

SENATE BILL No. 612

November 14, 1991, Introduced by Senators WELBORN and BERRYMAN and referred to the Committee on State Affairs and Military/Veteran Affairs.

A bill to amend sections 2m, 2p, 16a, 19, 19d, 30, 30d, 31, and 49a of Act No. 8 of the Public Acts of the Extra Session of 1933, entitled as amended

"The Michigan liquor control act,"

sections 2m, 2p, 16a, 19, 19d, 30, 30d, 31, and 49a as amended by Act No. 118 of the Public Acts of 1989, being sections 436.2m, 436.2p, 436.16a, 436.19, 436.19d, 436.30, 436.30d, 436.31, and 436.49a of the Michigan Compiled Laws; to add sections 3a, 5a, 5c, 16c, 16d, 16e, 16f, 16g, 16h, 21a, and 30e; and to repeal certain parts of the act on a specific date.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Sections 2m, 2p, 16a, 19, 19d, 30, 30d, 31, and
2 49a of Act No. 8 of the Public Acts of the Extra Session of 1933,
3 sections 2m, 2p, 16a, 19, 19d, 30, 30d, 31, and 49a as amended by
4 Act No. 118 of the Public Acts of 1989, being sections 436.2m,

1 436.2p, 436.16a, 436.19, 436.19d, 436.30, 436.30d, 436.31, and
2 436.49a of the Michigan Compiled Laws, are amended and sections
3 3a, 5a, 5c, 16c, 16d, 16e, 16f, 16g, 16h, 21a, and 30e are added
4 to read as follows:

5 Sec. 2m. (1) As used in this act:

6 (a) "Brandy manufacturer" means any person licensed under
7 this act to engage in the manufacturing, rectifying or blending,
8 or both, of brandy only and not any other distilled spirit. Only
9 a licensed wine maker or a small wine maker is eligible to be a
10 brandy manufacturer.

11 (b) "Mixed spirit drink manufacturer" means any person
12 licensed under this act to manufacture in this state mixed spirit
13 drink and to sell mixed spirit drink to a wholesaler.

14 (c) "SPIRIT MANUFACTURER" MEANS ANY PERSON LICENSED UNDER
15 THIS ACT TO MANUFACTURE IN THIS STATE SPIRITS AND TO SELL SPIRITS
16 TO A WHOLESALER.

17 (D) ~~-(e)-~~ "Outstate seller of beer" means a person licensed
18 by the commission to sell beer which has not been manufactured in
19 this state to a wholesaler in this state in accordance with rules
20 promulgated by the commission.

21 (E) ~~-(d)-~~ "Outstate seller of mixed spirit drink" means a
22 person licensed by the commission to sell mixed spirit drink not
23 manufactured in this state to a wholesaler in this state accord-
24 ing to rules promulgated by the commission.

25 (F) "OUTSTATE SELLER OF SPIRITS" MEANS A PERSON LICENSED BY
26 THE COMMISSION TO SELL SPIRITS NOT MANUFACTURED IN THIS STATE TO

1 A WHOLESALER IN THIS STATE ACCORDING TO RULES PROMULGATED BY THE
2 COMMISSION.

3 (G) ~~-(e)-~~ "Outstate seller of wine" means a person licensed
4 by the commission to sell wine which has not been manufactured in
5 this state to a wholesaler in this state in accordance with rules
6 promulgated by the commission, and to sell sacramental wine as
7 provided in section 16a.

8 (H) ~~-(f)-~~ "Retailer" means a person licensed by the commis-
9 sion who sells to the consumer, under rules as the commission may
10 establish.

11 (I) ~~-(g)-~~ "Vendor" means a person licensed by the commission
12 to sell alcoholic liquor.

13 ~~-(h)- "Vendor of spirits" means a person selling spirits to~~
14 ~~the commission.~~

15 (J) ~~-(i)-~~ "Wholesaler" means a person who sells beer, wine,
16 or mixed spirit drink only to retailers or other licensees, and
17 who sells sacramental wine as provided in section 16a.

18 (K) "WHOLESALER OF SPIRITS" MEANS A PERSON WHO SELLS SPIRITS
19 ONLY TO RETAILERS OR OTHER LICENSEES.

20 (L) ~~-(j)-~~ "Warehouseman" means a licensee authorized by the
21 commission to store alcoholic beverages ~~—~~ but prohibited from
22 making sales or deliveries to retailers unless the licensee is
23 also the holder of a wholesaler or manufacturer license issued by
24 the commission.

25 (2) For the purposes of rules promulgated by the commission,
26 a mixed spirit drink manufacturer and an outstate seller of mixed
27 spirit drink shall be considered and treated as a wine.

1 manufacturer and outstate seller of wine, respectively, except
2 that they shall be subject to the rules applicable to spirits for
3 purposes of manufacturing and labeling.

4 Sec. 2p. "Specially designated distributor" means a person
5 engaged in an established business licensed by the commission to
6 distribute spirits and mixed spirit drink in the original package
7 ~~for the commission~~ for consumption off the premises.

8 SEC. 3A. (1) EXCEPT AS PROVIDED IN THIS SECTION AND SECTION
9 16A, A SALE, DELIVERY, OR IMPORTATION OF ALCOHOLIC LIQUOR,
10 INCLUDING ALCOHOLIC LIQUOR FOR PERSONAL USE, SHALL NOT BE MADE IN
11 THIS STATE UNLESS THE SALE, DELIVERY, OR IMPORTATION IS MADE BY A
12 PERSON LICENSED BY THE COMMISSION OR BY PRIOR WRITTEN ORDER OF
13 THE COMMISSION. THIS SECTION SHALL NOT APPLY IN THE CASE OF AN
14 ALCOHOLIC LIQUOR BROUGHT INTO THIS STATE PERSONALLY BY A PERSON
15 OF LEGAL AGE TO PURCHASE ALCOHOLIC LIQUOR AT THE TIME OF REENTRY
16 INTO THIS STATE FROM WITHOUT THE TERRITORIAL LIMITS OF THE UNITED
17 STATES FOR PERSONAL OR HOUSEHOLD USE IN AN AMOUNT PERMITTED BY
18 FEDERAL LAW IF THE PERSON HAS BEEN OUTSIDE THE TERRITORIAL LIMITS
19 OF THE UNITED STATES FOR MORE THAN 48 HOURS AND HAS NOT BROUGHT
20 ALCOHOLIC LIQUOR INTO THE UNITED STATES DURING THE PRECEDING 30
21 DAYS.

22 (2) NOTWITHSTANDING SUBSECTION (1) A PERSON WHO IS OF LEGAL
23 AGE TO PURCHASE ALCOHOLIC LIQUOR MAY IMPORT FROM ANOTHER STATE
24 FOR THAT PERSON'S PERSONAL USE NOT MORE THAN 288 OUNCES OF ALCO-
25 HOLIC LIQUOR WHICH CONTAINS LESS THAN 21% ALCOHOL BY VOLUME.

26 SEC. 5A. (1) A COMMISSION TO BE KNOWN AS THE LIQUOR CONTROL
27 COMMISSION IS CREATED.

1 (2) THE COMMISSION SHALL CONSIST OF 5 MEMBERS, NOT MORE THAN
2 3 OF WHOM SHALL BE MEMBERS OF THE SAME POLITICAL PARTY, TO BE
3 APPOINTED BY THE GOVERNOR WITH THE ADVICE AND CONSENT OF THE
4 SENATE. TWO OF THESE MEMBERS, 1 FROM EACH POLITICAL PARTY, SHALL
5 BE DESIGNATED BY THE CHAIR AS HEARING COMMISSIONERS TO HEAR VIO-
6 LATION CASES AND TO PERFORM SUCH OTHER FUNCTIONS AND DUTIES AS
7 ASSIGNED TO THEM BY THE CHAIR. THE REMAINING 3 COMMISSIONERS
8 SHALL BE DESIGNATED AS ADMINISTRATIVE COMMISSIONERS AND SHALL
9 HAVE THE RESPONSIBILITY FOR ADMINISTERING THE PROVISIONS OF THIS
10 ACT RELATING TO LICENSING, TAXATION, AND ENFORCEMENT. THE ADMIN-
11 ISTRATIVE COMMISSIONERS SHALL ALSO ACT AS AN APPEAL BOARD TO THE
12 DECISIONS RENDERED BY THE HEARING COMMISSIONERS.

13 (3) THE RESPONSIBILITIES OF THE 5-MEMBER COMMISSION SHALL BE
14 THE ADMINISTRATION OF THE PROVISIONS OF THIS ACT WHICH HAVE NOT
15 BEEN SPECIFICALLY DELEGATED TO EITHER THE HEARING COMMISSIONERS
16 OR THE ADMINISTRATIVE COMMISSIONERS IN THIS SECTION. EACH MEMBER
17 OF THE COMMISSION SHALL DEVOTE HIS OR HER ENTIRE TIME TO THE PER-
18 FORMANCE OF THE DUTIES OF THE OFFICE.

19 (4) THE TERMS OF THE COMMISSIONERS SHALL BE 4 YEARS EACH.
20 EACH MEMBER OF THE COMMISSION SHALL QUALIFY BY TAKING AND FILING
21 THE CONSTITUTIONAL OATH OF OFFICE AND SHALL HOLD OFFICE UNTIL THE
22 APPOINTMENT AND QUALIFICATION OF A SUCCESSOR. THE MEMBERS OF THE
23 COMMISSION SHALL NOT BE REMOVED FROM OFFICE BY THE GOVERNOR
24 EXCEPT FOR MALFEASANCE, MISFEASANCE, OR NEGLECT IN OFFICE.

25 (5) A VACANCY IN THE MEMBERSHIP OF THE COMMISSION SHALL BE
26 FILLED FOR AN UNEXPIRED TERM BY THE GOVERNOR IN THE MANNER
27 PROVIDED FOR IN SUBSECTION (2).

1 (6) A QUORUM FOR THE TRANSACTION OF BUSINESS OF THE
2 ADMINISTRATIVE COMMISSIONERS SHALL CONSIST OF 2 ADMINISTRATIVE
3 COMMISSIONERS. A QUORUM FOR THE TRANSACTION OF BUSINESS OF THE
4 5-MEMBER COMMISSION SHALL BE 3 MEMBERS.

5 (7) A MEMBER OF THE COMMISSION SHALL RECEIVE AN ANNUAL
6 SALARY AS APPROPRIATED BY THE LEGISLATURE, SHALL BE ENTITLED TO
7 ACTUAL AND NECESSARY EXPENSES WHILE ON THE BUSINESS OF THE COM-
8 MISSION, AND SHALL HAVE A WORK STATION DESIGNATED BY THE CHAIR.

9 (8) THE COMMISSION SHALL ANNUALLY DESIGNATE 1 OF ITS MEMBERS
10 TO ACT AS THE CHAIR OF THE COMMISSION.

11 SEC. 5C. (1) THE POWERS OF THE COMMISSION, ENUMERATED IN
12 THIS ACT, WHICH ARE NOT SPECIFICALLY AND EXCLUSIVELY RESERVED TO
13 THE COMMISSION BY THE ACT, SHALL BE VESTED IN, AND EXERCISED AND
14 ADMINISTERED BY A LIQUOR CONTROL BUSINESS MANAGER, WHO SHALL BE
15 SELECTED BY AND RESPONSIBLE TO THE COMMISSION, AND WHOSE POSITION
16 SHALL BE IN THE STATE CLASSIFIED CIVIL SERVICE. THE POWERS OF
17 THE COMMISSION ENUMERATED IN, AND PROVIDED FOR BY THIS ACT, SHALL
18 BE EXERCISED IN CONFORMITY WITH THE PROVISIONS OF THE ACT PER-
19 TAINING TO THE DUTIES OF THE LIQUOR CONTROL BUSINESS MANAGER.

20 (2) THE COMMISSION SHALL EXCLUSIVELY EXERCISE THE POWER TO
21 MAKE RULES AND REGULATIONS UNDER THE ACT TO REGULATE THE CONTROL
22 OF THE ALCOHOLIC BEVERAGE TRAFFIC WITHIN THE STATE; TO HEAR AND
23 DECIDE ALL CASES OF VIOLATION OF THIS ACT AND REGULATIONS THERE-
24 UNDER; TO EMPLOY A LIQUOR CONTROL BUSINESS MANAGER AS PROVIDED
25 FOR BY THE ACT; AND TO HEAR AND DECIDE ALL PUBLIC APPEALS FROM
26 THE ADMINISTRATIVE DECISIONS OF THE LIQUOR CONTROL BUSINESS
27 MANAGER.

