

SUBSTITUTE FOR
SENATE BILL NO. 671

A bill to amend 1998 PA 58, entitled
"Michigan liquor control code of 1998,"
by amending sections 303 and 543 (MCL 436.1303 and 436.1543),
section 543 as amended by 2010 PA 213.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 303. (1) The grape and wine industry council ~~is~~ created
2 ~~in~~ **UNDER EXECUTIVE REORGANIZATION ORDER NO. 2014-2, MCL 333.26253,**
3 **IS WITHIN** the department of agriculture **AND RURAL DEVELOPMENT.** The
4 **BEGINNING WITH THE EFFECTIVE DATE OF THE 2016 AMENDATORY ACT THAT**
5 **AMENDED THIS SECTION, THE** council **SHALL BE KNOWN AS THE GRAPE,**
6 **WINE, BREWING, AND DISTILLING INDUSTRIES COUNCIL AND** shall consist
7 of ~~all of the~~ following **MEMBERS:**
8 ~~—— (a) Three wine makers.~~

1 ~~(b) A wine grape grower.~~

2 (A) ~~(c) The director of consumer and industry services~~ **CHIEF**
 3 **EXECUTIVE OFFICER OF THE MICHIGAN ECONOMIC DEVELOPMENT CORPORATION**
 4 or his or her designee.

5 (B) ~~(d) The director of the department of agriculture~~ **AND**
 6 **RURAL DEVELOPMENT** or his or her designee.

7 (C) ~~(e) A staff member of Michigan state university~~ **STATE**
 8 **UNIVERSITY** appointed by, and serving at the pleasure of, the dean
 9 of the college of agriculture and natural resources of Michigan
 10 ~~state university.~~ **STATE UNIVERSITY.**

11 (D) ~~(f) The chairperson of the commission~~ or his or her
 12 designee, as an ex officio member.

13 (E) **THE FOLLOWING MEMBERS APPOINTED BY THE GOVERNOR:**

14 (i) ~~(g) A person~~ **AN INDIVIDUAL** who operates a retail food
 15 establishment that holds a specially designated merchant license
 16 and sells Michigan wines or ~~a person~~ **AN INDIVIDUAL** who operates a
 17 restaurant that holds a class C license and serves Michigan wines.

18 (ii) ~~(h) A beer and wine wholesaler~~ who markets Michigan wine.

19 (iii) ~~(i) Not more than 2 additional~~ **TWO** members appointed as
 20 ~~prescribed in subsection (3).~~ **OF THE PUBLIC.**

21 (iv) **THREE WINE MAKERS, AT LEAST 1 OF WHOM MANUFACTURES WINE**
 22 **THAT IS MADE WITH FRUIT OTHER THAN GRAPES.**

23 (v) **AN INDIVIDUAL WHO REPRESENTS THE INTERESTS OF THE**
 24 **AGRICULTURE INDUSTRY AND WHO WORKS WITH WINE MAKERS.**

25 (vi) **A BREWER.**

26 (vii) **AN INDIVIDUAL WHO REPRESENTS THE INTERESTS OF THE**
 27 **AGRICULTURE INDUSTRY AND WHO WORKS WITH BREWERS, DISTILLERS, OR**

1 BOTH.

2 (viii) A DISTILLER.

3 (ix) A BEER AND WINE WHOLESALER WHO MARKETS MICHIGAN BEER.

4 (x) AN INDIVIDUAL WHO OPERATES A RETAIL FOOD ESTABLISHMENT
5 THAT HOLDS A SPECIALLY DESIGNATED MERCHANT LICENSE AND SELLS
6 MICHIGAN BEER OR AN INDIVIDUAL WHO OPERATES A RESTAURANT THAT HOLDS
7 A CLASS C LICENSE AND SERVES MICHIGAN BEER OR SPIRITS.

8 ~~(2) The members of the council described in subsection (1) (a),~~
9 ~~(b), (g), and (h) shall be appointed by the governor. The council~~
10 ~~members appointed under subsection (1) (g) and (h) shall be~~
11 ~~appointed for 2 year terms beginning on October 1, 1991. Of the~~
12 ~~council members appointed for terms beginning October 1, 1991, 1~~
13 ~~shall be appointed for a 1 year term, and 3 shall be appointed for~~
14 ~~terms of 2 years each. All appointments for terms beginning on or~~
15 ~~after October 1, 1992 shall be for 2 years each. A member shall~~
16 ~~continue to serve until a qualified successor has been appointed.~~
17 EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (3), MEMBERS OF THE
18 COUNCIL SHALL SERVE FOR TERMS OF 3 YEARS OR UNTIL A SUCCESSOR IS
19 APPOINTED, WHICHEVER IS LATER. A member shall not serve more than 2
20 consecutive terms. A vacancy on the board shall ~~shall~~ **MUST** be filled in
21 the same manner as the original appointment. The director of the
22 department of agriculture ~~shall act as~~ **AND RURAL DEVELOPMENT IS THE**
23 chairperson of the council.

