Senate Fiscal Agency
P. O. Box 30036
Lansing, Michigan 48909-7536

BILL ANALYSIS

Telephone: (517) 373-5383
Fax: (517) 373-1986

Senate Bill 240 (Substitute S-2 as reported)
Sponsor: Senator Harry Gast
Committee: Economic Development, International Trade and Regulatory Affairs

CONTENT

The bill would amend the Michigan Liquor Control Act to allow the Liquor Control Commission to approve a brandy manufacturer to sell at retail brandy that it manufactured, blended or rectified, or both, at its licensed premises or at other premises authorized in the Act. The bill also would allow the Commission to approve a brandy manufacturer to sell brandy made by the manufacturer in a restaurant for consumption on or off the premises if the restaurant were owned by the brandy manufacturer or operated by another person under an agreement approved by the Commission and were located on the premises where the brandy manufacturer was licensed. Brandy sold for consumption off the premises would have to be sold at the uniform price established by the Commission.

Currently, a wine maker may sell wine made by that wine maker in a restaurant for consumption on or off the premises if the restaurant is owned or leased to another person by the wine maker and located on the premises where the wine maker is licensed. The bill specifies, instead, that a wine maker could sell its wine in a restaurant for consumption on or off the premises if the restaurant were owned by the wine maker or operated by another person under an agreement approved by the Commission and were located on the licensed premises.

The bill also would delete from the conditions under which a wine maker may conduct wine tastings the provision that not more than one wine tasting location per wine maker may be approved by the Commission in a licensing year.

MCL 436.2m & 436.31 Legislative Analyst: L. Burghardt

FISCAL IMPACT

The bill could have an indeterminate fiscal impact on the State of Michigan since brandy sales at an on-site retail establishment or concession would not be subject to current mark-up practices. (At the present time, the State purchases the product, places a mark-up on the wholesale price, and then resells the product to the producer/retailer for retail sale.) Potentially, 13 brandy-producing wineries could sell brandy on-site, but the Liquor Control Commission indicates that only two producers are expected to sell brandy through these amendments to the Liquor Control Act. Actual fiscal impacts on the State would be dependent on the terms of any agreement entered into by the brandy producer and the Liquor Control Commission.

Date Completed: 11-9-95 Fiscal Analyst: K. Lindquist