1 (3) THE LIQUOR CONTROL BUSINESS MANAGER SHALL BE AND SHALL
2 SERVE AS THE BUSINESS MANAGER OF THE LIQUOR CONTROL COMMISSION,
3 AND AS SUCH IT SHALL BE HIS OR HER DUTY AND RESPONSIBILITY TO
4 MANAGE THE BUSINESS AFFAIRS OF THE COMMISSION RELATIVE TO
5 INSPECTING, INVESTIGATING, TAXATION, LICENSING, AND ACCOUNTING,
6 IN ACCORDANCE WITH POLICIES ESTABLISHED BY THE LIQUOR CONTROL
7 COMMISSION AND IN COMPLIANCE WITH THE PROVISIONS OF THIS ACT AND
8 WITH THE RULES AND REGULATIONS ADOPTED THEREUNDER. IN ADDITION
9 TO THE FOREGOING, SAID BUSINESS MANAGER SHALL BE EXCLUSIVELY
10 RESPONSIBLE FOR THE ASSIGNING, TRAINING, AND SUPERVISING OF ALL
11 COMMISSION CLASSIFIED EMPLOYEES.

12 Sec. 16a. (1) There shall be levied and collected by the
13 commission on all wines containing 16% or less of alcohol by
14 volume sold in this state and manufactured from grapes or fruits
15 not grown in this state, a tax at the rate of 13.5 cents per
16 liter if sold in bulk and in a like ratio if sold in smaller
17 quantities.

18 (2) There shall be levied and collected by the commission on
19 all wines containing more than 16% of alcohol by volume sold in
20 this state a tax at the rate of 20 cents per liter if sold in
21 bulk and in a like ratio if sold in smaller quantities.

22 (3) The commission shall reduce by 12.5 cents per liter the
23 tax specified in subsection (1) and shall reduce by 19 cents per
24 liter the tax specified in subsection (2) on all wines manufac-
25 tured in Michigan from grapes grown in Michigan, for which the
26 wineries, blenders, or rectifiers have paid the Michigan grape
27 growers \$100.00 per ton, or more, at the shipping point, the

1 buyer furnishing at his or her expense all necessary packages or
2 containers and paying transportation charges beyond the shipping
3 point. Not less than \$100.00 of the minimum payment specified in
4 this subsection shall be paid in cash by December 15 of the year
5 in which the grapes are delivered. The remainder of the minimum
6 payment shall be made by a promissory note payable without inter-
7 est before April 16 of the year following the delivery of the
8 grapes. The tax shall also be reduced as provided in this sub-
9 section on all wines manufactured in Michigan from Michigan grown
10 fruits, other than grapes, and also on these wines when blended
11 with wine or wine spirits manufactured in Michigan and also
12 blended with wine or wine spirits manufactured from grapes and
13 fruits not grown in Michigan, when the blend does not use in the
14 finished product over 25% in volume of wine or wine spirits manu-
15 factured outside the state of Michigan. All wines not manufac-
16 tured and not entitled to tax reduction as provided in this sec-
17 tion shall be subject to and shall pay to the commission the full
18 amount of tax as provided in this act. Every Michigan winery, as
19 a condition precedent to the commission having jurisdiction to
20 grant or recognize any claim for tax reduction shall, on or
21 before December 15 of each year, when Michigan grapes are pur-
22 chased, file with the commission a detailed and sworn statement
23 showing the date, place of delivery, and amount of grapes pur-
24 chased of Michigan grape growers, and the name and address of the
25 Michigan growers from whom the purchases are made, together with
26 a sworn statement that the grapes have been paid for at the price
27 and manner provided for in this act, and that this act has been

1 fully complied with. The commission may promulgate other
2 necessary and proper rules as in the opinion of the commission
3 will prevent tax evasion or allow wineries tax reduction on more
4 liters of wine than would ordinarily be produced and manufactured
5 from the tonnage purchased and on which tax reduction could
6 legally be claimed.

7 (4) All sacramental wines shall be nontaxable when used by
8 churches and sacramental wines may be imported and the commission
9 shall not impose restrictions on importations of wine for sacra-
10 mental purposes but may promulgate rules as will prevent any
11 abuses which result from the importations. A wholesaler or an
12 outstate seller of wine may sell sacramental wine directly to a
13 church for sacramental purposes.

14 (5) The commission shall levy and collect on all mixed
15 spirit drink sold in this state a tax at the rate of 48 cents per
16 liter if sold in bulk or a like ratio if sold in smaller
17 quantities.

18 (6) On approval by the commission, the corporation and
19 securities bureau shall incorporate a limited number of farm
20 mutual cooperative wineries as, in the judgment of the commis-
21 sion, will be beneficial to the Michigan grape and fruit
22 industry. These wineries shall be licensed under this act and
23 the payment of 1 license fee annually by the corporation shall
24 authorize wine making on the premises of the corporation and also
25 on the premises of the grape and fruit growing farmers who are
26 members of or stockholders in the corporation. The stockholders
27 or members, on incorporation of a farmers' cooperative

1 corporation as provided for in this section shall be certified to
2 be Michigan grape and fruit growing farmers. Wine making by
3 cooperative corporations on farm premises is allowed but all
4 sales of the wine shall be made by the corporation and from the
5 corporation premises.

6 (7) The commission may sell any existing inventory of ~~mixed~~
7 ~~spirit drink and any mixed spirit drink which is on order~~
8 SPIRITS as of the effective date of the ~~1989~~ 1991 amendatory
9 act that amended this section to any vendor who holds a license
10 to sell ~~mixed spirit drink~~ SPIRITS at wholesale or retail.
11 Prices for ~~mixed spirit drink~~ SPIRITS sold pursuant to this
12 subsection shall be established by the commission.

13 (8) BEGINNING OCTOBER 1, 1992, THE COMMISSION SHALL LEVY AND
14 COLLECT ON ALL SPIRITS SOLD IN THIS STATE A TAX AT THE RATE OF
15 21% UPON THE PRICE OF SPIRITS SOLD BY A SPIRIT MANUFACTURER OR AN
16 OUTSTATE SELLER OF SPIRITS TO A WHOLESALE OF SPIRITS.

17 SEC. 16C. A SALE OR PURCHASE OF ALCOHOLIC LIQUOR MADE BY
18 ALL TYPES OF LICENSEES SHALL BE FOR CASH ONLY, EXCEPT FOR THE
19 FOLLOWING:

20 (A) A CUSTOMER'S CHARGE ACCOUNT WITH A SPECIALLY DESIGNATED
21 MERCHANT WHO IS NOT A HOLDER OF A LICENSE AUTHORIZING SALE OF
22 ALCOHOLIC LIQUOR FOR CONSUMPTION ON THE PREMISES.

23 (B) A SALE TO A BONA FIDE REGISTERED GUEST OF A CLASS
24 B-HOTEL OR CLASS A-HOTEL, IF THE EXTENSION OF CREDIT DOES NOT
25 EXCEED 30 DAYS.

26 (C) A SALE TO AN INDUSTRIAL ACCOUNT IF THE EXTENSION OF
27 CREDIT DOES NOT EXCEED 30 DAYS.

1 (D) A SALE TO A PERSON HOLDING AN AUTHORIZED CREDIT CARD
2 FROM A CREDIT CARD AGENCY.

3 (E) A SALE TO A PROFESSIONAL ACCOUNT, OR AN INDUSTRIAL
4 ACCOUNT OF CLASS C-LICENSEE OR A TAVERN, WHOSE MAJOR BUSINESS IS
5 FOOD, IF THE EXTENSION OF CREDIT DOES NOT EXCEED 30 DAYS.

6 (F) A SALE BY A PRIVATE CLUB TO A BONA FIDE MEMBER.

7 SEC. 16D. (1) A SPIRIT MANUFACTURER, WHOLESALER OF SPIRITS,
8 OR AN OUTSTATE SELLER OF SPIRITS SHALL NOT SELL SPIRITS AT A
9 QUANTITY DISCOUNT.

10 (2) THE PRICE CHARGED BY A SPIRIT MANUFACTURER OR AN OUT-
11 STATE SELLER OF SPIRITS TO A WHOLESALER OF SPIRITS SHALL BE AT
12 LEAST 5% MORE THAN THE COST OF THE SPIRITS TO THE SPIRIT MANUFAC-
13 Turer OR THE OUTSTATE SELLER OF SPIRITS. THE PRICE CHARGED BY A
14 WHOLESALER OF SPIRITS TO A RETAIL LICENSEE SHALL BE AT LEAST 5%
15 MORE THAN THE COST OF THE SPIRITS TO THE WHOLESALER OF SPIRITS.

16 (3) A SPIRIT MANUFACTURER, WHOLESALER OF SPIRITS, OR AN OUT-
17 STATE SELLER OF SPIRITS SHALL NOT ADVERTISE BY MEANS OF NEWSPA-
18 PERS OR BILLBOARDS.

19 (4) THE COMMISSION SHALL NEGOTIATE WITH ANY COLLECTIVE BAR-
20 GAINING UNITS OF EMPLOYEES OF STATE LIQUOR STORES REGARDING CRI-
21 TERIA FOR REASSIGNMENT OF THOSE EMPLOYEES.

22 SEC. 16E. (1) EACH SPIRIT MANUFACTURER AND EACH OUTSTATE
23 SELLER OF SPIRITS WHOSE SPIRIT TAX LIABILITY FOR THE PRECEDING
24 CALENDAR YEAR HAS AVERAGED LESS THAN \$50,000.00 PER MONTH SHALL
25 SUBMIT TO THE COMMISSION, ON FORMS ACCEPTABLE TO THE COMMISSION
26 AND POSTMARKED NOT LATER THAN THE FIFTEENTH DAY OF EACH MONTH, A
27 SPIRIT TAX REPORT OF ALL SPIRITS SOLD, DELIVERED, OR IMPORTED

1 INTO THIS STATE DURING THE PREVIOUS CALENDAR MONTH AND SHALL ALSO
2 SUBMIT, WITH THE SPIRIT TAX REPORT, THE PAYMENT OF THE REQUIRED
3 SPIRIT EXCISE TAX DUE PURSUANT TO SECTION 16A.

4 (2) EACH SPIRIT MANUFACTURER AND EACH OUTSTATE SELLER OF
5 SPIRITS WHOSE SPIRIT TAX LIABILITY FOR THE PRECEDING CALENDAR
6 YEAR HAS AVERAGED \$50,000.00 OR MORE PER MONTH SHALL SUBMIT TO
7 THE COMMISSION, ON FORMS ACCEPTABLE TO THE COMMISSION, 2 SPIRIT
8 TAX REPORTS EACH MONTH. ONE SPIRIT TAX REPORT SHALL BE POST-
9 MARKED NOT LATER THAN THE LAST DAY OF EACH MONTH AND MAY BE
10 EITHER AN ESTIMATE OR AN ACTUAL REPORT OF ALL SPIRITS SOLD,
11 DELIVERED, OR IMPORTED INTO THIS STATE DURING THE FIRST 15 DAYS
12 OF THAT MONTH. PAYMENT OF THE REQUIRED SPIRIT EXCISE TAX DUE
13 PURSUANT TO SECTION 16A SHALL BE INCLUDED WITH THE REPORT. A
14 SECOND SPIRIT TAX REPORT SHALL BE POSTMARKED NOT LATER THAN THE
15 FIFTEENTH DAY OF EACH MONTH AND SHALL REPORT ALL SPIRITS SOLD,
16 DELIVERED, OR IMPORTED INTO THIS STATE DURING THE PRECEDING CAL-
17 ENDAR MONTH. PAYMENT OF THE SPIRIT EXCISE TAX REQUIRED BY SEC-
18 TION 16A, LESS THE AMOUNT OF SPIRIT EXCISE TAX PREVIOUSLY PAID
19 ⁵ FOR THE MONTH, SHALL BE INCLUDED WITH THE REPORT.

20 (3) THE SPIRIT EXCISE TAX REPORTS SUBMITTED PURSUANT TO SUB-
21 SECTIONS (1) AND (2) BY A SPIRIT MANUFACTURER OR AN OUTSTATE
22 SELLER OF SPIRITS LOCATED OUTSIDE THIS STATE SHALL INCLUDE ALL OF
23 THE FOLLOWING INFORMATION:

24 (A) THE TOTAL SELLING PRICE OF ALL SPIRITS SOLD, DELIVERED,
25 AND IMPORTED INTO THIS STATE DURING THE PERIOD COVERED BY THE
26 REPORT.

