

**SUBSTITUTE FOR
SENATE BILL NO. 507**

A bill to amend 1998 PA 58, entitled
"Michigan liquor control code of 1998,"
by amending section 301 (MCL 436.1301).

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 301. (1) The commission shall levy and collect on all
2 wines containing 16% or less of alcohol by volume sold in this
3 state a tax at the rate of 13.5 cents per liter if sold in bulk and
4 in a like ratio if sold in smaller quantities.

5 (2) The commission shall levy and collect on all wines
6 containing more than 16% of alcohol by volume sold in this state a
7 tax at the rate of 20 cents per liter if sold in bulk and in a like
8 ratio if sold in smaller quantities.

9 (3) All sacramental wines are nontaxable when used by
10 churches. Sacramental wines may be imported. The commission shall

1 not impose restrictions on importations of wine for sacramental
2 purposes but may promulgate rules ~~as will~~ **TO** prevent any abuses
3 ~~which~~ **THAT** result from the importations. A wholesaler or an
4 outstate seller of wine may sell sacramental wine directly to a
5 church for sacramental purposes.

6 (4) The commission shall levy and collect on all mixed spirit
7 drink sold in this state a tax at the rate of 48 cents per liter if
8 sold in bulk or a like ratio if sold in smaller quantities.

9 (5) **SUBJECT TO THE LIMITATION PROVIDED IN SUBSECTION (8), THE**
10 **TAX LEVIED UNDER SUBSECTIONS (1) AND (2) SHALL BE COLLECTED AS**
11 **FOLLOWS:**

12 (A) **IF THE WINE IS MANUFACTURED IN THIS STATE, THE TAX SHALL**
13 **BE PAID BY THE WINE MAKER WHO MANUFACTURED THE WINE UNLESS THE WINE**
14 **MAKER DESIGNATES THE WHOLESALER TO PAY THE TAX ON BEHALF OF THE**
15 **WINE MAKER.**

16 (B) **IF THE WINE IS MANUFACTURED OUTSIDE THIS STATE, THE TAX**
17 **SHALL BE PAID BY THE WHOLESALER ASSIGNED TO DISTRIBUTE THAT WINE.**

18 (6) **SUBJECT TO THE LIMITATION PROVIDED IN SUBSECTION (8), THE**
19 **TAX LEVIED UNDER SUBSECTION (4) SHALL BE COLLECTED AS FOLLOWS:**

20 (A) **IF THE MIXED SPIRIT DRINK IS MANUFACTURED IN THIS STATE,**
21 **THE TAX SHALL BE PAID BY THE MANUFACTURER OF THE MIXED SPIRIT DRINK**
22 **UNLESS THE MANUFACTURER DESIGNATES THE WHOLESALER TO PAY THE TAX ON**
23 **BEHALF OF THE MANUFACTURER.**

24 (B) **IF THE MIXED SPIRIT DRINK IS MANUFACTURED OUTSIDE THIS**
25 **STATE, THE TAX SHALL BE PAID BY THE WHOLESALER ASSIGNED TO**
26 **DISTRIBUTE THAT MIXED SPIRIT DRINK.**

27 (7) ~~(5)~~ **On approval by the commission, the ~~corporation and~~**

1 ~~securities bureau~~ DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
2 shall incorporate a limited number of farm mutual cooperative
3 wineries as the commission determines to be beneficial to the
4 Michigan grape and fruit industry. These wineries shall be licensed
5 under this act and the payment of 1 license fee annually by the
6 corporation shall authorize wine making on the premises of the
7 corporation and also on the premises of the grape and fruit growing
8 farmers who are members of or stockholders in the corporation. Upon
9 incorporation of a farmers' cooperative corporation as provided for
10 in this section, the members of or the stockholders in the
11 corporation shall be certified to be Michigan grape and fruit
12 growing farmers. Wine making by cooperative corporations on farm
13 premises is allowed, but all sales of the wine shall be made by the
14 corporation and from the corporation premises.

15 (8) A WHOLESALER THAT IS RESPONSIBLE FOR THE PAYMENT OF THE
16 TAX UNDER THIS SECTION OR THAT IS DESIGNATED TO PAY THE TAX UNDER
17 THIS SECTION ON BEHALF OF THE MANUFACTURER OF THE WINE OR MIXED
18 SPIRIT DRINK IS ONLY REQUIRED TO PAY THE TAX ON THE NUMBER OF
19 LITERS ACTUALLY SOLD BY THE WHOLESALER.

20 (9) THE COMMISSION SHALL ESTABLISH BY RULE A METHOD FOR THE
21 COLLECTION OF THE TAX LEVIED IN THIS SECTION. HOWEVER, THE
22 COMMISSION SHALL NOT REQUIRE THAT THE TAX TO BE PAID IN LESS THAN
23 QUARTERLY INTERVALS. THE RULES SHALL BE PROMULGATED PURSUANT TO THE
24 ADMINISTRATIVE PROCEDURES ACT OF 1969, 1969 PA 306, MCL 24.201 TO
25 24.328.

26 Enacting section 1. This amendatory act does not take effect
27 unless all of the following bills of the 97th Legislature are

1 enacted into law:

2 (a) Senate Bill No. 504.

3 (b) Senate Bill No. 505.

4 (c) Senate Bill No. 506.

5 (d) Senate Bill No. 650.

6 (e) Senate Bill No. 651.

7 (f) House Bill No. 4277.

8 (g) House Bill No. 4709.

9 (h) House Bill No. 4710.

10 (i) House Bill No. 4711.