24 ~~(3) The governor may appoint not more than 2 additional~~
25 ~~members to the council who shall assist the council in performing~~
26 ~~its duties, but who shall not have the power to vote. The persons~~
27 ~~appointed under this subsection shall not be members of the~~

1 ~~classified state civil service, shall serve at the pleasure of the~~
 2 ~~governor, and shall receive salaries and benefits determined and~~
 3 ~~paid by the department of agriculture.~~ **THE FOLLOWING APPLY TO**
 4 **MEMBERS DESCRIBED IN SUBSECTION (1) (E) (i) TO (v) WHO WERE FIRST**
 5 **APPOINTED UNDER EXECUTIVE REORGANIZATION ORDER NO. 2014-2, MCL**
 6 **333.26253:**

7 (A) **THE FOLLOWING MEMBERS SHALL SERVE UNTIL FEBRUARY 1, 2016:**

8 (i) **THE MEMBER DESCRIBED IN SUBSECTION (1) (E) (i) .**

9 (ii) **ONE MEMBER DESCRIBED IN SUBSECTION (1) (E) (iii) .**

10 (iii) **ONE MEMBER DESCRIBED IN SUBSECTION (1) (E) (iv) .**

11 (iv) **THE MEMBER DESCRIBED IN SUBSECTION (1) (E) (v) .**

12 (B) **THE FOLLOWING MEMBERS SHALL SERVE UNTIL FEBRUARY 1, 2017:**

13 (i) **THE MEMBER DESCRIBED IN SUBSECTION (1) (E) (ii) .**

14 (ii) **ONE MEMBER DESCRIBED IN SUBSECTION (1) (E) (iii) .**

15 (iii) **TWO MEMBERS DESCRIBED IN SUBSECTION (1) (E) (iv) .**

16 (4) The council may employ personnel and incur ~~such~~ expenses
 17 ~~as~~ **THAT** are necessary to carry out the purposes of the council
 18 under this act. ~~All such~~ **THE** expenses shall ~~shall~~ **MUST** be paid from fees
 19 credited to the **GRAPE, wine, industry BREWING, AND DISTILLING**
 20 **INDUSTRIES** council under section 543(2). A member of the council or
 21 an employee or agent of the council ~~shall~~ **IS** not ~~be~~ personally
 22 liable on the contracts of the council.

23 (5) A nongovernmental member of the council shall receive
 24 \$50.00 per day for each day spent in actual attendance at meetings
 25 of the council and traveling expenses while on council business in
 26 accordance with standard travel regulations of the department of
 27 **TECHNOLOGY, management, and budget.**

1 (6) The council shall maintain accurate books and records, and
2 all ~~funds~~ **MONEY** received by the council shall ~~shall~~ **MUST** be used to
3 implement and enforce this section.

4 (7) The council shall do all of the following:

5 (a) Provide for research on wine grapes, **APPLES**, and wines,
6 including, but not limited to, methods of planting, growing,
7 controlling insects and diseases, charting microclimates and
8 locations for growing desirable varieties of wine grapes **AND**
9 **APPLES**, marketing, processing, distribution, advertising, sales
10 production, and product development.

11 **(B) PROVIDE FOR RESEARCH ON HOPS, BARLEY, BEER, AND SPIRITS,**
12 **INCLUDING, BUT NOT LIMITED TO, METHODS OF PLANTING, GROWING,**
13 **CONTROLLING INSECTS AND DISEASES, MARKETING, PROCESSING,**
14 **DISTRIBUTION, ADVERTISING, SALES PRODUCTION, AND PRODUCT**
15 **DEVELOPMENT.**

16 **(C)** ~~(b)~~ Provide the wine industry, including growers,
17 wineries, distributors, and retailers, with information relative to
18 proper methods of handling and selling wine grapes, **APPLES**, and
19 wines.