1 (B) THE TOTAL AMOUNT OF THE SPIRIT EXCISE TAX DUE.

2 (C) THE DATE UPON WHICH EACH SHIPMENT OF SPIRITS WAS MADE.

3 (D) THE NAME AND ADDRESS OF THE LICENSED WHOLESALER OF SPIR-
4 ITS WHO RECEIVED EACH SHIPMENT OF SPIRITS.

5 (E) THE INVOICE NUMBER OF EACH SHIPMENT OF SPIRITS.

6 (F) THE QUANTITY AND CONTAINER SIZE OF EACH SHIPMENT OF
7 SPIRITS.

8 (4) THE SPIRIT EXCISE TAX REPORTS SUBMITTED PURSUANT TO SUB-
9 SECTIONS (1) AND (2) BY AN OUTSTATE SELLER OF SPIRITS LOCATED IN
10 THIS STATE SHALL INCLUDE THE TOTAL PURCHASES, IMPORTATIONS, AND
11 DELIVERIES OF SPIRITS RECEIVED BY THE OUTSTATE SELLER OF SPIRITS
12 DURING THE PERIOD COVERED BY THE REPORT AND THE TOTAL AMOUNT OF
13 THE SPIRIT EXCISE TAX DUE. THE DOCUMENTS LISTED IN EITHER OF THE
14 FOLLOWING SHALL BE SUBMITTED WITH THE SPIRIT TAX REPORT:

15 (A) A COPY OF EACH INVOICE, DEBIT MEMO, OR CREDIT MEMO FOR
16 EACH IMPORTATION OR DELIVERY OF SPIRITS RECEIVED FROM A MANUFAC-
17 Turer OF SPIRITS DURING THE PERIOD COVERED BY THE REPORT.

18 (B) A COPY OF EACH DOCUMENT ISSUED TO THE OUTSTATE SELLER OF
19 SPIRITS BY THE UNITED STATES CUSTOMS SERVICE FOR EACH WITHDRAWAL
20 OF SPIRITS FROM BOND WHICH OCCURRED DURING THE PERIOD COVERED BY
21 THE REPORT.

22 SEC. 16F. (1) EACH SALE OR DELIVERY OF SPIRITS MADE BY A
23 SPIRIT MANUFACTURER OR OUTSTATE SELLER OF SPIRITS TO A LICENSED
24 WHOLESALER OF SPIRITS SHALL BE ACCURATELY RECORDED ON A SALES
25 INVOICE, DEBIT MEMO, OR CREDIT MEMO. A SPIRIT MANUFACTURER OR AN
26 OUTSTATE SELLER OF SPIRITS SHALL FURNISH EACH LICENSED WHOLESALER

1 OF SPIRITS WITH 2 COPIES OF EACH INVOICE AT THE TIME OF EACH SALE
2 OR DELIVERY OF SPIRITS.

3 (2) WHEN A BILLING ERROR IS DISCOVERED, A SPIRIT MANUFAC-
4 Turer OR AN OUTSTATE SELLER OF SPIRITS SHALL IMMEDIATELY FURNISH
5 THE LICENSED WHOLESALER OF SPIRITS WHO WAS INCORRECTLY BILLED
6 WITH 2 COPIES OF EITHER A DEBIT MEMO OR A CREDIT MEMO TO CORRECT
7 THE BILLING ERROR.

8 (3) EACH SALES INVOICE SHALL HAVE PRINTED THEREON THE NAME,
9 ADDRESS, AND LOCATION OF THE SPIRIT MANUFACTURER OR OUTSTATE
10 SELLER OF SPIRITS ISSUING THE INVOICE AND SHALL ALSO CONTAIN ALL
11 OF THE FOLLOWING INFORMATION:

12 (A) THE NAME AND ADDRESS OF THE LICENSED WHOLESALER OF SPIR-
13 ITS TO WHOM THE SALE WAS MADE.

14 (B) THE DATE OF SALE AND IDENTIFYING INVOICE NUMBER.

15 (C) THE QUANTITY, BRAND NAME OR BRAND CODE, CONTAINER TYPE,
16 CONTAINER SIZE, UNIT PRICE, AND TOTAL COST OF THE SPIRITS SOLD.

17 (D) THE ADDRESS TO WHICH THE SPIRITS WERE DELIVERED, IF DIF-
18 FERENT THAN THE ADDRESS OF THE LICENSED WHOLESALER TO WHOM THE
19 SPIRITS WERE SOLD.

20 (4) EACH DEBIT MEMO AND EACH CREDIT MEMO SHALL HAVE PRINTED
21 THEREON THE NAME AND ADDRESS OF THE SPIRIT MANUFACTURER OR OUT-
22 STATE SELLER OF SPIRITS ISSUING THE DEBIT MEMO OR CREDIT MEMO AND
23 SHALL ALSO CONTAIN ALL OF THE FOLLOWING INFORMATION:

24 (A) THE NAME AND ADDRESS OF THE LICENSED WHOLESALER OF
25 SPIRITS.

26 (B) THE DATE ON WHICH THE ORIGINAL SCALE OCCURRED AND THE
27 IDENTIFYING NUMBER OF THE INVOICE BEING CORRECTED.

1 (C) THE CORRECTED QUANTITY, BRAND, CONTAINER TYPE, CONTAINER
2 SIZE, UNIT PRICE, THE NET AMOUNT DEBITED OR CREDITED, AND THE
3 NUMBER OF THE INVOICE TO WHICH THE DEBIT OR CREDIT WILL BE
4 APPLIED, IF KNOWN.

5 (D) THE REASON FOR THE DEBIT OR CREDIT.

6 (5) EACH LICENSED WHOLESALER OF SPIRITS SHALL RETAIN, ON THE
7 LICENSED PREMISES, 1 COPY OF EACH INVOICE, DEBIT MEMO, AND CREDIT
8 MEMO RECEIVED FROM A SPIRIT MANUFACTURER OR AN OUTSTATE SELLER OF
9 SPIRITS AND SHALL FORWARD TO THE LANSING OFFICE OF THE COMMIS-
10 SION, POSTMARKED NOT LATER THAN THE FIFTEENTH DAY OF EACH MONTH,
11 1 COPY OF EACH INVOICE, DEBIT MEMO, OR CREDIT MEMO RECEIVED
12 DURING THE PREVIOUS MONTH.

13 SEC. 16G. (1) A SPIRIT MANUFACTURER, AN OUTSTATE SELLER OF
14 SPIRITS, OR A WHOLESALER OF SPIRITS SHALL FILE WITH THE COMMIS-
15 SION IN LANSING A SCHEDULE OF NET CASH PRICE AT WHICH THE SPIRIT
16 MANUFACTURER, OUTSTATE SELLER OF SPIRITS, OR THE WHOLESALER OF
17 SPIRITS WILL SELL TO A LICENSEE IN THIS STATE FOR EVERY KIND,
18 SIZE, PROOF, OR BRAND OF SPIRIT DISTRIBUTED, MANUFACTURED, OR
19 IMPORTED BY THAT SPIRIT MANUFACTURER, OUTSTATE SELLER OF SPIRITS,
20 OR WHOLESALER OF SPIRITS. A SPIRIT MANUFACTURER, AN OUTSTATE
21 SELLER OF SPIRITS, OR A WHOLESALER OF SPIRITS MAY FILE A PRICE
22 FOR AN INDIVIDUAL BOTTLE OF EVERY KIND, SIZE, PROOF, OR BRAND OF
23 SPIRIT DISTRIBUTED, MANUFACTURED, OR IMPORTED BY THAT SPIRIT MAN-
24 UFACTURER, OUTSTATE SELLER OF SPIRITS, OR WHOLESALER OF SPIRITS
25 AND A PRICE FOR A CASE OF EVERY KIND, SIZE, PROOF, OR BRAND OF
26 SPIRIT DISTRIBUTED, MANUFACTURED, OR IMPORTED BY THAT SPIRIT

1 MANUFACTURER, OUTSTATE SELLER OF SPIRITS, OR WHOLESALER OF
2 SPIRITS.

3 (2) A SPIRIT MANUFACTURER, AN OUTSTATE SELLER OF SPIRITS, OR
4 A WHOLESALER OF SPIRITS SHALL NOT SELL A KIND, SIZE, PROOF, OR
5 BRAND OF SPIRIT FOR A PRICE OTHER THAN THE PRICE POSTED WITH THE
6 COMMISSION.

7 (3) BEFORE REDUCING A PRICE FILED PURSUANT TO SUBSECTION
8 (1), A SPIRIT MANUFACTURER, AN OUTSTATE SELLER OF SPIRITS, OR A
9 WHOLESALER OF SPIRITS SHALL FILE WITH THE COMMISSION IN LANSING
10 THE PRICE REDUCTION TO THE EXISTING PRICE. THE PRICE REDUCTION
11 SHALL BECOME EFFECTIVE ON THE DATE RECEIVED BY THE COMMISSION OR
12 ON THE DATE SPECIFIED BY THE PERSON FILING THE CHANGE, WHICHEVER
13 IS LATER. A PRICE REDUCTION APPROVED BY THE COMMISSION SHALL
14 CONTINUE FOR AT LEAST 90 DAYS AFTER THE EFFECTIVE DATE EXCEPT AS
15 OTHERWISE PROVIDED IN THIS SECTION.

16 (4) THE PRICE POSTED BY A SPIRIT MANUFACTURER, AN OUTSTATE
17 SELLER OF SPIRITS, OR A WHOLESALER OF SPIRITS PURSUANT TO SUBSEC-
18 TION (3) MAY BE INCREASED DURING THE 90-DAY PERIOD TO REFLECT AN
19 EXCISE TAX INCREASE. A PRICE INCREASE PERMITTED UNDER THIS SUB-
20 SECTION SHALL NOT BE GREATER ON A PER UNIT BASIS THAN THAT
21 REQUIRED TO RECAPTURE THE TAX INCREASE ON THAT UNIT.

22 (5) THE PRICE POSTED BY A SPIRIT MANUFACTURER, AN OUTSTATE
23 SELLER OF SPIRITS, OR A WHOLESALER OF SPIRITS PURSUANT TO SUBSEC-
24 TION (3) MAY BE DECREASED DURING THE 90-DAY PERIOD TO MEET COMPE-
25 TITION IF BOTH OF THE FOLLOWING OCCUR:

26 (A) THE PRICE REDUCTION IS NOT GREATER ON A CENTS-PER-UNIT
27 BASIS THAN A PRICE REDUCTION FILED BY THE COMPETITION.

1 (B) THE PRICE REDUCTION CONTINUES FOR THE BALANCE OF THE 90
2 DAYS FILED BY THE COMPETITION.

3 (6) A WHOLESALE OF SPIRITS SHALL NOT CHARGE A RETAIL
4 LICENSEE ANY FEE IN ADDITION TO THE NET CASH PRICE FILED IN SUB-
5 SECTION (1) EXCEPT FOR A SPLIT-CASE FEE. IF A WHOLESALE OF
6 SPIRITS CHARGES A SPLIT-CASE FEE TO A RETAIL LICENSEE, SUCH A FEE
7 SHALL BE AT THE SAME PER UNIT RATE, SHALL BE NONDISCRIMINATORY,
8 AND SHALL NOT BE BASED ON A SLIDING SCALE.

9 SEC. 16H. BEFORE THE APPROVAL AND GRANTING OR RENEWAL OF A
10 LICENSE INVOLVING A SPIRIT MANUFACTURER OR AN OUTSTATE SELLER OF
11 SPIRITS, THE LICENSEE OR APPLICANT SHALL EXECUTE AND DELIVER TO
12 THE COMMISSION A BOND EXECUTED BY A SURETY COMPANY AUTHORIZED TO
13 DO BUSINESS IN THIS STATE OR, IN THE DISCRETION OF THE COMMIS-
14 SION, BY AN APPROVED PERSONAL SURETY RUNNING TO THE PEOPLE OF THE
15 STATE OF MICHIGAN IN AN AMOUNT EQUAL TO 1/12 OF THE TOTAL SPIRIT
16 EXCISE TAX PAID TO THE STATE IN THE LAST CALENDAR YEAR OR, IF NOT
17 PREVIOUSLY LICENSED IN THIS STATE, THE AMOUNT OF \$50,000.00 FOR
18 THE FAITHFUL PERFORMANCE OF THE CONDITIONS OF THE LICENSE AND FOR
19 COMPLIANCE WITH THIS ACT. THE SURETY SHALL NOT CANCEL A BOND
20 UNDER THIS SECTION EXCEPT UPON 30 DAYS' WRITTEN NOTICE TO THE
21 COMMISSION.

