

# SENATE BILL No. 671

December 15, 2015, Introduced by Senators HANSEN, PROOS, MACGREGOR, MARLEAU, HORN and BOOHER and referred to the Committee on Agriculture.

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 2015 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.~~  
9 ~~(b) A wine grape grower.~~

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

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

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

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

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

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

17           (ii) ~~(h) A beer and wine wholesaler~~ who markets Michigan **BEER**  
 18 **OR** 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.**

22           (v) **A WINE GRAPE GROWER.**

23           (vi) **A BREWER.**

24           (vii) **A HOP OR BARLEY GROWER.**

25           (viii) **A DISTILLER.**

26           (ix) **AN INDIVIDUAL WHO OPERATES A RETAIL FOOD ESTABLISHMENT**  
 27 **THAT HOLDS A SPECIALLY DESIGNATED MERCHANT LICENSE AND SELLS**

1 MICHIGAN BEER OR AN INDIVIDUAL WHO OPERATES A RESTAURANT THAT HOLDS  
2 A CLASS C LICENSE AND SERVES MICHIGAN BEER OR SPIRITS.

3 ~~(2) The members of the council described in subsection (1) (a),~~  
4 ~~(b), (g), and (h) shall be appointed by the governor. The council~~  
5 ~~members appointed under subsection (1) (g) and (h) shall be~~  
6 ~~appointed for 2 year terms beginning on October 1, 1991. Of the~~  
7 ~~council members appointed for terms beginning October 1, 1991, 1~~  
8 ~~shall be appointed for a 1 year term, and 3 shall be appointed for~~  
9 ~~terms of 2 years each. All appointments for terms beginning on or~~  
10 ~~after October 1, 1992 shall be for 2 years each. A member shall~~  
11 ~~continue to serve until a qualified successor has been appointed.~~

12 **EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (3), MEMBERS OF THE**  
13 **COUNCIL SHALL SERVE FOR TERMS OF 3 YEARS OR UNTIL A SUCCESSOR IS**  
14 **APPOINTED, WHICHEVER IS LATER.** A member shall not serve more than 2  
15 consecutive terms. A vacancy on the board shall ~~shall~~ **MUST** be filled in  
16 the same manner as the original appointment. The director of the  
17 department of agriculture shall ~~act as~~ **AND RURAL DEVELOPMENT IS THE**  
18 chairperson of the council.

19 ~~(3) The governor may appoint not more than 2 additional~~  
20 ~~members to the council who shall assist the council in performing~~  
21 ~~its duties, but who shall not have the power to vote. The persons~~  
22 ~~appointed under this subsection shall not be members of the~~  
23 ~~classified state civil service, shall serve at the pleasure of the~~  
24 ~~governor, and shall receive salaries and benefits determined and~~  
25 ~~paid by the department of agriculture.~~ **THE FOLLOWING APPLY TO**  
26 **MEMBERS DESCRIBED IN SUBSECTION (1) (E) (i) TO (v) WHO WERE FIRST**  
27 **APPOINTED UNDER EXECUTIVE REORGANIZATION ORDER NO. 2014-2, MCL**

1 333.26253:

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

3 (i) THE MEMBER DESCRIBED IN SUBSECTION (1) (E) (i) .

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

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

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

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

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

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

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

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

18 (5) A nongovernmental member of the council shall receive  
 19 \$50.00 per day for each day spent in actual attendance at meetings  
 20 of the council and traveling expenses while on council business in  
 21 accordance with standard travel regulations of the department of  
 22 **TECHNOLOGY, management, and budget.**

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

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

27 (a) Provide for research on wine grapes and wines, including,

1 but not limited to, methods of planting, growing, controlling  
2 insects and diseases, charting microclimates and locations for  
3 growing desirable varieties of wine grapes, marketing, processing,  
4 distribution, advertising, sales production, and product  
5 development.

6 **(B) PROVIDE FOR RESEARCH ON HOPS, BARLEY, BEER, AND SPIRITS,**  
7 **INCLUDING, BUT NOT LIMITED TO, METHODS OF PLANTING, GROWING,**  
8 **CONTROLLING INSECTS AND DISEASES, MARKETING, PROCESSING,**  
9 **DISTRIBUTION, ADVERTISING, SALES PRODUCTION, AND PRODUCT**  
10 **DEVELOPMENT.**

11 (C) ~~(b)~~ Provide the wine industry, including growers,  
12 wineries, distributors, and retailers, with information relative to  
13 proper methods of handling and selling wine grapes and wines.

