

# SENATE BILL No. 202

February 5, 2009, Introduced by Senators SANBORN, RICHARDVILLE, KAHN, VAN WOERKOM, KUIPERS, BARCIA and PAPPAGEORGE and referred to the Committee on Economic Development and Regulatory Reform.

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,  
10 warehouser, wholesaler, outstate seller of beer, outstate seller of  
11 wine, outstate seller of mixed spirit drink, or vendor of spirits

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

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

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

26 (5) The commission may approve a brandy manufacturer to sell  
27 brandy made by that brandy manufacturer in a restaurant for

1 consumption on or off the premises if the restaurant is owned by  
2 the brandy manufacturer or operated by another person under an  
3 agreement approved by the commission and is located on the premises  
4 where the brandy manufacturer is licensed. Brandy sold for  
5 consumption off the premises under this subsection shall be sold at  
6 the uniform price established by the commission.

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

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

14 (8) THIS SECTION DOES NOT PROHIBIT ANY OF THE FOLLOWING:

15 (A) A SUPPLIER FROM HAVING ANY INTEREST, DIRECTLY OR  
16 INDIRECTLY, IN ANY OTHER SUPPLIER.

17 (B) A WHOLESALER FROM HOLDING AN OUTSTATE SELLER OR WINE,  
18 OUTSTATE SELLER OF BEER, OUTSTATE SELLER OF MIXED SPIRIT DRINK, OR  
19 A WAREHOUSER LICENSE AS LONG AS THE LICENSE IS ISSUED TO THE SAME  
20 LEGAL ENTITY AS THE WHOLESALE LICENSE.

21 (C) A WHOLESALER FROM HOLDING ANY INTEREST, DIRECTLY OR  
22 INDIRECTLY, IN A VENDOR OF SPIRITS.

23 (9) THE COMMISSION MAY APPROVE THE FOLLOWING PURSUANT TO R  
24 436.1023(3) OF THE MICHIGAN ADMINISTRATIVE CODE, SUBJECT TO THE  
25 WRITTEN APPROVAL OF THE UNITED STATES DEPARTMENT OF TREASURY,  
26 BUREAU OF ALCOHOL AND TOBACCO TAX AND TRADE:

27 (A) A WINE MAKER PARTICIPATING WITH 1 OR MORE WINE MAKERS IN

1 AN ALTERNATING PROPRIETOR OPERATION IN ACCORDANCE WITH 27 CFR PART  
2 24, SUBPART D, SECTION 24.136.

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

6 (10) THE COMMISSION MAY APPROVE THE OPERATION OF AN OFF-SITE  
7 TASTING ROOM BY 2 OR MORE WINE MAKERS UNDER THE PROVISIONS OF  
8 SECTION 537(3).

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

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

13 (13) AS USED IN THIS SECTION:

14 (A) "MANUFACTURER" MEANS, NOTWITHSTANDING SECTION 109(1), A  
15 WINE MAKER, SMALL WINE MAKER, BREWER, MICRO BREWER, MANUFACTURER OF  
16 SPIRITS, SMALL DISTILLER, BRANDY MANUFACTURER, AND MIXED SPIRIT  
17 DRINK MANUFACTURER.

18 (B) "SUPPLIER" MEANS A MANUFACTURER, MIXED SPIRIT DRINK  
19 MANUFACTURER, OUTSTATE SELLER OF BEER, OUTSTATE SELLER OF WINE,  
20 OUTSTATE SELLER OF MIXED SPIRIT DRINK, AND VENDOR OF SPIRITS.