22 Sec. 19. (1) The following license fees shall be paid at
23 the time of filing applications or as otherwise provided in this
24 act:

25 (a) Manufacturers of spirits, but not including makers,
26 blenders, and rectifiers of wines containing 21% of alcohol or
27 less by volume, ~~-\$10,000.00~~ \$1,000.00.

1 (b) Manufacturers of beer, \$50.00 per 1,000 barrels, or
2 fraction of a barrel, production annually with a maximum fee of
3 \$1,000.00, and in addition \$50.00 for each motor vehicle used in
4 delivery to retail licensees. A fee increase shall not apply to
5 a manufacturer of less than 15,000 barrels production per year.

6 (c) Outstate seller of beer, delivering or selling beer in
7 this state, \$1,000.00.

8 (d) Wine makers, blenders, and rectifiers of wine, including
9 makers, blenders, and rectifiers of wines containing 21% or less
10 alcohol by volume, \$100.00. The small wine maker license fee
11 shall be \$25.00.

12 (e) Outstate seller of wine, delivering or selling wine in
13 this state, \$300.00.

14 (f) Outstate seller of mixed spirit drink, delivering or
15 selling mixed spirit drink in this state, \$300.00.

16 (g) Dining cars or other railroad or pullman cars selling
17 alcoholic liquor, \$100.00 per train.

18 (h) Wholesale vendors other than manufacturers of beer,
19 \$300.00 for the first motor vehicle used in delivery to retail
20 licensees and \$50.00 for each additional motor vehicle used in
21 delivery to retail licensees.

22 (i) Watercraft, licensed to carry passengers, selling alco-
23 holic liquor, a minimum fee of \$100.00 and a maximum fee of
24 \$500.00 per year computed on the basis of \$1.00 per person per
25 passenger capacity.

26 (j) Specially designated merchants, for selling beer or wine
27 for consumption off the premises only, but not at wholesale,

1 \$100.00 for each location regardless of the fact that the
2 location may be a part of a system or chain of merchandising.

3 (k) Specially designated distributors licensed by the com-
4 mission to distribute spirits and mixed spirit drink in the orig-
5 inal package ~~for the commission~~ for consumption off the
6 premises, ~~-\$150.00~~ \$400.00 per year. ~~and \$3.00 additional fee~~
7 ~~for each \$1,000.00 or major fraction of that amount in excess of~~
8 ~~\$25,000.00 of the total retail value of merchandise purchased~~
9 ~~under each license from the liquor control commission during the~~
10 ~~previous calendar year.~~

11 (l) Hotels of class A selling beer and wine, a minimum fee
12 of \$250.00 and for all bedrooms in excess of 20, \$1.00 for each
13 additional bedroom, but not to exceed \$500.00.

14 (m) Hotels of class B selling beer, wine, mixed spirit
15 drink, and spirits, a minimum fee of \$600.00 and for all bedrooms
16 in excess of 20, \$3.00 for each additional bedroom. If a hotel
17 of class B sells beer, wine, mixed spirit drink, and spirits in
18 more than 1 public bar, the fee shall entitle the hotel to sell
19 in only 1 public bar, other than a bedroom, and a license shall
20 be secured for each additional public bar, other than a bedroom,
21 the fee for which shall be \$350.00.

22 (n) Taverns, selling beer and wine, \$250.00.

23 (o) Class C license selling beer, wine, mixed spirit drink,
24 and spirits, \$600.00. If a class C licensee sells beer, wine,
25 mixed spirit drink, and spirits in more than 1 bar, a fee of
26 \$350.00 shall be paid for each additional bar. In municipally
27 owned or supported facilities in which nonprofit organizations

1 operate concession stands, a fee of \$100.00 shall be paid for
2 each additional bar.

3 (p) Clubs selling beer, wine, mixed spirit drink, and spir-
4 its, \$300.00 for clubs having 150 or less duly accredited members
5 and \$1.00 for each additional member. The membership list for
6 the purpose only of determining the license fees to be paid under
7 this section shall be the accredited list of members as deter-
8 mined by a sworn affidavit 30 days before the closing of the
9 license year. This section shall not prevent the commission from
10 checking a membership list and making its own determination from
11 the list or otherwise. The list of members and additional mem-
12 bers shall not be required of a club paying the maximum fee. The
13 maximum fee shall not exceed \$750.00 for any 1 club.

14 (q) Warehouses, to be fixed by the commission with a minimum
15 fee for each warehouse of \$50.00.

16 (r) Special licenses, a fee of \$50.00 per day, except that
17 the fee for that license or permit issued to any bona fide non-
18 profit association, duly organized and in continuous existence
19 for 1 year before the filing of its application, shall be
20 \$25.00. Not more than 5 special licenses may be granted to any
21 organization, including an auxiliary of the organization, in a
22 calendar year.

23 (s) Airlines licensed to carry passengers in this state,
24 which sell, offer for sale, provide, or transport alcoholic
25 liquor, \$600.00.

26 (t) Brandy manufacturer, \$100.00.

1 (u) Mixed spirit drink manufacturer, \$100.00.

2 (V) OUTSTATE SELLER OF SPIRITS, DELIVERING OR SELLING
3 SPIRITS IN THIS STATE, \$1,000.00.

4 (W) WHOLESALER OF SPIRITS, \$1,000.00.

5 (2) The fees provided in this act for the various types of
6 licenses shall not be prorated for a portion of the effective
7 period of the license.

8 Sec. 19d. (1) A retail vendor licensed under this act to
9 sell for consumption on the premises may apply for a license as a
10 specially designated merchant. A specially designated distribu-
11 tor may apply for a license as a specially designated merchant.
12 Except as provided in section 31(5), a warehouseman, mixed spirit
13 drink manufacturer, wholesaler, WHOLESALER OF SPIRITS, outstate
14 seller of beer, outstate seller of wine, outstate seller of mixed
15 spirit drink, OUTSTATE SELLER OF SPIRITS, or vendor of spirits
16 shall not be licensed as a specially designated merchant or a
17 specially designated distributor or permitted to sell or deliver
18 to the consumer any quantity of alcoholic liquor at retail.

19 (2) A specially designated distributor or specially desig-
20 nated merchant or any other retailer shall not hold a mixed
21 spirit drink manufacturer, ~~wholesale~~ WHOLESALER, WHOLESALER OF
22 SPIRITS, warehouse, outstate seller of beer, outstate seller of
23 mixed spirit drink, OUTSTATE SELLER OF SPIRITS, or outstate
24 seller of wine license.

25 (3) A brewer, warehouseman, or wholesaler shall not be
26 licensed as a specially designated merchant, except for brewers
27 who manufacture less than 200,000 barrels of beer per year. This

1 subsection shall not affect the operation of a brewery
2 hospitality room.

3 (4) A wholesaler may sell or deliver beer, ~~and alcoholic~~
4 ~~liquor~~ WINE, AND SPIRITS to hospitals, military establishments,
5 governments of federal Indian reservations, and churches requir-
6 ing sacramental wines and may sell to the wholesaler's own
7 employees to a limit of 2 cases of 24 12-ounce units or its
8 equivalent of malt beverage per week, or 1 case of 12 1-liter
9 units or its equivalent of wine, SPIRITS, or mixed spirit drink
10 per week.

11 SEC. 21A. (1) ANY AND ALL PRIVILEGES CONFERRED BY A LICENSE
12 ISSUED UNDER THIS ACT SHALL BE FORFEITED ON THE REVOCATION OF
13 SUCH LICENSE AND THE COMMISSION SHALL SEIZE ANY AND ALL ALCOHOLIC
14 LIQUOR FOUND IN THE POSSESSION OF THE LICENSEE.

15 (2) ALL ALCOHOLIC LIQUOR SEIZED BY THE COMMISSION SHALL BE
16 DISPOSED OF BY ORDER OF THE COMMISSION AND PAYMENT SHALL NOT BE
17 MADE FOR THE ALCOHOLIC LIQUOR SEIZED.

18 Sec. 30. Except as provided in section 31a, a manufacturer,
19 mixed spirit drink manufacturer, warehouseman, wholesaler,
20 WHOLESALER OF SPIRITS, outstate seller of beer, outstate seller
21 of wine, outstate seller of mixed spirit drink, or ~~vender~~
22 OUTSTATE SELLER of spirits shall not aid or assist any other
23 vendor by gift, loan of money or property of any description, or
24 other valuable thing, or by the giving of premiums or rebates,
25 and a vendor shall not accept the same. ~~However, if manufactur-~~
26 ~~ers of spirits reduce the price of their products, the~~
27 ~~manufacturer of spirits may refund the amount of the price~~

~~1 reductions to specially designated distributor licensees in a~~
~~2 manner prescribed by the commission.~~

3 Sec. 30d. (1) A manufacturer and outstate seller of wine
4 shall grant to each of its wholesalers a sales territory within
5 which the wholesaler shall be a distributor of the specified
6 brand or brands of the manufacturer or outstate seller of wine.
7 The territory shall be the territory agreed upon between the
8 wholesaler and manufacturer or outstate seller of wine. A manu-
9 facturer or outstate seller of wine may grant the right to sell a
10 specified brand or brands in a sales territory to more than 1
11 wholesaler.

12 (2) A manufacturer of a mixed wine drink, SPIRIT
13 MANUFACTURER, mixed spirit drink manufacturer, outstate seller of
14 a mixed wine drink, ~~or~~ outstate seller of mixed spirit drink,
15 OR OUTSTATE SELLER OF SPIRITS shall grant to each of its whole-
16 salers an exclusive sales territory in which the wholesaler shall
17 be a distributor of the specified brand or brands of the manufac-
18 turer or outstate seller. The territory shall be the territory
19 agreed upon between the wholesaler and manufacturer of a mixed
20 wine drink, mixed spirit drink manufacturer, SPIRIT MANUFACTURER,
21 outstate seller of mixed wine drinks, ~~or~~ outstate seller of
22 mixed spirit drink, OR OUTSTATE SELLER OF SPIRITS.

23 SEC. 30E. (1) THE PURPOSE OF THIS SECTION IS TO PROVIDE A
24 STRUCTURE FOR THE BUSINESS RELATIONS BETWEEN A WHOLESALER OF
25 SPIRITS AND A SUPPLIER OF SPIRITS. REGULATION IN THIS AREA IS
26 CONSIDERED NECESSARY FOR THE FOLLOWING REASONS:

1 (A) TO MAINTAIN STABILITY AND HEALTHY COMPETITION IN THE
2 SPIRIT INDUSTRY IN THIS STATE.

3 (B) TO PROMOTE AND MAINTAIN A SOUND, STABLE, AND VIABLE
4 3-TIER DISTRIBUTION SYSTEM OF SPIRITS TO THE PUBLIC.

5 (C) TO RECOGNIZE THE MARKETING DISTINCTIONS BETWEEN BEER,
6 WINE, AND SPIRITS.

7 (D) TO PROMOTE THE PUBLIC HEALTH, SAFETY, AND WELFARE.

8 (2) AS USED IN THIS SECTION, UNLESS THE CONTEXT REQUIRES
9 OTHERWISE:

10 (A) "AGREEMENT" MEANS ANY AGREEMENT BETWEEN A WHOLESALER AND
11 A SUPPLIER, WHETHER ORAL OR WRITTEN, WHEREBY A WHOLESALER IS
12 GRANTED THE RIGHT TO OFFER AND SELL A BRAND OR BRANDS OF SPIRITS
13 SOLD BY A SUPPLIER.

14 (B) "ANCILLARY BUSINESS" MEANS A BUSINESS OWNED BY A WHOLE-
15 SALER, A STOCKHOLDER OF A WHOLESALER, OR A PARTNER OF A WHOLE-
16 SALER THE PRIMARY PURPOSE OF WHICH IS DIRECTLY RELATED TO THE
17 TRANSPORTING, STORING, OR MARKETING OF THE BRAND OR BRANDS OF
18 SPIRITS OF A SUPPLIER WITH WHOM THE WHOLESALER HAS AN AGREEMENT;
19 OR A BUSINESS OWNED BY A WHOLESALER, A STOCKHOLDER OF A WHOESAL-
20 ER, OR A PARTNER OF A WHOLESALER WHICH RECYCLES EMPTY RETURNABLE
21 BEVERAGE CONTAINERS.

