

LIQUOR ALTERNATING PROPRIETORSHIPS

Phone: (517) 373-8080
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House Bill 4403 as reported from committee
Sponsor: Rep. Pauline Wendzel
Committee: Regulatory Reform
Complete to 6-24-25

Analysis available at
<http://www.legislature.mi.gov>

SUMMARY:

House Bill 4403 would amend the Michigan Liquor Control Code to allow the Michigan Liquor Control Commission (MLCC) to approve *alternating proprietorship* operations for distillers and mixed spirit manufacturers in accordance with federal regulation.

Currently, the act allows the approval of alternating proprietorships for wine makers and brewers.

Alternating proprietorship now means one of the following:

- An arrangement in which two or more wine makers or small wine makers take turns using the same space and equipment to manufacture wine under the act and in accordance with 27 CFR 24.136.
- An arrangement in which two or more brewers or micro brewers take turns using the same space and equipment to manufacture beer under the act and in accordance with 27 CFR 25.52.

The bill would amend the above definition to add the following:

- An arrangement in which two or more distillers or small distillers take turns using the same space and equipment to manufacture spirits under the act and in accordance with 27 CFR 19.141.¹
- An arrangement in which two or more mixed spirit manufacturers take turns using the same space and equipment to manufacture mixed spirit drinks under the act and in accordance with 27 CFR 19.141.

MCL 436.1105 and 436.1603

BRIEF DISCUSSION:

According to committee testimony, the bill is intended to clarify a gray area in current statute to ensure that distillers and mixed spirit manufacturers are able to operate alternating proprietorships. Supporters of the bill testified that alternating proprietorships can enable small producers to launch or grow without the significant upfront costs that are often required to start a business or add a new product in the industry.

¹ <https://www.ecfr.gov/current/title-27/chapter-I/subchapter-A/part-19/subpart-E/subject-group-ECFRa1d7119bd1637d6/section-19.141>

FISCAL IMPACT:

House Bill 4403 would have an indeterminate fiscal impact on the Michigan Liquor Control Commission, housed within the Department of Licensing and Regulatory Affairs (LARA). The bill would expand eligibility to engage in an alternating proprietorship to distillers and mixed spirit manufacturers. Only a small number of currently eligible beer and wine makers are engaged in an alternating proprietorship, and LARA does not expect this bill to result in a large volume of new participants. Therefore, any potential increases in administrative costs are likely to be minimal. There is no fee associated with the alternating proprietorship application, so the bill would not affect revenue.

POSITIONS:

Representatives of the following entities testified in support of the bill (6-5-25)

- Michigan Craft Distillers Association
- Michigan Moonshine LLC
- Copper Kettle Distilling

Cherry Republic indicated support for the bill. (6-5-25)

The Michigan Liquor Control Commission indicated a neutral position on the bill. (6-5-25)

Legislative Analyst: Alex Stegbauer
Fiscal Analyst: Una Jakupovic

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