



**Senate Fiscal Agency**  
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Senate Bill 506 (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 do the following:**

- Allow an in-State beer maker to designate its wholesaler to collect the per-barrel beer tax that is levied against the brewer under the Code.**
- Require the beer tax to be paid by the wholesaler assigned to distribute beer manufactured outside of Michigan.**
- Prohibit the Liquor Control Commission from requiring the beer tax to be paid more frequently than quarterly.**
- Allow a wholesaler designated to pay a brewer's beer tax to claim a beer-tax credit that is available to certain brewers.**

The Code requires the Liquor Control Commission to levy and collect a tax on all beer manufactured or sold in Michigan at the rate of \$6.30 per barrel. The tax must be paid by the brewer or brewpub, if the beer is manufactured in Michigan. The tax must be paid by the wholesaler or the person from whom the beer is purchased, as designated by the Commission, if the beer is manufactured outside of the State.

Under the bill, if the beer were manufactured in Michigan, the tax would have to be paid by the brewer or brewpub that manufactured it, unless the brewer designated the wholesaler to pay the tax on behalf of the brewer. If the beer were manufactured outside of Michigan, the tax would have to be paid by the wholesaler assigned to distribute the beer, and the tax would be levied and collected on the number of barrels of that beer that the wholesaler actually sold.

The Code requires the Commission to establish by rule a method for the collection of the beer tax. The bill would prohibit the Commission from requiring the tax to be paid in less than quarterly intervals.

The Code allows an "eligible brewer" to claim a credit against the beer tax in the amount of \$2 per barrel for the first 30,000 barrels. Under the bill, an eligible brewer or a wholesaler designated to pay the eligible brewer's tax could claim that credit. (The Code defines "eligible brewer" as a brewer or brewpub that manufactures not more than 50,000 barrels of beer during the tax year for which the credit is claimed.)

MCL 436.1409

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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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.