22 (C) "DESIGNATED MEMBER" MEANS THE SPOUSE, CHILD, GRANDCHILD,
23 PARENT, BROTHER, OR SISTER OF A DECEASED INDIVIDUAL WHO OWNED AN
24 INTEREST IN A WHOLESALER, WHO IS ENTITLED TO INHERIT THE DECEASED
25 INDIVIDUAL'S OWNERSHIP INTEREST IN THE WHOLESALER UNDER THE TERMS
26 OF THE DECEASED INDIVIDUAL'S WILL, OR WHO HAS OTHERWISE BEEN
27 DESIGNATED IN WRITING BY THE DECEASED INDIVIDUAL TO SUCCEED THE

1 DECEASED INDIVIDUAL IN THE WHOLESALER'S BUSINESS, OR IS ENTITLED
2 TO INHERIT SUCH OWNERSHIP INTEREST UNDER THE LAWS OF INTESTATE
3 SUCCESSION OF THIS STATE. WITH RESPECT TO AN INCAPACITATED INDI-
4 VIDUAL OWNING AN OWNERSHIP INTEREST IN A WHOLESALER, THE TERM
5 MEANS THE PERSON APPOINTED BY A COURT AS THE CONSERVATOR OF SUCH
6 INDIVIDUAL'S PROPERTY. THE TERM ALSO INCLUDES THE APPOINTED AND
7 QUALIFIED PERSONAL REPRESENTATIVE AND THE TESTAMENTARY TRUSTEE OF
8 A DECEASED INDIVIDUAL OWNING AN OWNERSHIP INTEREST IN A
9 WHOLESALER.

10 (D) "GOOD FAITH" MEANS HONESTY IN FACT AND THE OBSERVANCE OF
11 REASONABLE COMMERCIAL STANDARDS OF FAIR DEALING IN THE TRADE, AS
12 DEFINED AND INTERPRETED UNDER SECTION 2103 OF THE UNIFORM COMMER-
13 CIAL CODE, ACT NO. 174 OF THE PUBLIC ACTS OF 1962, BEING SECTION
14 440.2103 OF THE MICHIGAN COMPILED LAWS.

15 (E) "MASTER DISTRIBUTOR" MEANS A WHOLESALER WHO ACTS IN THE
16 SAME OR SIMILAR CAPACITY AS A SPIRIT MANUFACTURER OR AN OUTSTATE
17 SELLER OF SPIRITS FOR A BRAND OR BRANDS OF SPIRITS TO OTHER
18 WHOLESALERS ON A REGULAR BASIS IN THE NORMAL COURSE OF BUSINESS.

19 (F) "REASONABLE QUALIFICATIONS" MEANS THE AVERAGE STANDARD
20 OF THE CRITERIA USED BY THE RESPECTIVE SUPPLIER FOR WHOLESALERS
21 THAT ENTERED INTO OR RENEWED AN AGREEMENT WITH THE SUPPLIERS
22 DURING A PERIOD OF 24 MONTHS PRIOR TO THE PROPOSED TRANSFER OF
23 THE WHOLESALER'S BUSINESS.

24 (G) "RETALIATORY ACTION" MEANS ACTION WHICH INCLUDES, BUT IS
25 NOT LIMITED TO, THE REFUSAL TO CONTINUE AN AGREEMENT, OR A MATE-
26 RIAL REDUCTION IN THE QUALITY OF SERVICE OR QUANTITY OF PRODUCTS

1 AVAILABLE TO A WHOLESALER UNDER AN AGREEMENT, WHICH REFUSAL OR
2 REDUCTION IS NOT MADE IN GOOD FAITH.

3 (H) "SALES TERRITORY" MEANS AN AREA OF SALES RESPONSIBILITY
4 FOR THE BRAND OR BRANDS OF SPIRITS SOLD BY A SUPPLIER AS DESIG-
5 NATED BY AN AGREEMENT.

6 (I) "SUCCESSOR" MEANS A SUPPLIER WHO OBTAINS, IN ANY MANNER
7 FROM ANY PERSON, INCLUDING A PERSON WHO IS NOT A SUPPLIER, THE
8 DISTRIBUTION RIGHTS OF 1 OR MORE BRANDS OF SPIRITS WHICH A
9 LICENSED MICHIGAN WHOLESALER HAS DISTRIBUTED IN THIS STATE PURSU-
10 ANT TO AN AGREEMENT WITH ANOTHER SUPPLIER, WHO PREVIOUSLY HAD THE
11 DISTRIBUTION RIGHTS FOR THE BRAND OR BRANDS.

12 (J) "SUPPLIER" MEANS A SPIRIT MANUFACTURER OR AN OUTSTATE
13 SELLER OF SPIRITS, OR A MASTER DISTRIBUTOR.

14 (K) "TRANSFER OF A WHOLESALER'S BUSINESS" MEANS THE VOLUN-
15 TARY SALE, ASSIGNMENT, OR OTHER TRANSFER OF THE BUSINESS OR CON-
16 TROL OF THE BUSINESS OF THE WHOLESALER, INCLUDING THE SALE OR
17 OTHER TRANSFER OF STOCK OR ASSETS BY MERGER, CONSOLIDATION, OR
18 DISSOLUTION.

19 (3) A SUPPLIER SHALL NOT DO ANY OF THE FOLLOWING:

20 (A) COERCE, OR ATTEMPT TO COERCE, ANY WHOLESALER TO ACCEPT
21 DELIVERY OF ANY SPIRITS OR OTHER COMMODITY WHICH HAS NOT BEEN
22 ORDERED BY THE WHOLESALER. HOWEVER, A SUPPLIER MAY IMPOSE REA-
23 SONABLE INVENTORY REQUIREMENTS UPON A WHOLESALER IF THE REQUIRE-
24 MENTS ARE MADE IN GOOD FAITH AND ARE GENERALLY APPLIED TO OTHER
25 WHOLESALERS HAVING AN AGREEMENT WITH THE SUPPLIER.

26 (B) COERCE, OR ATTEMPT TO COERCE, ANY WHOLESALER TO ACCEPT
27 DELIVERY OF ANY SPIRITS OR OTHER COMMODITY ORDERED BY A

1 WHOLESALER IF THE ORDER WAS PROPERLY CANCELED BY THE WHOLESALER
2 IN ACCORDANCE WITH THE PROCEDURES AGREED UPON BY THE SUPPLIER AND
3 WHOLESALER.

4 (C) COERCE, OR ATTEMPT TO COERCE, ANY WHOLESALER TO DO ANY
5 ILLEGAL ACT BY THREATENING TO AMEND, CANCEL, TERMINATE, OR REFUSE
6 TO RENEW ANY AGREEMENT EXISTING BETWEEN THE SUPPLIER AND
7 WHOLESALER.

8 (D) REQUIRE A WHOLESALER TO ASSENT TO ANY CONDITION, STIPU-
9 LATION, OR PROVISION LIMITING THE WHOLESALER'S RIGHT TO SELL THE
10 BRAND OR BRANDS OF SPIRITS OF ANY OTHER SUPPLIER ANYWHERE IN THIS
11 STATE UNLESS THE ACQUISITION OF THE BRAND OR BRANDS OF ANOTHER
12 SUPPLIER WOULD MATERIALLY IMPAIR THE QUALITY OF SERVICE OF THE
13 BRAND OR BRANDS OF THE SUPPLIER PRESENTLY BEING SOLD BY THE
14 WHOLESALER.

15 (E) REQUIRE A WHOLESALER TO PURCHASE 1 OR MORE BRANDS OF
16 SPIRITS IN ORDER FOR THE WHOLESALER TO PURCHASE ANOTHER BRAND OR
17 BRANDS OF SPIRITS FOR ANY REASON. HOWEVER, A WHOLESALER THAT HAS
18 AGREED TO DISTRIBUTE A BRAND OR BRANDS BEFORE JUNE 26, 1984 SHALL
19 CONTINUE TO DISTRIBUTE THE BRAND OR BRANDS IN CONFORMANCE WITH
20 THIS SECTION.

21 (F) REQUEST A WHOLESALER TO SUBMIT PROFIT AND LOSS STATE-
22 MENTS, BALANCE SHEETS, OR FINANCIAL RECORDS AS A REQUIREMENT FOR
23 RENEWING OR RETAINING AN AGREEMENT.

24 (G) WITHHOLD DELIVERY OF SPIRITS ORDERED BY A WHOLESALER, OR
25 CHANGE A WHOLESALER'S QUOTA OF A BRAND OR BRANDS IF THE WITHHOLD-
26 ING OR CHANGE IS NOT MADE IN GOOD FAITH.

1 (H) REQUIRE A WHOLESALER BY ANY MEANS TO PARTICIPATE IN OR
2 CONTRIBUTE TO ANY LOCAL OR NATIONAL ADVERTISING FUND CONTROLLED
3 DIRECTLY OR INDIRECTLY BY A SUPPLIER.

4 (I) FAIL TO PROVIDE EACH WHOLESALER OF THE SUPPLIER'S BRAND
5 OR BRANDS WITH A WRITTEN AGREEMENT WHICH CONTAINS IN TOTAL THE
6 SUPPLIER'S AGREEMENT WITH EACH WHOLESALER, AND DESIGNATES A SPE-
7 CIFIC SALES TERRITORY.

8 (J) FIX, MAINTAIN, OR ESTABLISH THE PRICE AT WHICH A WHOLE-
9 SALER SHALL SELL ANY SPIRITS.

10 (K) TAKE ANY RETALIATORY ACTION AGAINST A WHOLESALER THAT
11 FILES A COMPLAINT REGARDING AN ALLEGED VIOLATION BY THE SUPPLIER
12 OF STATE OR FEDERAL LAW OR AN ADMINISTRATIVE RULE.

13 (L) REQUIRE OR PROHIBIT ANY CHANGE IN THE MANAGER OR SUCCES-
14 SOR MANAGER OF ANY WHOLESALER WHO HAS BEEN APPROVED BY THE SUP-
15 PLIER AS OF THE EFFECTIVE DATE OF THE 1991 AMENDATORY ACT THAT
16 ADDED THIS SECTION. SHOULD, AFTER THAT DATE, A SUPPLIER REQUIRE
17 THAT A MANAGER OR SUCCESSOR MANAGER BE APPOINTED, OR SHOULD A
18 WHOLESALER CHANGE AN APPROVED MANAGER OR SUCCESSOR MANAGER, A
19 SUPPLIER SHALL NOT INTERFERE WITH OR PROHIBIT THE APPOINTMENT
20 UNLESS THE PERSON FAILS TO MEET THE REASONABLE WRITTEN STANDARDS
21 FOR MICHIGAN WHOLESALERS OF THE SUPPLIER WHICH STANDARDS HAVE
22 BEEN PROVIDED TO THE WHOLESALER.

23 (M) REQUIRE BY A PROVISION OF ANY AGREEMENT OR OTHER INSTRU-
24 MENT IN CONNECTION WITH THE AGREEMENT THAT ANY DISPUTE ARISING
25 OUT OF OR IN CONNECTION WITH THAT AGREEMENT BE DETERMINED THROUGH
26 THE APPLICATION OF ANY OTHER STATE'S LAWS. ANY SUPPLIER OR
27 WHOLESALER AGGRIEVED BY ANY DISPUTE ARISING OUT OF OR IN

1 CONNECTION WITH AN AGREEMENT GOVERNED BY THIS ACT SHALL HAVE THE
2 RIGHT TO FILE AN APPROPRIATE ACTION CONSISTENT WITH THIS ACT IN
3 ANY COURT IN THIS STATE HAVING VENUE.