20 **(D) PROVIDE THE BREWING AND DISTILLING INDUSTRIES, INCLUDING**
21 **GROWERS, BREWERS, DISTILLERS, DISTRIBUTORS, AND RETAILERS, WITH**
22 **INFORMATION RELATIVE TO PROPER METHODS OF HANDLING AND SELLING**
23 **HOPS, BARLEY, BEER, AND SPIRITS.**

24 **(E)** ~~(e)~~ Provide for market surveys and analyses for purposes
25 of expanding existing markets and creating new and larger markets
26 for wine grapes, ~~and~~ wines, **HOPS, BARLEY, BEER, AND SPIRITS.**

27 **(F)** ~~(d)~~ Provide for the promotion of the sale of Michigan wine

1 grapes, ~~and~~ wines, APPLES, HOPS, BARLEY, BEER, AND SPIRITS for the
2 purpose of maintaining or expanding present markets and creating
3 new and larger domestic and foreign markets. **THE COUNCIL SHALL**
4 **DEVELOP PARAMETERS TO IDENTIFY WINERIES, BREWERIES, AND**
5 **DISTILLERIES THAT QUALIFY FOR PROMOTION UNDER THIS SUBDIVISION. THE**
6 **PARAMETERS MAY DIFFER BETWEEN THE WINE, BREWING, AND DISTILLING**
7 **INDUSTRIES. HOWEVER, AT LEAST 50% OF THE WINERIES, BREWERIES, AND**
8 **DISTILLERIES MUST QUALIFY FOR PROMOTION UNDER THIS SUBDIVISION.**

9 (G) ~~(e)~~—Develop and administer financial aid programs to wine
10 grape growers **AND APPLE GROWERS** to encourage the increased planting
11 in this state of desirable grape **AND APPLE** varieties in
12 microclimates determined to provide the best conditions for
13 producing quality wines.

14 (H) **DEVELOP AND ADMINISTER FINANCIAL AID PROGRAMS TO HOPS**
15 **GROWERS TO ENCOURAGE INCREASED PLANTING IN THIS STATE OF DESIRABLE**
16 **HOPS VARIETIES IN MICROCLIMATES DETERMINED TO PROVIDE THE BEST**
17 **CONDITIONS FOR PRODUCING QUALITY BEER.**

18 (I) **DEVELOP AND ADMINISTER FINANCIAL AID PROGRAMS TO BARLEY**
19 **GROWERS TO ENCOURAGE INCREASED PLANTING IN THIS STATE OF DESIRABLE**
20 **BARLEY VARIETIES IN MICROCLIMATES DETERMINED TO PROVIDE THE BEST**
21 **CONDITIONS FOR PRODUCING QUALITY BEER.**

22 (8) The council may promulgate rules ~~pursuant to~~ **UNDER** the
23 administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to
24 24.328, for the purposes of implementing and enforcing this
25 section. However, ~~a rule~~ **THE COUNCIL** shall not be promulgated
26 **PROMULGATE A RULE** that conflicts with a rule promulgated by the
27 commission ~~pursuant to~~ **UNDER** section 215.

Senate Bill No. 671 as amended May 10, 2016

1 (9) THE COUNCIL SHALL NOT ENGAGE IN LOBBYING AS THAT TERM IS
 2 DEFINED IN SECTION 5 OF 1978 PA 472, MCL 4.415. <<THIS SUBSECTION
 DOES NOT PROHIBIT THE COUNCIL OR A COUNCIL MEMBER OR EMPLOYEE FROM
 PROVIDING TECHNICAL INFORMATION TO THE LEGISLATURE OR TO THE
 DEPARTMENT OF AGRICULTURE AND RURAL DEVELOPMENT, REGARDLESS OF
 WHETHER THE COUNCIL, COUNCIL MEMBER, OR EMPLOYEE IS APPEARING
 BEFORE AN OFFICIALLY CONVENED LEGISLATIVE COMMITTEE OR DEPARTMENT
 OF AGRICULTURE AND RURAL DEVELOPMENT HEARING PANEL, IF THE
 TECHNICAL INFORMATION IS RELATED TO THE COUNCIL'S DUTIES UNDER
 THIS SECTION. AS USED IN THIS SUBSECTION, "TECHNICAL INFORMATION"
 MEANS THAT TERM AS DEFINED IN SECTION 5 OF 1978 PA 472, MCL 4.415.>>

3 (10) ~~(9)~~ As used in this section, "council" means the grape,
 4 and wine, industry ~~BREWING, AND DISTILLING INDUSTRIES~~ council
 5 ~~created~~ DESCRIBED in subsection (1).

