

HOUSE SUBSTITUTE FOR  
SENATE BILL NO. 1558

A bill to amend 1998 PA 58, entitled  
"Michigan liquor control code of 1998,"  
by amending section 603 (MCL 436.1603), as amended by 2008 PA 218.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1       Sec. 603. (1) Except as provided in ~~subsection~~**SUBSECTIONS** (6)  
2 **TO (12)** and section 605, a manufacturer, mixed spirit drink  
3 manufacturer, warehouser, wholesaler, outstate seller of beer,  
4 outstate seller of wine, outstate seller of mixed spirit drink, or  
5 vendor of spirits shall not have any financial interest, directly  
6 or indirectly, in the establishment, maintenance, operation, or  
7 promotion of the business of any other vendor.

8       (2) Except as provided in ~~subsection~~**SUBSECTIONS** (6) **TO (12)**  
9 and section 605, a manufacturer, mixed spirit drink manufacturer,

1    warehouser, wholesaler, outstate seller of beer, outstate seller of  
2    wine, outstate seller of mixed spirit drink, or vendor of spirits  
3    or a stockholder of a manufacturer, mixed spirit drink  
4    manufacturer, warehouser, wholesaler, outstate seller of beer,  
5    outstate seller of wine, outstate seller of mixed spirit drink, or  
6    vendor of spirits shall not have an interest by ownership in fee,  
7    leasehold, mortgage, or otherwise, directly or indirectly, in the  
8    establishment, maintenance, operation, or promotion of the business  
9    of any other vendor.

10       (3) Except as provided in ~~subsection~~**SUBSECTIONS (6) TO (12)**  
11    and section 605, a manufacturer, mixed spirit drink manufacturer,  
12    warehouser, wholesaler, outstate seller of beer, outstate seller of  
13    wine, outstate seller of mixed spirit drink, or vendor of spirits  
14    shall not have an interest directly or indirectly by interlocking  
15    directors in a corporation or by interlocking stock ownership in a  
16    corporation in the establishment, maintenance, operation, or  
17    promotion of the business of any other vendor.

18       (4) Except as provided in ~~subsection~~**SUBSECTIONS (6) TO (12)**  
19    and section 605, a person shall not buy the stocks of a  
20    manufacturer, mixed spirit drink manufacturer, warehouser,  
21    wholesaler, outstate seller of beer, outstate seller of wine,  
22    outstate seller of mixed spirit drink, or vendor of spirits and  
23    place the stock in any portfolio under an arrangement, written  
24    trust agreement, or form of investment trust agreement and issue  
25    participating shares based upon the portfolio, trust agreement, or  
26    investment trust agreement, and sell the participating shares  
27    within this state.

1           (5) The commission may approve a brandy manufacturer to sell  
2 brandy made by that brandy manufacturer in a restaurant for  
3 consumption on or off the premises if the restaurant is owned by  
4 the brandy manufacturer or operated by another person under an  
5 agreement approved by the commission and is located on the premises  
6 where the brandy manufacturer is licensed. Brandy sold for  
7 consumption off the premises under this subsection shall be sold at  
8 the uniform price established by the commission.

9           (6) The commission shall allow a small distiller to sell  
10 brands of spirits it manufactures for consumption on the licensed  
11 premises at that distillery.

12           (7) A brewpub may have an interest in up to 2 other brewpubs  
13 so long as the combined production of all the locations in which  
14 the brewpub has an interest does not exceed 5,000 barrels of beer  
15 per calendar year.

16           (8) **THIS SECTION DOES NOT PROHIBIT A SUPPLIER FROM HAVING ANY**  
17 **INTEREST, DIRECTLY OR INDIRECTLY, IN ANY OTHER SUPPLIER.**

18           (9) **THE COMMISSION MAY APPROVE THE FOLLOWING PURSUANT TO R**  
19 **436.1023(3) OF THE MICHIGAN ADMINISTRATIVE CODE, SUBJECT TO THE**  
20 **WRITTEN APPROVAL OF THE UNITED STATES DEPARTMENT OF TREASURY,**  
21 **BUREAU OF ALCOHOL AND TOBACCO TAX AND TRADE:**

22           **(A) A WINE MAKER PARTICIPATING WITH 1 OR MORE WINE MAKERS IN**  
23 **AN ALTERNATING PROPRIETOR OPERATION IN ACCORDANCE WITH 27 CFR PART**  
24 **24, SUBPART D, SECTION 24.136.**

25           **(B) A BREWER PARTICIPATING WITH 1 OR MORE BREWERS IN AN**  
26 **ALTERNATING PROPRIETOR OPERATION IN ACCORDANCE WITH 27 CFR PART 25,**  
27 **SUBPART F, SECTION 25.52.**

1           (10) A MANUFACTURER IS PROHIBITED FROM HAVING ANY INTEREST,  
2           DIRECTLY OR INDIRECTLY, IN A WHOLESALER.

3           (11) A WINE MAKER IS PROHIBITED FROM COLLECTIVELY DELIVERING  
4           WINE, WITH ANY OTHER WINE MAKER, TO RETAIL LICENSEES.

5           (12) AS USED IN THIS SECTION:

6           (A) "MANUFACTURER" MEANS, NOTWITHSTANDING SECTION 109(1), A  
7           WINE MAKER, SMALL WINE MAKER, BREWER, MICRO BREWER, MANUFACTURER OF  
8           SPIRITS, SMALL DISTILLER, BRANDY MANUFACTURER, AND MIXED SPIRIT  
9           DRINK MANUFACTURER.

10          (B) "SUPPLIER" MEANS A MANUFACTURER, MIXED SPIRIT DRINK  
11          MANUFACTURER, OUTSTATE SELLER OF BEER, OUTSTATE SELLER OF WINE,  
12          OUTSTATE SELLER OF MIXED SPIRIT DRINK, AND VENDOR OF SPIRITS.