

SUBSTITUTE FOR
SENATE BILL NO. 506

A bill to amend 1998 PA 58, entitled
"Michigan liquor control code of 1998,"
by amending section 409 (MCL 436.1409), as amended by 2000 PA 395.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 409. (1) Except as provided in this section, the
2 commission shall levy and collect a tax on all beer manufactured or
3 sold in this state at the rate of \$6.30 per barrel if the beer is
4 sold in bulk or in different quantities. ~~The~~ **IF THE BEER IS**
5 **MANUFACTURED IN THIS STATE, THE** tax shall be paid by the brewer or
6 brewpub ~~if THAT manufactured in this state or by the wholesaler or~~
7 ~~the person from whom purchased if~~ **THE BEER UNLESS THE BREWER**
8 **DESIGNATES THE WHOLESALER TO PAY THE TAX ON BEHALF OF THE BREWER.**
9 **IF THE BEER IS** manufactured outside this state, ~~whichever is~~
10 ~~designated by the commission. THE TAX SHALL BE PAID BY THE~~

1 WHOLESALE ASSIGNED TO DISTRIBUTE THAT BEER AND THE TAX SHALL BE
2 LEVIED AND COLLECTED ON THE NUMBER OF BARRELS THE WHOLESALE
3 ACTUALLY SOLD OF THAT BEER. The commission shall establish by rule
4 a method for the collection of the tax levied in this subsection.
5 HOWEVER, THE COMMISSION SHALL NOT REQUIRE THAT THE TAX LEVIED IN
6 THIS SUBSECTION BE PAID IN LESS THAN QUARTERLY INTERVALS. The rules
7 shall be promulgated pursuant to the administrative procedures act
8 of 1969, 1969 PA 306, MCL 24.201 to 24.328.

9 (2) The tax levied in subsection (1) shall not be collected
10 ~~with respect to~~ ON beer that is consumed on the premises of the
11 manufacturer or is damaged in the process of brewing, packaging,
12 and storage and is not offered for sale, except that beer sold by a
13 brewpub for consumption on the premises or beer produced and
14 consumed on the premises of a micro brewer is subject to the tax
15 levied under subsection (1).

16 (3) The tax levied under subsection (1) shall be rebated to
17 the person ~~who~~ THAT paid the tax if that person provides
18 satisfactory proof to the commission that the beer was shipped
19 outside of this state for sale and consumption outside this state.

20 (4) For the purposes of the tax levied under subsection (1), a
21 barrel of beer contains 31 gallons.

22 (5) The commission may promulgate a rule that designates the
23 states or the laws or the rules of other states that require a
24 licensed wholesaler of beer to pay an additional fee for the right
25 to purchase, import, or sell beer manufactured in this state; that
26 denies the issuance of a license authorizing the importation of
27 beer to any ~~licensed~~ wholesaler of beer in that state who ~~may make~~

1 ~~application~~ **APPLIES** for the license; that prohibits licensed
2 wholesalers of beer in that state from possessing or selling beer
3 purchased in this state, unless the person from whom **THE BEER WAS**
4 purchased has secured a license and paid a fee in that state, if
5 the seller does not transport the beer into the state and does not
6 sell the beer in the state; or that imposes any higher taxes or
7 inspection fees upon beer manufactured in this state when
8 transporting the beer into or selling the beer in that state than
9 taxes or fees imposed upon beer manufactured and sold within that
10 state. A rule promulgated under this subsection shall prohibit all
11 licensees from purchasing, receiving, possessing, or selling any
12 beer manufactured in any state designated in the rule. A rule
13 promulgated under this subsection becomes effective as provided in
14 section 47 of the administrative procedures act of 1969, 1969 PA
15 306, MCL 24.247. Any licensee or person adversely affected by a
16 rule promulgated under this subsection is entitled to review by
17 leave to a court of competent jurisdiction regarding the question
18 as to whether the commission acted illegally or in excess of its
19 authority in making its finding under this subsection with respect
20 to any state.

21 (6) An eligible brewer **OR A WHOLESALER DESIGNATED TO PAY THE**
22 **TAX OF AN ELIGIBLE BREWER** may claim a credit against the tax levied
23 under subsection (1) in the amount of \$2.00 per barrel for the
24 first 30,000 barrels. As used in this subsection, "eligible brewer"
25 means a brewer, whether or not located in this state, or brewpub
26 that manufactures not more than 50,000 barrels of beer during the
27 tax year for which the credit is claimed. In determining the number

1 of barrels for purposes of the credit, all brands and labels of a
2 brewer shall be combined and all facilities for the production of
3 beer that are owned or controlled by the same person shall be
4 treated as a single facility.

5 Enacting section 1. This amendatory act does not take effect
6 unless all of the following bills of the 97th Legislature are
7 enacted into law:

- 8 (a) Senate Bill No. 504.
- 9 (b) Senate Bill No. 505.
- 10 (c) Senate Bill No. 507.
- 11 (d) Senate Bill No. 650.
- 12 (e) Senate Bill No. 651.
- 13 (f) House Bill No. 4277.
- 14 (g) House Bill No. 4709.
- 15 (h) House Bill No. 4710.
- 16 (i) House Bill No. 4711.