



Senate Fiscal Agency
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**BILL ANALYSIS**

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Senate Bill 625 (Substitute S-2 as reported)

Sponsor: Senator Michelle A. McManus

Committee: Economic Development, Small Business and Regulatory Reform

CONTENT

The bill would amend the Michigan Liquor Control Code to do the following:

- Authorize the Liquor Control Commission to grant a direct shipper license that would allow wine makers holding certain licenses to engage in the sale, delivery, or importation of wine to consumers.
- Allow only a licensed direct shipper to sell, deliver, or import wine by mail order, internet, or other electronic means, and establish criteria for the retail sale of wine by those means.
- Limit the retail sale, delivery, or importation of wine by a direct shipper to Michigan consumers to not more than 1,500 nine-liter cases annually (13,500 liters total).
- State a legislative intent that, if an appellate court declared the bill to be unconstitutional, a good faith effort should be made to amend the Code to make it less burdensome for a small winery to terminate an agreement with a wholesaler.

The bill is tie-barred to House Bill 4959. House Bill 4959 (S-2) would create the "Direct Shipper Enforcement Revolving Fund".

(Under the bill, "direct shipper" would mean a person who engages in the sale, delivery, or importation of wine, to consumers in the State, that he or she produces and bottles or wine that is manufactured by a wine maker for another wine maker and that is transacted or caused to be transacted through the use of any mail order, internet, telephone, computer, device, or other electronic means, or sells directly to consumers on the winery premises.)

MCL 436.1203

Legislative Analyst: J.P. Finet

FISCAL IMPACT

The bill would allow the Liquor Control Commission to charge a \$100 application fee and a \$100 annual license fee of any direct shipper. Additionally, the bill would increase the regulatory responsibilities of the Commission by requiring that audits be performed on these shippers to verify sales figures. The amount of revenue that would be generated from these new license fees would depend on participation levels. Revenue from these fees would be deposited into the Direct Shipper Enforcement Revolving Fund, which House Bill 4959 (S-2) would establish, and could be used only for licensing and regulation costs attributable to the direct shipping vendor class.

Date Completed: 12-1-05

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Analysis available @ <http://www.michiganlegislature.org>

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