4 (4) A WHOLESALER SHALL NOT SELL OR DELIVER SPIRITS TO A
5 RETAIL LICENSEE LOCATED OUTSIDE THE SALES TERRITORY DESIGNATED BY
6 THE SUPPLIER OF A PARTICULAR BRAND OR BRANDS OF SPIRITS.
7 HOWEVER, DURING PERIODS OF TEMPORARY SERVICE INTERRUPTIONS
8 IMPACTING A PARTICULAR SALES TERRITORY, A WHOLESALER WHO NORMALLY
9 SERVICES THE IMPACTED SALES TERRITORY SHALL FILE WITH THE COMMIS-
10 SION A WRITTEN NOTICE DESIGNATING THE SPECIFIC WHOLESALER OR
11 WHOLESALERS WHO WILL SERVICE THE SALES TERRITORY DURING THE
12 PERIOD OF TEMPORARY SERVICE INTERRUPTION AND THE APPROXIMATE
13 LENGTH OF TIME OF THE SERVICE INTERRUPTION. WHEN THE TEMPORARY
14 SERVICE INTERRUPTION IS OVER, THE WHOLESALER WHO NORMALLY SERV-
15 ICES THE SALES TERRITORY SHALL NOTIFY IN WRITING THE COMMISSION
16 AND THE WHOLESALER, OR WHOLESALERS, WHICH IS SERVICING THE SALES
17 TERRITORY ON A TEMPORARY BASIS OF THIS FACT AND ANY WHOLESALER
18 SERVICING THE SALES TERRITORY ON A TEMPORARY BASIS SHALL CEASE
19 SERVICING THE SALES TERRITORY UPON RECEIPT OF THE NOTICE. A
20 WHOLESALER WHO IS DESIGNATED TO SERVICE THE IMPACTED SALES TERRI-
21 TORY DURING THE PERIOD OF TEMPORARY SERVICE SHALL NOT BE IN VIO-
22 LATION OF THIS SUBSECTION AND SHALL NOT HAVE ANY OF THE RIGHTS
23 PROVIDED UNDER SUBSECTIONS (6) TO (12).

24 (5) A SUPPLIER OR WHOLESALER SHALL NOT RESTRICT OR INHIBIT,
25 DIRECTLY OR INDIRECTLY, THE RIGHT OF FREE ASSOCIATION AMONG SUP-
26 PLIERS OR WHOLESALERS FOR ANY LAWFUL PURPOSE.

1 (6) NOTWITHSTANDING THE TERMS, PROVISIONS, OR CONDITIONS OF
2 ANY AGREEMENT, A SUPPLIER SHALL NOT AMEND ANY AGREEMENT UNLESS
3 THE SUPPLIER IS ACTING IN GOOD FAITH IN MAKING THE AMENDMENT.

4 (7) NOTWITHSTANDING ANY AGREEMENT AND EXCEPT AS OTHERWISE
5 PROVIDED FOR IN THIS SECTION, A SUPPLIER SHALL NOT CAUSE A WHOLE-
6 SALER TO RESIGN FROM AN AGREEMENT; OR CANCEL, TERMINATE, FAIL TO
7 RENEW, OR REFUSE TO CONTINUE UNDER AN AGREEMENT UNLESS THE SUP-
8 PLIER HAS COMPLIED WITH ALL OF THE FOLLOWING:

9 (A) HAS SATISFIED THE APPLICABLE NOTICE REQUIREMENTS OF
10 SUBSECTION (10).

11 (B) HAS ACTED IN GOOD FAITH.

12 (C) HAS GOOD CAUSE FOR THE CANCELLATION, TERMINATION, NONRE-
13 NEWAL, DISCONTINUANCE, OR FORCED RESIGNATION.

14 (8) NOTWITHSTANDING ANY AGREEMENT, GOOD CAUSE SHALL EXIST
15 FOR THE PURPOSES OF A TERMINATION, CANCELLATION, NONRENEWAL, OR
16 DISCONTINUANCE UNDER SUBSECTION (7) (C) WHEN ALL OF THE FOLLOWING
17 OCCUR:

18 (A) THERE IS A FAILURE BY THE WHOLESALER TO COMPLY WITH A
19 PROVISION OF THE AGREEMENT WHICH IS BOTH REASONABLE AND OF MATE-
20 RIAL SIGNIFICANCE TO THE BUSINESS RELATIONSHIP BETWEEN THE WHOLE-
21 SALER AND THE SUPPLIER.

22 (B) THE SUPPLIER FIRST ACQUIRED KNOWLEDGE OF THE FAILURE
23 DESCRIBED IN SUBDIVISION (A) NOT MORE THAN 2 YEARS BEFORE THE
24 DATE NOTIFICATION WAS GIVEN PURSUANT TO SUBSECTION (7).

25 (C) THE WHOLESALER WAS GIVEN WRITTEN NOTICE BY THE SUPPLIER
26 OF FAILURE TO COMPLY WITH THE AGREEMENT.

1 (D) THE WHOLESALER WAS AFFORDED A REASONABLE OPPORTUNITY TO
2 ASSERT GOOD FAITH EFFORTS TO COMPLY WITH THE AGREEMENT WITHIN THE
3 TIME LIMITS AS PROVIDED FOR IN SUBDIVISION (E).

4 (E) THE WHOLESALER HAS BEEN AFFORDED 25 DAYS IN WHICH TO
5 SUBMIT A PLAN OF CORRECTIVE ACTION TO COMPLY WITH THE AGREEMENT
6 AND AN ADDITIONAL 75 DAYS TO CURE SUCH NONCOMPLIANCE IN ACCORD-
7 ANCE WITH THE PLAN.

8 (9) A SUPPLIER OR WHOLESALER WHO TERMINATES, CANCELS, NONRE-
9 NEWS, OR DISCONTINUES AN AGREEMENT SHALL HAVE THE BURDEN OF SHOW-
10 ING THAT IT HAS ACTED IN GOOD FAITH, COMPLIED WITH THE APPLICABLE
11 NOTICE REQUIREMENTS UNDER THIS SECTION, AND THAT THERE WAS GOOD
12 CAUSE FOR THE TERMINATION, CANCELLATION, NONRENEWAL, OR
13 DISCONTINUANCE.

14 (10) NOTWITHSTANDING ANY AGREEMENT AND EXCEPT AS OTHERWISE
15 PROVIDED IN THIS SECTION, THE SUPPLIER SHALL FURNISH WRITTEN
16 NOTICE OF THE TERMINATION, CANCELLATION, NONRENEWAL, OR DISCON-
17 TINUANCE OF AN AGREEMENT TO THE WHOLESALER NOT LESS THAN 15 DAYS
18 BEFORE THE EFFECTIVE DATE OF THE TERMINATION, CANCELLATION, NON-
19 RENEWAL, OR DISCONTINUANCE. THE NOTICE SHALL BE BY CERTIFIED
20 MAIL AND SHALL CONTAIN ALL OF THE FOLLOWING:

21 (A) A STATEMENT OF INTENTION TO TERMINATE, CANCEL, NOT
22 RENEW, OR DISCONTINUE THE AGREEMENT.

23 (B) A STATEMENT OF THE REASON FOR THE TERMINATION, CANCELLA-
24 TION, NONRENEWAL, OR DISCONTINUANCE.

25 (C) THE DATE ON WHICH THE TERMINATION, CANCELLATION, NONRE-
26 NEWAL, OR DISCONTINUANCE TAKES EFFECT.

1 (11) NOTWITHSTANDING SUBSECTIONS (7) AND (10), A SUPPLIER
2 MAY IMMEDIATELY TERMINATE, CANCEL, FAIL TO RENEW, OR DISCONTINUE
3 AN AGREEMENT UPON WRITTEN NOTICE GIVEN IN THE MANNER AND CONTAIN-
4 ING THE INFORMATION REQUIRED BY SUBSECTION (10) IF ANY OF THE
5 FOLLOWING OCCUR:

6 (A) INSOLVENCY OF THE WHOLESALER, THE FILING OF ANY PETITION
7 BY OR AGAINST THE WHOLESALER UNDER ANY BANKRUPTCY OR RECEIVERSHIP
8 LAW, OR THE DISSOLUTION OR LIQUIDATION OF THE WHOLESALER WHICH
9 MATERIALLY AFFECTS THE WHOLESALER'S ABILITY TO REMAIN IN
10 BUSINESS.

11 (B) REVOCATION OF THE WHOLESALER'S LICENSE BY THE COMMISSION
12 WHEREBY THE WHOLESALER CANNOT SERVICE THE WHOLESALER'S SALES TER-
13 RITORY FOR MORE THAN 60 DAYS.

14 (C) THE WHOLESALER, OR AN INDIVIDUAL WHO OWNS MORE THAN 10%
15 OF THE STOCK OF A CORPORATE WHOLESALER, HAS BEEN CONVICTED OF A
16 FELONY. AS USED IN THIS SUBDIVISION, "FELONY" MEANS A FELONY
17 UNDER THE UNITED STATES CODE OR THE MICHIGAN COMPILED LAWS.
18 HOWEVER, AN EXISTING APPROVED STOCKHOLDER OR STOCKHOLDERS SHALL
19 HAVE THE RIGHT TO PURCHASE THE STOCK OF THE OFFENDING STOCKHOLDER
20 PRIOR TO THE CONVICTION OF THE OFFENDING STOCKHOLDER, AND IF THE
21 SALE IS COMPLETED PRIOR TO CONVICTION, THE PROVISIONS OF THIS
22 SUBDIVISION SHALL NOT APPLY.

23 (12) NOTWITHSTANDING SUBSECTIONS (7), (10), AND (11), UPON
24 NOT LESS THAN 15 DAYS' PRIOR WRITTEN NOTICE GIVEN IN THE MANNER
25 AND CONTAINING THE INFORMATION REQUIRED BY SUBSECTION (10), A
26 SUPPLIER MAY TERMINATE, CANCEL, FAIL TO RENEW, OR DISCONTINUE AN
27 AGREEMENT IF ANY OF THE FOLLOWING EVENTS OCCUR:

1 (A) THERE WAS FRAUDULENT CONDUCT ON THE PART OF THE
2 WHOLESALER IN DEALINGS WITH THE SUPPLIER.

3 (B) THE WHOLESALER FAILED TO CONFINE ITS SALES OF A BRAND OR
4 BRANDS TO THE ASSIGNED SALES TERRITORY. THIS SUBDIVISION DOES
5 NOT APPLY IF THERE IS A DISPUTE BETWEEN 2 OR MORE WHOLESALERS AS
6 TO THE BOUNDARIES OF THE ASSIGNED TERRITORY, AND THE BOUNDARIES
7 CANNOT BE DETERMINED BY A READING OF THE DESCRIPTION CONTAINED IN
8 THE AGREEMENTS BETWEEN THE SUPPLIER AND THE WHOLESALERS.

9 (C) THE SALE BY THE WHOLESALER OF ANY BRAND OR BRANDS SOLD
10 BY THE SUPPLIER TO THE WHOLESALER AND KNOWN BY THE WHOLESALER TO
11 BE INELIGIBLE FOR SALE PRIOR TO THE ACTUAL SALE TO THE RETAILER.
12 THE SUPPLIER SHALL REPURCHASE THE INELIGIBLE PRODUCT FROM THE
13 WHOLESALER WHEN THE INELIGIBILITY IS CAUSED BY THE SUPPLIER. THE
14 SUPPLIER MUST GIVE THE WHOLESALER WRITTEN NOTICE SPECIFYING THE
15 INELIGIBLE PRODUCT.

16 (13) NOTWITHSTANDING SUBSECTIONS (7), (10), (11), AND (12),
17 A SUPPLIER MAY TERMINATE, CANCEL, NOT RENEW, OR DISCONTINUE AN
18 AGREEMENT UPON NOT LESS THAN 30 DAYS' PRIOR WRITTEN NOTICE IF THE
19 SUPPLIER DISCONTINUES PRODUCTION OR DISCONTINUES DISTRIBUTION IN
20 THIS STATE OF ALL THE BRANDS SOLD BY THE SUPPLIER TO THE
21 WHOLESALER. THIS SECTION SHALL NOT PROHIBIT A SUPPLIER, UPON NOT
22 LESS THAN 30 DAYS' NOTICE, TO DISCONTINUE THE DISTRIBUTION OF ANY
23 PARTICULAR BRAND OR PACKAGE OF SPIRITS. THIS SUBSECTION DOES NOT
24 PROHIBIT A SUPPLIER FROM CONDUCTING TEST MARKETING OF A NEW BRAND
25 OF SPIRITS OR FROM CONDUCTING THE TEST MARKETING OF A BRAND OF
26 SPIRITS WHICH IS NOT CURRENTLY BEING SOLD IN THIS STATE PROVIDED
27 THAT THE SUPPLIER HAS NOTIFIED THE COMMISSION IN WRITING OF ITS

1 PLANS TO TEST MARKET. THE NOTICE SHALL DESCRIBE THE MARKET AREA
2 IN WHICH THE TEST SHALL BE CONDUCTED; THE NAME OR NAMES OF THE
3 WHOLESALER OR WHOLESALERS WHO WILL BE SELLING THE SPIRITS; THE
4 NAME OR NAMES OF THE BRAND OF SPIRITS BEING TESTED; AND THE
5 PERIOD OF TIME DURING WHICH THE TESTING WILL TAKE PLACE. A
6 MARKET TESTING PERIOD SHALL NOT EXCEED 18 MONTHS.

