: Regulatory Reform
Senate Committee: Economic Development and Regulatory Reform

Date Completed: 6-11-08

CONTENT

The bill would amend the Michigan Liquor Control Code to do all of the following:

- Require the Liquor Control Commission to issue a small distiller license to an applicant who annually manufactured not more than 60,000 gallons of spirits and paid a \$100 license fee.**
- Allow a small distiller to sell spirits at retail from its licensed premises for consumption either on or off the premises.**
- Allow a small distiller to offer samplings or tastings on the licensed premises.**
- Require a small distiller to comply with server training requirements.**

Upon application in a manner acceptable to the Commission and payment of the appropriate license fee, the Commission would have to issue a small distiller license to a person annually manufacturing spirits in Michigan in an amount not exceeding 60,000 gallons, of all brands combined. The license fee would be \$100.

A small distiller could sell at retail from the licensed premises only one or both of the following:

- Brands it manufactured on the licensed premises for consumption off the premises, at a price posted by the Commission.
- Brands it manufactured on the licensed premises for consumption on the premises.

The Commission would have to allow a small distiller to sell brands of spirits it manufactured for consumption on the licensed premises at that distillery, but a person licensed as a small distiller would not be considered to be a specially designated distributor. (A specially designated distributor is a person engaged in an established business licensed by the Commission to distribute spirits and mixed spirit drink in the original package for the Commission for consumption off the premises.)

A small distiller could give samplings or tastings of brands it manufactured on the licensed premises. Under the Code, unless otherwise provided by Commission rule, a person may not conduct samplings or tastings of any alcoholic liquor for a commercial purpose except at premises that are licensed by the Commission for the sale and consumption of alcoholic liquor on the premises. The bill specifies that this would not prevent a small distiller licensee from giving a sampling or tasting of brands it manufactured on the licensed premises.

A small distiller would have to comply with the Code's server training requirements. The Code requires the Commission to approve the establishment of a server training program designed for certain licensees. "Server training program" means an educational program whose curriculum has been approved by the Commission and is offered by an administrator or instructor to a retail licensee for its employees. The bill would include in the definition a program offered for the employees of a licensee operating a tasting room or providing samples of alcoholic liquor.

The bill would not allow the sale of spirits transacted or caused to be transacted by means of any mail order, internet, telephone, computer, device, or other electronic means.

MCL 436.1111 et al.

Legislative Analyst: Patrick Affholter

FISCAL IMPACT

The bill would permit eligible small distillers to obtain a small distillers license at a fee of \$100 per year, a reduction from the current fee of \$1,000 per year for distillers. The potential reduction in revenue is estimated to be approximately \$5,000 per year. The revenue from all nonretail license fees collected by the Liquor Control Commission goes to the Michigan Grape and Wine Industry Council. This revenue totaled \$517,233 in FY 2006-07.

Fiscal Analyst: Elizabeth Pratt
Maria Tyszkiewicz

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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.