

Legislative Analysis



BEER FESTIVAL LICENSE

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House Bill 4641 with House committee amendment

Sponsor: Rep. Stephen F. Adamini

Committee: Regulatory Reform

Complete to 4-26-06

A SUMMARY OF HOUSE BILL 4641 AS REPORTED FROM COMMITTEE

The bill would amend the Liquor Control Code to allow the Liquor Control Commission to issue a special beer festival license to a nonprofit organization composed primarily of brewers, microbrewers, and brewpubs for an event showcasing beer and its production. The special license would be good for up to five events per calendar year.

The special license holder could buy a quantity of beer, as determined by the LCC, directly from any licensed brewpub for consumption only at the licensed event. The bill would specifically permit a licensed brewpub to sell directly to the special licensee. (A brewpub currently is only allowed to sell beer at its licensed premises. See Background Information.)

The bill defines a "beer festival" as an event at which the various types and kinds of beer and the production of beer are showcased to the general public and at which the general public can purchase and sample the beer being showcased on the licensed premises.

MCL 436.1413 and 1526

BACKGROUND INFORMATION:

Under the Liquor Control Code:

A "Brewer" is licensed to manufacture beer and sell it to licensed wholesalers.

A "Microbrewer" is a brewer that produces in total less than 30,000 barrels of beer per year and that may sell the beer produced to consumers at the licensed brewery premises for consumption on or off the licensed brewery premises.

A "Brewpub" license is issued in conjunction with a class C, tavern, class A hotel, or class B hotel license and authorizes the manufacture and brewing not more than 5,000 barrels of beer per calendar year in Michigan and the sale of the beer produced at those licensed premises for consumption on or off the licensed brewery premises.

House Bill 4641 would allow a brewpub to sell its beer to a nonprofit organization that holds a special license to sponsor a beer festival. The organization would be primarily composed of brewers, microbrewers, and brewpubs.

According to the Liquor Control Commission, a "special license" is a contract between the LCC and the special licensee (only a nonprofit organization) granting authority to sell beer, wine, mixed spirit drink, or spirits at retail for consumption on the premises only for a limited period of time. A special license is good for one day. An organization can obtain up to five special licenses per year. All profits derived from the sale of alcoholic liquor must go to the organization itself and not to any individual. (The bill only applies to the sale of beer.)

FISCAL IMPACT:

This bill may increase the State of Michigan's excise tax revenue from the sale of beer. However, the amount of such increase is not determinable as there is no information available regarding the annual number of beer festivals or the estimated beer consumption at such events.

POSITIONS:

The Michigan Liquor Control Commission indicated to the House Committee on Regulatory Reform that it is neutral on the bill. (4-25-06)

The following organizations indicated support for the bill: The Michigan Brewers Guild and the Michigan Beer and Wine Wholesalers Association. (4-25-06)

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■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.