7 (14) THE WHOLESALER SHALL DEVOTE REASONABLE EFFORTS AND
8 RESOURCES TO SALES AND DISTRIBUTION OF ALL THE SUPPLIER'S PROD-
9 UCTS WHICH THE WHOLESALER HAS BEEN GRANTED THE RIGHT TO SELL AND
10 DISTRIBUTE AND SHALL MAINTAIN REASONABLE SALES LEVELS.

11 (15) A SUPPLIER SHALL NOT WITHHOLD CONSENT TO ANY TRANSFER
12 OF A WHOLESALER'S BUSINESS IF THE PROPOSED TRANSFEREE MEETS THE
13 MATERIAL AND REASONABLE QUALIFICATIONS AND STANDARDS REQUIRED BY
14 THE SUPPLIER. A WHOLESALER SHALL GIVE THE SUPPLIER WRITTEN
15 NOTICE OF INTENT TO TRANSFER THE WHOLESALER'S BUSINESS. A SUP-
16 PLIER SHALL NOT UNREASONABLY DELAY A RESPONSE TO A REQUEST FOR A
17 PROPOSED TRANSFER OF A WHOLESALER'S BUSINESS. HOWEVER, A TRANS-
18 FER OF A WHOLESALER'S BUSINESS WHICH IS NOT APPROVED BY THE SUP-
19 PLIER SHALL BE NULL AND VOID. A SUPPLIER SHALL NOT INTERFERE
20 WITH, OR PREVENT, THE TRANSFER OF THE WHOLESALER'S BUSINESS IF
21 THE PROPOSED TRANSFEREE IS A DESIGNATED MEMBER.

22 (16) A SUPPLIER AS PART OF THE WRITTEN AGREEMENT REQUIRED BY
23 THIS SECTION MAY, SUBJECT TO THE PROVISIONS OF SUBSECTION (3)(1),
24 REQUIRE A WHOLESALER TO DESIGNATE A SUCCESSOR MANAGER WHO SHALL
25 BE SUBJECT TO PRIOR APPROVAL BY THE SUPPLIER. IN THE EVENT THE
26 DESIGNATED SUCCESSOR MANAGER FAILS TO ASSUME THE ROLE OF APPROVED
27 MANAGER OR FOR ANY REASON DOES NOT CONTINUE TO MANAGE THE

1 WHOLESALER'S BUSINESS, AFTER ASSUMING THAT RESPONSIBILITY, THEN
2 ANY SUCCESSOR SHALL BE SUBJECT TO THE PRIOR APPROVAL OF THE SUP-
3 PLIER, SUBJECT TO THE PROVISIONS OF SUBSECTION (3)(1), NOTWITH-
4 STANDING THE TRANSFEREE'S INTEREST AS A DESIGNATED MEMBER.

5 (17) A SUPPLIER THAT HAS AMENDED, CANCELED, TERMINATED, OR
6 REFUSED TO RENEW ANY AGREEMENT; HAS CAUSED A WHOLESALER TO RESIGN
7 FROM AN AGREEMENT; OR HAS WITHHELD CONSENT TO ANY ASSIGNMENT OR
8 TRANSFER OF A WHOLESALER'S BUSINESS, EXCEPT AS PROVIDED FOR IN
9 THIS SECTION, SHALL PAY THE WHOLESALER REASONABLE COMPENSATION
10 FOR THE DIMINISHED VALUE OF THE WHOLESALER'S BUSINESS OR OF ANY
11 ANCILLARY BUSINESS WHICH HAS BEEN NEGATIVELY AFFECTED BY THE ACT
12 OF THE SUPPLIER, OR BOTH. THE VALUE OF THE WHOLESALER'S BUSINESS
13 OR ANCILLARY BUSINESS SHALL INCLUDE, BUT NOT BE LIMITED TO, ITS
14 GOOD WILL.

15 (18) EITHER PARTY MAY, AT ANY TIME, DETERMINE THAT MUTUAL
16 AGREEMENT ON THE AMOUNT OF REASONABLE COMPENSATION CANNOT BE
17 REACHED. SHOULD SUCH A DETERMINATION BE MADE, THE SUPPLIER OR
18 THE WHOLESALER SHALL SEND WRITTEN NOTICE TO THE OTHER PARTY
19 DECLARING THEIR INTENTION TO PROCEED WITH ARBITRATION.
20 ARBITRATION SHALL PROCEED ONLY BY MUTUAL AGREEMENT OF BOTH
21 PARTIES.

22 (19) THE MATTER OF DETERMINING THE AMOUNT OF COMPENSATION
23 UNDER ARBITRATION MAY, BY AGREEMENT OF THE PARTIES, BE SUBMITTED
24 TO A 5-MEMBER ARBITRATION PANEL CONSISTING OF 2 REPRESENTATIVES
25 SELECTED BY THE SUPPLIER BUT UNASSOCIATED WITH THE AFFECTED SUP-
26 PLIER, 2 WHOLESALER REPRESENTATIVES SELECTED BY THE WHOLESALER

1 BUT UNASSOCIATED WITH THE WHOLESALER, AND AN IMPARTIAL
2 ARBITRATOR.

3 (20) NOT MORE THAN 10 DAYS AFTER THE NOTICE TO ENTER INTO
4 ARBITRATION HAS BEEN SENT, EACH PARTY SHALL REQUEST, IN WRITING,
5 A LIST OF 5 ARBITRATORS FROM THE AMERICAN ARBITRATION
6 ASSOCIATION. NOT MORE THAN 10 DAYS AFTER THE RECEIPT OF THE LIST
7 OF 5 CHOICES, THE WHOLESALER ARBITRATORS AND THE SUPPLIER ARBI-
8 TRATORS MAY STRIKE AND DISQUALIFY UP TO 2 NAMES EACH FROM THE
9 LIST. SHOULD EITHER PARTY FAIL TO RESPOND WITHIN THE 10 DAYS OR
10 SHOULD MORE THAN 1 NAME REMAIN, THE AMERICAN ARBITRATION ASSOCIA-
11 TION SHALL MAKE THE SELECTION OF THE IMPARTIAL ARBITRATOR.

12 (21) NOT MORE THAN 30 DAYS AFTER THE LIST OF ARBITRATORS IS
13 RECEIVED, THE WHOLESALER AND SUPPLIER SHALL EXCHANGE IN WRITING
14 THE NAMES OF THEIR RESPECTIVE ARBITRATION PANEL REPRESENTATIVES.

15 (22) NOT MORE THAN 30 DAYS AFTER THE FINAL SELECTION OF THE
16 ARBITRATION PANEL IS MADE, THE ARBITRATION PANEL SHALL CONVENE TO
17 DECIDE THE DISPUTE. THE PANEL SHALL RENDER A DECISION BY MAJOR-
18 ITY VOTE OF THE PARTICIPANTS WITHIN 20 DAYS FROM THE CONCLUSION
19 OF THE ARBITRATION.

20 (23) THE COST OF THE IMPARTIAL ARBITRATOR, THE STENOGRAPHER,
21 AND THE MEETING SITE SHALL BE EQUALLY DIVIDED BETWEEN THE WHOLE-
22 SALER AND THE SUPPLIER. ALL OTHER COSTS SHALL BE PAID BY THE
23 PARTY INCURRING THEM. THE AWARD OF THE ARBITRATION PANEL SHALL
24 BE FINAL AND BINDING ON THE PARTIES.

25 (24) IF EITHER PARTY FAILS TO ABIDE BY THE TIME LIMITATIONS
26 AS PRESCRIBED IN SUBSECTIONS (20), (21), AND (22), OR FAILS OR
27 REFUSES TO MAKE THE SELECTION OF ANY ARBITRATORS, OR FAILS TO

1 PARTICIPATE IN THE ARBITRATION HEARINGS, THE OTHER PARTY SHALL
2 MAKE THE SELECTION OF THEIR ARBITRATORS AND PROCEED TO
3 ARBITRATION. THE PARTY WHO HAS FAILED OR REFUSED TO COMPLY AS
4 PRESCRIBED IN THIS SUBSECTION SHALL BE CONSIDERED TO BE IN
5 DEFAULT. ANY PARTY CONSIDERED TO BE IN DEFAULT PURSUANT TO THIS
6 SUBSECTION SHALL HAVE WAIVED ANY AND ALL RIGHTS THE PARTY WOULD
7 HAVE HAD IN THE ARBITRATION AND SHALL BE CONSIDERED TO HAVE CON-
8 SENTED TO THE DETERMINATION OF THE ARBITRATION PANEL.

9 (25) A WHOLESALER SHALL NOT WAIVE ANY OF THE RIGHTS GRANTED
10 IN ANY PROVISION OF THIS SECTION. NOTHING IN THIS SECTION SHALL
11 BE CONSTRUED TO LIMIT OR PROHIBIT GOOD FAITH DISPUTE SETTLEMENTS
12 VOLUNTARILY ENTERED INTO BY THE PARTIES.

13 (26) A SUCCESSOR TO A SUPPLIER THAT CONTINUES IN BUSINESS AS
14 A SPIRIT MANUFACTURER, AN OUTSTATE SELLER OF SPIRITS, OR MASTER
15 DISTRIBUTOR SHALL BE BOUND BY ALL TERMS AND CONDITIONS OF EACH
16 AGREEMENT OF THE SUPPLIER WITH A WHOLESALER LICENSED IN THIS
17 STATE THAT WERE IN EFFECT ON THE DATE ON WHICH THE SUCCESSOR
18 RECEIVED THE DISTRIBUTION RIGHTS OF THE PREVIOUS SUPPLIER.

19 (27) THIS SECTION SHALL APPLY TO AGREEMENTS IN EXISTENCE ON
20 THE EFFECTIVE DATE OF THE 1991 AMENDATORY ACT THAT ADDED THIS
21 SECTION, AS WELL AS AGREEMENTS ENTERED INTO OR RENEWED AFTER THAT
22 DATE.

23 (28) IF A SUPPLIER ENGAGES IN CONDUCT PROHIBITED UNDER THIS
24 SECTION, A WHOLESALER WITH WHICH THE SUPPLIER HAS AN AGREEMENT
25 MAY MAINTAIN A CIVIL ACTION AGAINST THE SUPPLIER TO RECOVER
26 ACTUAL DAMAGES REASONABLY INCURRED AS THE RESULT OF THE
27 PROHIBITED CONDUCT. IF A WHOLESALER ENGAGES IN CONDUCT

1 PROHIBITED UNDER THIS SECTION, A SUPPLIER WITH WHICH THE
2 WHOLESALER HAS AN AGREEMENT MAY MAINTAIN A CIVIL ACTION AGAINST
3 THE WHOLESALER TO RECOVER ACTUAL DAMAGES REASONABLY INCURRED AS
4 THE RESULT OF THE PROHIBITED CONDUCT.

5 (29) A SUPPLIER THAT VIOLATES ANY PROVISION OF THIS SECTION
6 IS LIABLE FOR ALL ACTUAL DAMAGES AND ALL COURT COSTS AND REASON-
7 ABLE ATTORNEY FEES INCURRED BY A WHOLESALER AS A RESULT OF THAT
8 VIOLATION. A WHOLESALER THAT VIOLATES ANY PROVISION OF THIS SEC-
9 TION IS LIABLE FOR ALL ACTUAL DAMAGES AND ALL COURT COSTS AND
10 REASONABLE ATTORNEY FEES INCURRED BY THE SUPPLIER AS A RESULT OF
11 THAT VIOLATION.

12 (30) A SUPPLIER OR WHOLESALER MAY BRING AN ACTION FOR
13 DECLARATORY JUDGMENT FOR DETERMINATION OF ANY CONTROVERSY ARISING
14 PURSUANT TO THIS SECTION.

