

Senate Fiscal Agency  
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**SFA****BILL ANALYSIS**

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Senate Bill 133 (as passed by the Senate)  
Sponsor: Senator Jon Cisky  
Committee: Economic Development, International Trade and Regulatory Affairs

Date Completed: 3-24-97

### **RATIONALE**

Under the Michigan Liquor Control Act, the Liquor Control Commission is required to collect a tax on all beer manufactured or sold in this State at the rate of \$6.30 per barrel if the beer is sold in bulk or in different quantities. An eligible brewer, however, may claim a credit against the tax in the amount of \$2 per barrel. "Eligible brewer" means a brewer, whether or not located in this State, or brewpub that manufactures less than 20,000 barrels of beer during the tax year for which the credit is claimed.

Late last year, the Legislature enacted Public Act 440 which, among many other things, increased from 20,000 to 30,000 the number of barrels of beer that a micro brewer may produce per year. (A micro brewer is a brewer that produces less than 30,000 barrels per year and that may sell the beer to consumers for consumption on or off the premises.) It has been suggested that the \$2 per barrel credit for beer produced by an eligible brewer should be available for amounts up to 30,000 barrels, which would allow micro brewers to claim a credit for the maximum amount of beer that they may produce.

### **CONTENT**

The bill would amend the Michigan Liquor Control Act to increase from 20,000 to 30,000 the number of barrels of beer that a brewer may produce per year and remain eligible to claim the \$2 per barrel tax credit allowed under the Act.

MCL 436.40

### **ARGUMENTS**

*(Please note: The arguments contained in this analysis originate from sources outside the Senate Fiscal Agency. The Senate Fiscal Agency neither supports nor opposes legislation.)*

### **Supporting Argument**

The Act allows an eligible brewer to claim a \$2 per barrel credit against the \$6.30 per barrel tax imposed, as long as the brewer produces under 20,000 barrels during the tax year for which the credit is claimed. Pursuant to Public Act 440 of 1996, the amount of beer a micro brewer may produce per year and sell to consumers for consumption on or off a licensed brewery premises was increased from 20,000 barrels to 30,000 barrels; however, the amount of beer that an eligible brewer may produce while claiming the \$2 per barrel credit was not increased. The bill would mirror the increase in production allowed for micro brewers, by allowing an eligible brewer to claim the \$2 per barrel credit for up to 30,000 barrels produced per tax year. This would give an incentive for micro brewers, or other small brewers, to increase production.

Legislative Analyst: G. Towne

### **FISCAL IMPACT**

Increasing the limit, for the \$2 per barrel beer credit, from 20,000 barrels to 30,000 barrels produced annually would have no State or local fiscal impact under existing circumstances. Currently no Michigan-located beer producer produces between 20,000 and 30,000 barrels annually. Several breweries located outside of Michigan are presently eligible for the credit, but are not taking it. If additional out-of-state breweries that produce between 20,000 barrels and 30,000 barrels annually were to take the credit, then there would be a State cost.

Fiscal Analyst: R. Ross

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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.