

**SENATE SUBSTITUTE FOR  
HOUSE BILL NO. 4842**

A bill to amend 1998 PA 58, entitled  
"Michigan liquor control code of 1998,"  
by amending section 233 (MCL 436.1233), as amended by 2020 PA 126.

**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 by specially designated  
3 distributors. ~~The~~ **Except as otherwise provided in this section, the**  
4 prices must return a gross profit to the commission of not less  
5 than 51% and not greater than 65%. If alcoholic liquor purchased by  
6 the commission has not met sales standards established by the  
7 commission for 6 months, the commission may sell the alcoholic  
8 liquor at a price to be approved by the state administrative board.  
9           (2) Notwithstanding subsection (1), the commission may



1 establish by rule prices for the sale of alcoholic liquor to  
2 hospitals, charitable institutions, and military establishments  
3 located in this state.

4 (3) Except as otherwise provided in this subsection, specially  
5 designated distributors and on-premises licensees are entitled to a  
6 17% discount from the uniform prices described in subsection (1) on  
7 alcoholic liquor purchased from this state. Beginning ~~with the~~  
8 ~~enactment date of the amendatory act that added this sentence~~ **July**  
9 **1, 2020** until ~~12 months after the enactment date,~~ **July 1, 2021**, on-  
10 premises licensees are entitled to a 23% discount from the uniform  
11 prices described in subsection (1) on alcoholic liquor purchased  
12 from this state.

13 (4) Not later than July 1, 2022, and each July 1 thereafter, a  
14 small distiller or an out-of-state entity that is the substantial  
15 equivalent of a small distiller may file an application with the  
16 department of agriculture and rural development to be certified as  
17 a qualified small distiller. An application under this subsection  
18 must be on a form prescribed and furnished by the department of  
19 agriculture and rural development. The department of agriculture  
20 and rural development may charge a reasonable certification fee.

21 (5) Beginning January 1, 2023, for each bottle of spirits  
22 produced by a qualified small distiller of which at least 40% of  
23 the base distillate is distilled from grain grown and harvested in  
24 this state as determined by the department of agriculture and rural  
25 development, the price for each bottle must return a gross profit  
26 to the commission of 32.5%.

27 (6) The department of agriculture and rural development shall  
28 certify that an applicant under subsection (4) is a qualified small  
29 distiller if the department of agriculture and rural development



1 determines that the base distillate of the small distiller or the  
2 out-of-state entity that is the substantial equivalent of a small  
3 distiller is at least 40% distilled from distilled grain grown and  
4 harvested in this state.

5 (7) Not later than November 1, 2022, and each November 1  
6 thereafter, the department of agriculture and rural development  
7 shall submit a report to the commission. A report under this  
8 subsection must include the name of each qualified small distiller  
9 certified under subsection (6).

10 (8) A qualified small distiller certificate expires on July 1  
11 following the date of issuance.

12 (9) A small distiller or an out-of-state entity that is the  
13 substantial equivalent of a small distiller that knowingly supplies  
14 false information to the department of agriculture and rural  
15 development or the commission under this section is guilty of a  
16 misdemeanor punishable by imprisonment for not more than 1 year or  
17 a fine of not more than \$3,000.00, or both. A small distiller or an  
18 out-of-state entity that is the substantial equivalent of a small  
19 distiller that knowingly supplies false information as described in  
20 this subsection shall pay the commission the difference between the  
21 gross profit the commission would have received under subsection  
22 (1) if the small distiller or the out-of-state entity that is the  
23 substantial equivalent of a small distiller was not a qualified  
24 small distiller, as determined by the commission.

25 (10) A qualified small distiller shall keep a complete and  
26 accurate set of records and accounts of all transactions pertaining  
27 to the operation of its distillery, including, but not limited to,  
28 records and accounts of all distilled grain received in or  
29 withdrawn from the distillery, all acknowledgment forms and



1 Michigan certification of origination statements in the qualified  
 2 small distiller's possession, copies of all contracts, and  
 3 acknowledgment forms returned to and settled by the qualified small  
 4 distiller. The department of agriculture and rural development and  
 5 the commission may examine the records and accounts pertaining to  
 6 the qualified small distiller's distilled grain handling business  
 7 at any time during normal business hours.

8 (11) As used in this section:

9 (a) "Acknowledgment form" means a scale weight ticket, a load  
 10 slip, or any other evidence of deposit issued by a small distiller,  
 11 an out-of-state entity that is the substantial equivalent of a  
 12 small distiller, or the authorized representative of a small  
 13 distiller or out-of-state entity that is the substantial equivalent  
 14 of a small distiller to a depositor that identifies the distilled  
 15 grain being transferred from possession of the depositor to the  
 16 possession of the small distiller or the out-of-state entity that  
 17 is the substantial equivalent of a small distiller.

18 (b) "Depositor" means either of the following:

19 (i) A person that delivers distilled grain to a small distiller  
 20 or an out-of-state entity that is the substantial equivalent of a  
 21 small distiller for storage, processing, shipment, or sale and that  
 22 has title to distilled grain at the time of delivery.

23 (ii) A person that owns or that is the legal holder of an  
 24 acknowledgment form issued by a depositor for distilled grain.

25 (c) "Distilled grain" means any of the following:

26 (i) Dry barley.

27 (ii) Malted barley.

28 (iii) Oats.

29 (iv) A small grain.



1 (v) A cereal grain.

2 (vi) Potato.

3 (vii) Corn.

4 (viii) Fruit.

5 (ix) Sugar beets.

6 (x) Honey.

7 (d) "Michigan certification of origination statement" means a  
8 signed statement from a depositor or producer on an acknowledgement  
9 form that deposited distilled grain was grown and harvested in this  
10 state.

11 (e) "Qualified small distiller" means a small distiller or an  
12 out-of-state entity that is the substantial equivalent of a small  
13 distiller certified by the department of agriculture and rural  
14 development under this section as having at least 40% of the base  
15 distillate of the small distiller or the out-of-state entity that  
16 is the substantial equivalent of a small distiller distilled from  
17 distilled grain grown and harvested in this state.