6 Sec. 543. (1) Quarterly, ~~upon~~ **ON THE COMMISSION'S**

7 recommendation, ~~of the commission,~~ the state shall pay pursuant to
 8 appropriation in the manner prescribed by law to the city, village,
 9 or township in which a full-time police department or full-time
 10 ordinance enforcement department is maintained or, if a police
 11 department or full-time ordinance enforcement department is not
 12 maintained, to the county, to be credited to the sheriff's
 13 department of the county in which the licensed premises are
 14 located, 55% of the amount of the proceeds of the retailers'
 15 license fees and license renewal fees collected in that
 16 jurisdiction, for the specific purpose of enforcing this act and
 17 the rules promulgated under this act. Forty-one and one-half
 18 percent of the amount of the proceeds of retailers' license and
 19 license renewal fees collected ~~shall~~ **MUST** be deposited in a special
 20 fund to be annually appropriated to the commission for carrying out
 21 the licensing and enforcement provisions of this act. Any
 22 unencumbered or uncommitted money in the special fund ~~shall~~ **MUST**
 23 revert to the general fund of the state 12 months after the end of
 24 each fiscal year in which the funds were collected. The legislature
 25 shall appropriate 3-1/2% of the amount of the proceeds of
 26 retailers' license and license renewal fees collected to be
 27 credited to a special fund in the state treasury for the purposes

1 of promoting and sustaining programs for the prevention,
2 rehabilitation, care, and treatment of alcoholics. This subsection
3 does not apply to retail license fees collected for railroad or
4 Pullman cars, watercraft, aircraft, or wine auctions or to the
5 transfer fees provided in section 529.

6 (2) All license and license renewal fees, other than retail
7 license and license renewal fees, ~~shall~~**MUST** be credited to the
8 ~~grape, and wine, industry~~**BREWING, AND DISTILLING INDUSTRIES**
9 ~~council created~~**DESCRIBED** in section 303, to be used as provided in
10 section 303. Money credited to the grape, ~~and wine, industry~~
11 **BREWING, AND DISTILLING INDUSTRIES** council shall not revert to the
12 state general fund at the close of the fiscal year, but shall
13 remain in the account to which it was credited to be used as
14 provided in section 303.

15 (3) All retail license fees collected for railroad or Pullman
16 cars, watercraft, or aircraft and the transfer fees provided in
17 section 529 ~~shall~~**MUST** be deposited in the special fund created in
18 subsection (1) for carrying out the licensing and enforcement
19 provisions of this act.

20 (4) The license fee enhancement imposed for licenses issued
21 under section 531(3) and (4) ~~shall~~**MUST** be deposited into a special
22 fund to be annually appropriated to the commission for enforcement
23 and other related projects determined appropriate by the
24 commission. The money representing that amount of the license fees
25 for identical licenses not issued under section 531(3) and (4)
26 ~~shall~~**MUST** be allocated and appropriated under subsection (1).

27 (5) The license fee imposed on direct shipper licenses and any

1 violation fines imposed by the commission ~~shall~~**MUST** be deposited
2 into the direct shipper enforcement revolving fund. The direct
3 shipper enforcement revolving fund is created within the state
4 treasury. The state treasurer shall direct the investment of the
5 fund. The state treasurer shall credit to the fund interest and
6 earnings from fund investments. Money in the fund at the close of
7 the fiscal year shall remain in the fund and shall not lapse to the
8 general fund. The commission shall expend money from the fund, ~~upon~~
9 **ON** appropriation, only for enforcement of the provisions of section
10 203 and related projects.

11 (6) One hundred percent of the wine auction license fee
12 imposed in section 525(1)(aa) ~~shall~~**MUST** be deposited into the
13 general fund.

14 (7) As used in this section, "license fee enhancement" means
15 the money representing the difference between the license fee
16 imposed for a license under section 525(1) and the additional
17 amount imposed for resort and resort economic development licenses
18 under section 525(2).

19 (8) Notwithstanding any other provision of this section, the
20 additional \$160.00 license fee imposed ~~upon any~~**ON A** licensee
21 selling alcoholic liquor between the hours of 7 a.m. on Sunday and
22 12 noon on Sunday is allocated to the general fund.