

**SUBSTITUTE FOR
HOUSE BILL NO. 5350**

A bill to amend 1998 PA 58, entitled
"Michigan liquor control code of 1998,"
by amending section 307 (MCL 436.1307), as amended by 2018 PA 406.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 307. (1) A manufacturer, an outstate seller of wine, and
2 a master distributor shall grant to each of its wholesalers a sales
3 territory within which the wholesaler ~~shall be~~ **is** a distributor of
4 the specified brand or brands of the manufacturer, outstate seller
5 of wine, or master distributor under an agreement as required under
6 this act. The territory is the territory agreed ~~upon~~ **on** between the
7 wholesaler and manufacturer, outstate seller of wine, or master
8 distributor. Except as provided for in subsection (9) and beginning
9 June 1, 2010, a manufacturer, outstate seller of wine, or master



1 distributor shall not grant the right to sell a specified brand or
2 brands of wine in a sales territory to more than 1 wine wholesaler.
3 A master distributor shall not itself distribute a specified brand
4 or brands of wine in the same sales territory where that master
5 distributor has granted the right to distribute that specified
6 brand or brands of wine in that sales territory to another wine
7 wholesaler. ~~Notwithstanding section 109(4), as used in this~~
8 ~~section, "master distributor" means a wholesaler that acts in the~~
9 ~~same or similar capacity as a wine maker, wine manufacturer, or~~
10 ~~outstate seller of wine for a brand or brands of wine to other~~
11 ~~wholesalers on a regular basis in the normal course of business.~~

12 (2) Notwithstanding subsection (1), a brand extension is not a
13 new or different brand. A manufacturer or outstate seller of wine
14 shall assign a brand extension to the wholesaler that was granted
15 the sales territory for the brand from which the brand extension
16 resulted.

17 (3) Subsection (2) does not apply if, before January 1, 1994,
18 a manufacturer or outstate seller of wine had assigned a brand
19 extension to a wholesaler that was not the appointed wholesaler for
20 the brand from which the brand extension was made.

21 (4) ~~Until July 1, 1995, a manufacturer or outstate seller of~~
22 ~~wine who acquired or otherwise obtained the right to assign brands~~
23 ~~of another manufacturer or outstate seller of wine between January~~
24 ~~1, 1994 and July 1, 1995 shall assign a brand extension to the~~
25 ~~wholesaler that was granted the sales territory for the brand from~~
26 ~~which the brand extension resulted. Beginning July 1, 1995, a~~
27 ~~manufacturer or outstate seller of wine who acquires or otherwise~~
28 ~~obtains the right to assign brands of another manufacturer or~~
29 ~~outstate seller of wine is not required to assign a new brand~~



1 ~~extension to the wholesaler that is granted the exclusive sales~~
2 ~~territory to the brand from which the new brand extension results.~~
3 ~~Any brand extension assigned between January 1, 1994 and July 1,~~
4 ~~1995 must remain assigned to the assigned wholesaler.~~ **Subsection (2)**
5 **does not apply if, before October 1, 2019, a successor manufacturer**
6 **or successor outstate seller of wine had assigned a brand extension**
7 **to a wholesaler that was not the appointed wholesaler for the brand**
8 **from which the extension was made.**

9 (5) A manufacturer of a mixed wine drink, mixed spirit drink
10 manufacturer, outstate seller of a mixed wine drink, or outstate
11 seller of mixed spirit drink shall grant to each of its wholesalers
12 an exclusive sales territory in which the wholesaler ~~shall be~~ **is** a
13 distributor of the specified brand or brands of the manufacturer or
14 outstate seller. The territory is the territory agreed ~~upon~~ **on**
15 between the wholesaler and the manufacturer of a mixed wine drink,
16 mixed spirit drink manufacturer, outstate seller of mixed wine
17 drinks, or outstate seller of mixed spirit drink.

18 (6) Notwithstanding subsection (5), a brand extension is not a
19 new or different brand. A manufacturer of a mixed wine drink, mixed
20 spirit drink manufacturer, outstate seller of a mixed wine drink,
21 or outstate seller of mixed spirit drink shall assign a brand
22 extension to the wholesaler that was granted the exclusive sales
23 territory for the brand from which the brand extension resulted.

24 (7) Subsection (6) does not apply if, before January 1, 1994,
25 a manufacturer of a mixed wine drink, mixed spirit drink
26 manufacturer, outstate seller of a mixed wine drink, or outstate
27 seller of mixed spirit drink had assigned a brand extension to a
28 wholesaler that was not the appointed wholesaler for the brand from
29 which the brand extension was made.