15 (31) EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION, IF A
16 COURT FINDS THAT A SUPPLIER HAS NOT ACTED IN GOOD FAITH IN
17 EFFECTING THE AMENDMENT, TERMINATION, CANCELLATION, OR NONRENEWAL
18 OF ANY AGREEMENT; OR HAS UNREASONABLY WITHHELD ITS CONSENT TO ANY
19 ASSIGNMENT, TRANSFER, OR SALE OF A WHOLESALER'S BUSINESS, IT MAY
20 AWARD EXEMPLARY DAMAGES, AS WELL AS ACTUAL DAMAGES, COURT COSTS,
21 AND REASONABLE ATTORNEY FEES TO THE WHOLESALER WHO HAS BEEN DAM-
22 AGED BY THE ACTION OF THE SUPPLIER.

23 (32) UPON PROPER APPLICATION TO THE COURT, A SUPPLIER OR
24 WHOLESALER MAY OBTAIN INJUNCTIVE RELIEF AGAINST ANY VIOLATION OF
25 THIS SECTION. IF THE COURT GRANTS INJUNCTIVE RELIEF OR ISSUES A
26 TEMPORARY RESTRAINING ORDER, BOND SHALL NOT BE REQUIRED TO BE
27 POSTED.

1 (33) THE PROCEDURE FOR RESOLVING ANY VIOLATION OF SUBSECTION
2 (3) (A), (B), (C), (E), (F), (H), (I), (J), (K), (L), OR (4) SHALL
3 BE THE PROCEDURE PRESCRIBED BY THIS ACT AND THE ADMINISTRATIVE
4 PROCEDURES ACT OF 1969, ACT NO. 306 OF THE PUBLIC ACTS OF 1969,
5 BEING SECTIONS 24.201 TO 24.328 OF THE MICHIGAN COMPILED LAWS.
6 ANY OTHER VIOLATION OF OR DISPUTE REGARDING THIS SECTION, UNLESS
7 THE DISPUTE IS RESOLVED PURSUANT TO SUBSECTIONS (18) TO (24),
8 SHALL ONLY BE RESOLVED BY A CIVIL ACTION IN COURT AS PROVIDED IN
9 THIS SECTION AND NOT BY THE COMMISSION.

10 Sec. 31. (1) Except as provided in section 31a, a manufac-
11 turer, SPIRIT MANUFACTURER, mixed spirit drink manufacturer,
12 warehouseman, wholesaler, WHOLESALER OF SPIRITS, outstate seller
13 of beer, outstate seller of wine, outstate seller of mixed spirit
14 drink, or ~~vender~~ OUTSTATE SELLER of spirits shall not have any
15 financial interest, directly or indirectly, in the establishment,
16 maintenance, operation, or promotion of the business of any other
17 vendor.

18 (2) Except as provided in section 31a, a manufacturer,
19 SPIRIT MANUFACTURER, mixed spirit drink manufacturer, warehouse-
20 man, wholesaler, WHOLESALER OF SPIRITS, outstate seller of beer,
21 outstate seller of wine, outstate seller of mixed spirit drink,
22 or ~~vender~~ OUTSTATE SELLER of spirits or a stockholder of a man-
23 ufacturer, SPIRIT MANUFACTURER, mixed spirit drink manufacturer,
24 warehouseman, wholesaler, WHOLESALER OF SPIRITS, outstate seller
25 of beer, outstate seller of wine, outstate seller of mixed spirit
26 drink, or ~~vender~~ OUTSTATE SELLER of spirits shall not have an
27 interest by ownership in fee, leasehold, mortgage, or otherwise,

1 directly or indirectly, in the establishment, maintenance,
2 operation, or promotion of the business of any other vendor.

3 (3) Except as provided in section 31a, a manufacturer,
4 SPIRIT MANUFACTURER, mixed spirit drink manufacturer, warehouse-
5 man, wholesaler, WHOLESALER OF SPIRITS, outstate seller of beer,
6 outstate seller of wine, outstate seller of mixed spirit drink,
7 or ~~vendor~~ OUTSTATE SELLER of spirits shall not have an interest
8 directly or indirectly by interlocking directors in a corporation
9 or by interlocking stock ownership in a corporation in the estab-
10 lishment, maintenance, operation, or promotion of the business of
11 any other vendor.

12 (4) Except as provided in section 31a, a person shall not
13 buy the stocks of a manufacturer, SPIRIT MANUFACTURER, mixed
14 spirit drink manufacturer, warehouseman, wholesaler, WHOLESALER
15 OF SPIRITS, outstate seller of beer, outstate seller of wine,
16 outstate seller of mixed spirit drink, or ~~vendor~~ OUTSTATE
17 SELLER of spirits and place the stock in any portfolio under an
18 arrangement, written trust agreement, or form of investment trust
19 agreement and issue participating shares based upon the portfo-
20 lio, trust agreement, or investment trust agreement, and sell the
21 participating shares within this state.

22 (5) A wine maker may sell wine made by that wine maker in a
23 restaurant for consumption on or off the premises if the restau-
24 rant is owned or leased to another person by the wine maker and
25 located on the premises where the wine maker is licensed.

26 (6) A wine maker, with the prior written approval of the
27 commission, may conduct wine tastings of wines made by that wine

1 maker and may sell the wine made by that wine maker for
2 consumption off the premises at a location other than the
3 premises where the wine maker is licensed to manufacture wine,
4 under the following conditions:

5 (a) That the premises upon which the wine tasting occurs
6 conforms to local and state sanitation requirements.

7 (b) That not more than 1 wine tasting location as described
8 in this subsection, per wine maker, may be approved by the com-
9 mission in a licensing year.

10 (c) Payment of a \$100.00 fee per location to the
11 commission.

12 (d) That the wine tasting locations shall be considered
13 licensed premises.

14 (e) That wine tasting shall not take place between the hours
15 of 2 a.m. and 7 a.m. Monday through Saturday, or between 2
16 a.m. and noon on Sunday.

17 (f) That the premises and the licensee comply with and are
18 subject to all applicable rules promulgated by the commission.

19 (7) Subsection (6) shall take effect October 24, 1982.

20 Sec. 49a. (1) A refund or credit of the tax on wine,
21 SPIRITS, or mixed spirit drink paid pursuant to section 16a and
22 the tax on beer paid pursuant to section 40 shall be made by the
23 commission to a brewer, or a wine maker, SPIRIT MANUFACTURER, or
24 an outstate seller of beer, OUTSTATE SELLER OF SPIRITS, or an
25 outstate seller of wine, outstate seller of mixed spirit drink,
26 manufacturer of mixed spirit drink, or a wholesaler, WHOLESALER
27 OF SPIRITS, or a retail licensee who paid the tax if the wine,

1 beer, SPIRITS, or mixed spirit drink was sold to a military
2 installation or an Indian reservation in this state; or if the
3 wine, beer, SPIRITS, or mixed spirit drink is lost, made unmar-
4 ketable, or condemned by order of the commission as the result of
5 a fire, flood, casualty, or other occurrence. A refund or credit
6 shall not be made as the result of theft.

7 (2) A refund or credit of the taxes as provided in subsec-
8 tion (1) shall be made for damaged wine, beer, SPIRITS, or mixed
9 spirit drink only if:

10 (a) At the time of the fire, flood, casualty, or other
11 occurrence, the wine, beer, SPIRITS, or mixed spirit drink was
12 being held for sale by the vendor claiming the refund or credit.

13 (b) The refund or credit of the amount claimed, or any part
14 of the amount claimed, has not or will not be claimed for the
15 same wine, beer, SPIRITS, or mixed spirit drink under any other
16 law or rule.

17 (c) The vendor claiming the refund or credit is not indemni-
18 fiable by any valid claim of insurance or otherwise for the tax
19 on the wine, beer, SPIRITS, or mixed spirit drink covered by the
20 claim.

21 (d) The amount claimed for a refund or credit is more than
22 \$250.00; or the refund or credit is claimed for defective wine,
23 beer, SPIRITS, or mixed spirit drink for which the commission has
24 authorized a manufacturer, an outstate seller of beer, an out-
25 state seller of wine, an outstate seller of mixed spirit drink,
26 AN OUTSTATE SELLER OF SPIRITS, SPIRIT MANUFACTURER, manufacturer

1 of mixed spirit drink, WHOLESALER OF SPIRITS, or a wholesaler to
2 make an exchange, have replaced, or be reimbursed.

3 (e) The occurrence was not caused by an intentional act of
4 the vendor or an agent of the vendor claiming the refund or
5 credit.

6 (3) A claim for a refund or credit of the tax as provided in
7 subsection (1), except for damage occurring between January 1,
8 1980 and April 20, 1982, shall be made not later than 3 months
9 after either of the following:

10 (a) The date upon which the damage was first discovered or
11 occurred.

12 (b) The date of sale to a military installation or Indian
13 reservation in this state.

14 (4) A claim for a refund or credit of the tax as provided in
15 subsection (1) shall be submitted to the commission on a form
16 approved by the commission. The claim shall contain the follow-
17 ing information, as applicable:

18 (a) The name and business address of the vendor claiming the
19 refund or credit.

20 (b) The address where the wine, beer, SPIRITS, or mixed
21 spirit drink was lost, made unmarketable, or condemned, if dif-
22 ferent from the business address.

23 (c) The address of the military installation or Indian res-
24 ervation to which the wine, beer, SPIRITS, or mixed spirit drink
25 was sold.

26 (d) The kind of wine, beer, SPIRITS, or mixed spirit drink.

1 (e) The size of bottles or containers.

2 (f) The number of bottles or containers.

3 (g) The total amount of wine, beer, SPIRITS, or mixed spirit
4 drink that was sold or damaged. The amount shall be stated in
5 liters for wine, SPIRITS, and mixed spirit drink and barrels for
6 beer, or portions thereof.

7 (h) A statement that other claims for a refund or credit of
8 the amount claimed, or for any part of the amount claimed, has
9 not been and will not be made.

10 (i) A statement that the vendor has not been indemnified by
11 a valid claim of insurance or otherwise for the tax on the wine,
12 beer, SPIRITS, or mixed spirit drink covered by the claim.

13 (j) Evidence that the tax on the wine, beer, SPIRITS, or
14 mixed spirit drink has been paid.

15 (k) Evidence that the wine, beer, SPIRITS, or mixed spirit
16 drink was lost, made unmarketable, or condemned by reason of
17 damage sustained as the result of a fire, flood, casualty, or
18 other occurrence.

19 (l) A statement as to the type and date of the occurrence.

20 (m) A statement that the occurrence was not caused by an
21 intentional act of the vendor or an agent of the vendor claiming
22 the refund or credit.

23 (5) The vendor claiming the refund or credit for damaged
24 wine, beer, SPIRITS, or mixed spirit drink shall support a claim
25 with any evidence, such as an inventory, statement, invoice,
26 bill, record, or label, relating to the quantity of wine, beer,
27 SPIRITS, or mixed spirit drink on hand at the time of the fire,

1 flood, casualty, or other disaster and alleged to have been lost,
2 made unmarketable, or condemned as a result of the damage.

3 (6) Before or after a tax refund or credit has been made for
4 damaged wine, beer, SPIRITS, or mixed spirit drink, the wine,
5 beer, SPIRITS, or mixed spirit drink upon which the refund or
6 credit is based shall be removed from this state or destroyed
7 under the supervision of the commission.

8 (7) This section applies to wine, beer, SPIRITS, or mixed
9 spirit drink that was damaged as the result of a fire, flood,
10 casualty, or other occurrence which occurred after December 31,
11 1979.

12 (8) In addition to the provisions of this section, the tax
13 paid on wine, SPIRITS, or mixed spirit drink pursuant to section
14 16a shall be rebated to the person who paid the tax upon satis-
15 factory proof being furnished to the commission that the wine,
16 SPIRITS, or mixed spirit drink was shipped outside of this state
17 for sale and consumption outside this state.

18 Section 2. (1) Sections 3, 5, 5b, 13, 15, 16, and 21 of Act
19 No. 8 of the Public Acts of the Extra Session of 1933, being sec-
20 tions 436.3, 436.5, 436.5b, 436.13, 436.15, 436.16, and 436.21 of
21 the Michigan Compiled Laws, are repealed effective October 1,
22 1992.

23 (2) Sections 3a, 5a, 5c, 16c, and 21a as added by this amen-
24 datory act shall take effect October 1, 1992.

25 Section 3. This amendatory act shall not take effect unless
26 all of the following bills of the 86th Legislature are enacted
27 into law:

1 (a) Senate Bill No. 613.

2

3 (b) Senate Bill No. 614.

4

5 (c) Senate Bill No. 615.

6

7 (d) Senate Bill No. 616.

8