14 **(D) PROVIDE THE BREWING AND DISTILLING INDUSTRIES, INCLUDING**  
15 **GROWERS, BREWERS, DISTILLERS, DISTRIBUTORS, AND RETAILERS, WITH**  
16 **INFORMATION RELATIVE TO PROPER METHODS OF HANDLING AND SELLING**  
17 **HOPS, BARLEY, BEER, AND SPIRITS.**

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

21 **(F) ~~(d)~~ Provide for the promotion of the sale of Michigan wine**  
22 **grapes, ~~and~~ wines, HOPS, BARLEY, BEER, AND SPIRITS for the purpose**  
23 **of maintaining or expanding present markets and creating new and**  
24 **larger domestic and foreign markets. THE COUNCIL SHALL DEVELOP**  
25 **PARAMETERS TO IDENTIFY WINERIES, BREWERIES, AND DISTILLERIES THAT**  
26 **QUALIFY FOR PROMOTION UNDER THIS SUBDIVISION. THE PARAMETERS MAY**  
27 **DIFFER BETWEEN THE WINE, BREWING, AND DISTILLING INDUSTRIES.**

1 **HOWEVER, AT LEAST 50% OF THE WINERIES, BREWERIES, AND DISTILLERIES**  
 2 **MUST QUALIFY FOR PROMOTION UNDER THIS SUBDIVISION.**

3 (G) ~~(e)~~—Develop and administer financial aid programs to wine  
 4 grape growers to encourage the increased planting in this state of  
 5 desirable grape varieties in microclimates determined to provide  
 6 the best conditions for producing quality wines.

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

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

15 (8) The council may promulgate rules ~~pursuant to~~ **UNDER** the  
 16 administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to  
 17 24.328, for the purposes of implementing and enforcing this  
 18 section. However, ~~a rule~~ **THE COUNCIL** shall not be promulgated  
 19 **PROMULGATE A RULE** that conflicts with a rule promulgated by the  
 20 commission ~~pursuant to~~ **UNDER** section 215.

21 (9) As used in this section, "council" means the grape, ~~and~~  
 22 wine, ~~industry~~ **BREWING, AND DISTILLING INDUSTRIES** council created  
 23 **DESCRIBED** in subsection (1).

24 Sec. 543. (1) Quarterly, ~~upon~~ **ON THE COMMISSION'S**  
 25 recommendation, ~~of the commission,~~ the state shall pay pursuant to  
 26 appropriation in the manner prescribed by law to the city, village,  
 27 or township in which a full-time police department or full-time

1 ordinance enforcement department is maintained or, if a police  
2 department or full-time ordinance enforcement department is not  
3 maintained, to the county, to be credited to the sheriff's  
4 department of the county in which the licensed premises are  
5 located, 55% of the amount of the proceeds of the retailers'  
6 license fees and license renewal fees collected in that  
7 jurisdiction, for the specific purpose of enforcing this act and  
8 the rules promulgated under this act. Forty-one and one-half  
9 percent of the amount of the proceeds of retailers' license and  
10 license renewal fees collected ~~shall~~**MUST** be deposited in a special  
11 fund to be annually appropriated to the commission for carrying out  
12 the licensing and enforcement provisions of this act. Any  
13 unencumbered or uncommitted money in the special fund ~~shall~~**MUST**  
14 revert to the general fund of the state 12 months after the end of  
15 each fiscal year in which the funds were collected. The legislature  
16 shall appropriate 3-1/2% of the amount of the proceeds of  
17 retailers' license and license renewal fees collected to be  
18 credited to a special fund in the state treasury for the purposes  
19 of promoting and sustaining programs for the prevention,  
20 rehabilitation, care, and treatment of alcoholics. This subsection  
21 does not apply to retail license fees collected for railroad or  
22 Pullman cars, watercraft, aircraft, or wine auctions or to the  
23 transfer fees provided in section 529.

24 (2) All license and license renewal fees, other than retail  
25 license and license renewal fees, ~~shall~~**MUST** be credited to the  
26 ~~grape, and wine, industry~~**BREWING, AND DISTILLING INDUSTRIES**  
27 council ~~created~~**DESCRIBED** in section 303, to be used as provided in

1 section 303. Money credited to the grape, ~~and wine, industry~~  
2 **BREWING, AND DISTILLING INDUSTRIES** council shall not revert to the  
3 state general fund at the close of the fiscal year, but shall  
4 remain in the account to which it was credited to be used as  
5 provided in section 303.

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

11 (4) The license fee enhancement imposed for licenses issued  
12 under section 531(3) and (4) ~~shall~~**MUST** be deposited into a special  
13 fund to be annually appropriated to the commission for enforcement  
14 and other related projects determined appropriate by the  
15 commission. The money representing that amount of the license fees  
16 for identical licenses not issued under section 531(3) and (4)  
17 ~~shall~~**MUST** be allocated and appropriated under subsection (1).

18 (5) The license fee imposed on direct shipper licenses and any  
19 violation fines imposed by the commission ~~shall~~**MUST** be deposited  
20 into the direct shipper enforcement revolving fund. The direct  
21 shipper enforcement revolving fund is created within the state  
22 treasury. The state treasurer shall direct the investment of the  
23 fund. The state treasurer shall credit to the fund interest and  
24 earnings from fund investments. Money in the fund at the close of  
25 the fiscal year shall remain in the fund and shall not lapse to the  
26 general fund. The commission shall expend money from the fund, ~~upon~~  
27 **ON** appropriation, only for enforcement of the provisions of section



1 203 and related projects.

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

5 (7) As used in this section, "license fee enhancement" means  
6 the money representing the difference between the license fee  
7 imposed for a license under section 525(1) and the additional  
8 amount imposed for resort and resort economic development licenses  
9 under section 525(2).

10 (8) Notwithstanding any other provision of this section, the  
11 additional \$160.00 license fee imposed ~~upon any~~**ON A** licensee  
12 selling alcoholic liquor between the hours of 7 a.m. on Sunday and  
13 12 noon on Sunday is allocated to the general fund.