1 (8) ~~Until July 1, 1995, a manufacturer of a mixed wine drink,~~
2 ~~mixed spirit drink manufacturer, outstate seller of mixed wine~~
3 ~~drink, or outstate seller of mixed spirit drink who acquired or~~
4 ~~otherwise obtained the right to assign brands of another~~
5 ~~manufacturer of a mixed wine drink, mixed spirit drink~~
6 ~~manufacturer, outstate seller of a mixed wine drink, or outstate~~
7 ~~seller of mixed spirit drink between January 1, 1994 and July 1,~~
8 ~~1995 shall assign a brand extension to the wholesaler that was~~
9 ~~granted the exclusive sales territory for the brand from which the~~
10 ~~brand extension resulted. Beginning July 1, 1995, a manufacturer of~~
11 ~~mixed wine drink, mixed spirit drink manufacturer, outstate seller~~
12 ~~of mixed wine drink, or outstate seller of mixed spirit drink who~~
13 ~~acquires or otherwise obtains the right to assign brands of another~~
14 ~~manufacturer of mixed wine drink, mixed spirit drink manufacturer,~~
15 ~~outstate seller of mixed wine drink, or outstate seller of mixed~~
16 ~~spirit drink is not required to assign a new brand extension to the~~
17 ~~wholesaler that is granted the exclusive sales territory to the~~
18 ~~brand from which the new brand extension results. Any brand~~
19 ~~extension assigned between January 1, 1994 and July 1, 1995 must~~
20 ~~remain assigned to the assigned wholesaler.~~ **Subsection (6) does not**
21 **apply if, before October 1, 2019, a successor manufacturer or**
22 **successor outstate seller of mixed wine drink or mixed spirit drink**
23 **had assigned a brand extension to a wholesaler that was not the**
24 **appointed wholesaler for the brand from which the brand extension**
25 **was made.**

26 (9) Subsection (1) does not prohibit any of the following:

27 (a) A manufacturer of wine, an outstate seller of wine, or a
28 master distributor from continuing or renewing an agreement under
29 this act with a wholesaler for a specified brand or brands for any



1 county or part of a county where more than 1 wholesaler has an
 2 agreement with the manufacturer of wine, outstate seller of wine,
 3 or master distributor in effect on June 1, 2010 if the wholesaler
 4 had an agreement to distribute that specified brand or brands in
 5 that county or that part of a county and was a master distributor
 6 or was actively selling that brand or brands of wine to a retailer
 7 in that county or that part of a county on June 1, 2010.

8 (b) A wholesaler from selling or transferring the wholesaler's
 9 distribution rights or a manufacturer of wine, outstate seller of
 10 wine, or master distributor from approving the sale or transfer of
 11 a wholesaler's distribution rights to a specified brand or brands
 12 of wine for any county or part of a county to another wholesaler if
 13 the selling or transferring wholesaler, or any of its predecessors,
 14 had the right to distribute that brand or brands of wine in that
 15 county or part of that county and was actively selling that brand
 16 or brands to a retailer in that county or that part of a county on
 17 June 1, 2010 or was acting as a master distributor for that county
 18 or part of that county on June 1, 2010.

19 **(10) As used in this section, "master distributor" means,**
 20 **notwithstanding section 109(4), a wholesaler that acts in the same**
 21 **or similar capacity as a wine maker, wine manufacturer, or outstate**
 22 **seller of wine for a brand or brands of wine to other wholesalers**
 23 **on a regular basis in the normal course of business.**

24 Enacting section 1. This amendatory act does not take effect
 25 unless all of the following bills of the 100th Legislature are
 26 enacted into law:

- 27 (a) House Bill No. 5341.
- 28 (b) House Bill No. 5342.
- 29 (c) House Bill No. 5343.



- 1 (d) House Bill No. 5344.
- 2 (e) House Bill No. 5345.
- 3 (f) House Bill No. 5346.
- 4 (g) House Bill No. 5347.
- 5 (h) House Bill No. 5348.
- 6 (i) House Bill No. 5349.
- 7 (j) House Bill No. 5351.
- 8 (k) House Bill No. 5352.
- 9 (l) House Bill No. 5353.
- 10 (m) House Bill No. 5354.
- 11 (n) House Bill No. 5355.
- 12 (o) House Bill No. 5400.

