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BILL ANALYSIS

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Senate Bill 505 (as introduced 9-17-13)
Sponsor: Senator Joe Hune
Committee: Regulatory Reform

Date Completed: 10-23-13

CONTENT

The bill would amend the Michigan Liquor Control Code to allow manufacturers, sellers, and distributors of alcohol to give another licensee advertising items that promoted brands and prices of alcohol.

Section 609 of the Code prohibits a manufacturer, mixed spirit drink manufacturer, warehouse, wholesaler, outstate seller of beer, outstate seller of wine, outstate seller of mixed spirit drink, or vendor of spirits from aiding or assisting any other vendor by gift, loan of money, or property of any description, or "other valuable thing", or by giving premiums or rebates. It also prohibits a vendor from accepting those items. Under the bill, these prohibitions would apply except as described below.

The bill would allow a manufacturer, mixed spirit drink manufacturer, warehouse, wholesaler, outstate seller of beer, wine, or mixed spirit drink, or vendor of spirits to provide another licensee with advertising items that promoted the brands and prices of alcohol produced, sold, or distributed by the entity providing those items. Providing the advertising items would have to be done in a manner consistent with the Liquor Control Commission's rules, regulations, and orders. Except as provided below, the advertising items could not have any use or value beyond the actual advertising of brands and prices and could be provided only for use at the licensed premises.

A manufacturer, mixed spirit drink manufacturer, warehouse, wholesaler, outstate seller of beer, wine, or mixed spirit drink, or vendor of spirits could provide goods and services to another licensee that were approved by the Commission pursuant to rules, regulations, or orders adopted before January 1, 2013. A rule, regulation, or order adopted after the bill's effective date that was not consistent with Section 609 or that was in conflict with it would be void and unenforceable.

The bill would define "other valuable thing" as any goods, services, or intangible goods that are provided to another licensee that have value regardless of whether the value is nominal. The term would include goods, services, or intangible goods that provide any benefit, regardless of how nominal, to the licensee, other than advertising the brands and prices of alcohol produced by the manufacturer, sold by the outstate seller of beer, wine, or mixed spirit drink, or distributed by the wholesaler.

MCL 436.1609

Legislative Analyst: Patrick Affholter

FISCAL IMPACT

The bill would have no fiscal impact on State or local government.

Fiscal Analyst: Josh Sefton

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