

HOUSE SUBSTITUTE FOR
SENATE BILL NO. 448

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~~ **EXCEPT AS OTHERWISE PROVIDED**
4 **IN THIS SUBSECTION, THE** prices shall ~~shall~~ **MUST** return a gross profit to
5 the commission of not less than 51% and not greater than 65%. ~~If~~
6 ~~alcoholic liquor purchased by the commission has not met sales~~
7 ~~standards established by the commission for a period of 6 months,~~
8 ~~the commission may sell the alcoholic liquor at a price to be~~
9 ~~approved by the state administrative board.~~ **SUBJECT TO SUBSECTION**

1 (4), THE COMMISSION SHALL ESTABLISH UNIFORM PRICES UNDER THIS
2 SUBSECTION THAT WILL RETURN A GROSS PROFIT TO THE COMMISSION AS
3 FOLLOWS:

- 4 (A) FOR CALENDAR YEAR 2018, NOT GREATER THAN 64%.
- 5 (B) FOR CALENDAR YEAR 2019, NOT GREATER THAN 63.5%.
- 6 (C) FOR CALENDAR YEAR 2020, NOT GREATER THAN 63%.
- 7 (D) FOR CALENDAR YEAR 2021, NOT GREATER THAN 62.5%.
- 8 (E) FOR CALENDAR YEAR 2022, NOT GREATER THAN 62%.
- 9 (F) FOR CALENDAR YEAR 2023, NOT GREATER THAN 61.5%.
- 10 (G) FOR CALENDAR YEAR 2024, NOT GREATER THAN 61%.
- 11 (H) FOR CALENDAR YEAR 2025, NOT GREATER THAN 60.5%.
- 12 (I) FOR CALENDAR YEAR 2026, NOT GREATER THAN 60%.
- 13 (J) FOR CALENDAR YEAR 2027, NOT GREATER THAN 59.5%.
- 14 (K) FOR CALENDAR YEAR 2028, NOT GREATER THAN 59%.
- 15 (L) FOR CALENDAR YEAR 2029, NOT GREATER THAN 58.5%.
- 16 (M) FOR CALENDAR YEAR 2030, NOT GREATER THAN 58%.
- 17 (N) FOR CALENDAR YEAR 2031, NOT GREATER THAN 57.5%.
- 18 (O) FOR CALENDAR YEAR 2032, NOT GREATER THAN 57%.
- 19 (P) FOR CALENDAR YEAR 2033, NOT GREATER THAN 56.5%.
- 20 (Q) FOR CALENDAR YEAR 2034, NOT GREATER THAN 56%.
- 21 (R) FOR CALENDAR YEAR 2035, NOT GREATER THAN 55.5%.
- 22 (S) FOR CALENDAR YEAR 2036 AND EACH CALENDAR YEAR THEREAFTER,
23 NOT GREATER THAN 55%.

24 (2) Notwithstanding subsection (1), the commission may
25 establish by rule prices for the sale of alcoholic liquor to
26 hospitals, charitable institutions, and military establishments
27 located in this state.

1 (3) ~~There shall be allowed a discount of 17% deducted from the~~
2 ~~sale price established by the commission on the sale of~~ **SPECIALLY**
3 **DESIGNATED DISTRIBUTORS AND ON-PREMISES LICENSEES ARE ENTITLED TO A**
4 **17% DISCOUNT FROM THE UNIFORM PRICE DESCRIBED UNDER SUBSECTION (1)**
5 **ON alcoholic liquor** ~~made by the~~ **PURCHASED FROM THIS** state. ~~liquor~~
6 ~~stores to specially designated distributors and establishments~~
7 ~~licensed to sell for consumption on the premises.~~

8 (4) **A CHANGE IN THE PERCENTAGE OF GROSS PROFIT TO THE**
9 **COMMISSION DESCRIBED IN SUBSECTION (1) (A) TO (S) BECOMES EFFECTIVE**
10 **ON THE COMMISSION'S FIRST APPROVED PRICE CHANGE IN THE APPLICABLE**
11 **CALENDAR YEAR. HOWEVER, A CHANGE IN THE PERCENTAGE OF THE GROSS**
12 **PROFIT DESCRIBED IN SUBSECTION (1) (A) TO (S) BECOMES EFFECTIVE IN A**
13 **CALENDAR YEAR ONLY IF THE CHANGE IN THE PERCENTAGE OF PROFIT FROM**
14 **THE PREVIOUS CALENDAR YEAR DID NOT RESULT IN A DECREASE IN REVENUE**
15 **TO THIS STATE BECAUSE OF THE CHANGE IN THE PERCENTAGE OF PROFIT**
16 **FROM THE PREVIOUS CALENDAR YEAR.**

17 (5) **SUBJECT TO THE LIMITATION PROVIDED IN THIS SUBSECTION, ON**
18 **REQUEST OF AN ELIGIBLE DISTILLER ON A FORM PRESCRIBED BY THE**
19 **COMMISSION, THE COMMISSION SHALL PAY THE ELIGIBLE DISTILLER \$15.00**
20 **PER GALLON FOR EVERY GALLON OF SPIRITS THAT THE ELIGIBLE DISTILLER**
21 **SELLS TO THIS STATE IN A CALENDAR YEAR. THE PAYMENT DESCRIBED IN**
22 **THIS SUBSECTION MUST NOT EXCEED THE GROSS PROFIT DESCRIBED IN**
23 **SUBSECTION (1) MINUS THE 17% DISCOUNT DESCRIBED IN SUBSECTION (3)**
24 **THAT THE COMMISSION RECEIVED FROM THE SALE OF SPIRITS FROM AN**
25 **ELIGIBLE DISTILLER IN A CALENDAR YEAR. THE ELIGIBLE DISTILLER SHALL**
26 **PROVIDE THE COMMISSION WITH A COPY OF THE ELIGIBLE DISTILLER'S**
27 **REPORTS OF OPERATIONS THAT IT FILED WITH THE ALCOHOL AND TOBACCO**

1 TAX AND TRADE BUREAU OF THE UNITED STATES DEPARTMENT OF TREASURY
2 FOR EACH CALENDAR YEAR FOR THE COMMISSION TO DETERMINE THAT THE
3 ELIGIBLE DISTILLER DID NOT MANUFACTURE MORE THAN 60,000 GALLONS OF
4 SPIRITS. THIS SUBSECTION IS EFFECTIVE FOR CALENDAR YEARS BEGINNING
5 ON OR AFTER JANUARY 1, 2018. AN ELIGIBLE DISTILLER SHALL FILE ITS
6 REQUEST FOR A PAYMENT UNDER THIS SUBSECTION NO LATER THAN APRIL 15
7 OF THE YEAR AFTER THE CALENDAR YEAR FOR WHICH PAYMENT IS REQUESTED.
8 THE COMMISSION SHALL MAKE THE PAYMENT TO THE ELIGIBLE DISTILLER NO
9 LATER THAN JULY 31 OF THE YEAR AFTER THE CALENDAR YEAR FOR WHICH
10 THE PAYMENT IS REQUESTED.

11 (6) AS USED IN THIS SECTION, "ELIGIBLE DISTILLER" MEANS A
12 SMALL DISTILLER LICENSED UNDER SECTION 534 OR AN OUT-OF-STATE
13 ENTITY THAT IS THE SUBSTANTIAL EQUIVALENT OF A LICENSED SMALL
14 DISTILLER.