

Legislative Analysis



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House Bill 5767 (reported from committee as substitute H-2)

Sponsor: Rep. Roger Hauck

Committee: Regulatory Reform

Complete to 5-1-18

Analysis available at
<http://www.legislature.mi.gov>

(Enacted as Public Act 180 of 2018)

SUMMARY:

House Bill 5767 would allow a manufacturer, wholesaler, or retailer of alcoholic beverages to provide certain items to a special licensee, including the holder of a special license for a beer festival, and also deliver alcohol to a special licensee's premises.

Generally speaking, the Michigan Liquor Control Code prohibits a licensed vendor (e.g., a retailer or manufacturer) from aiding or assisting any other vendor by gift, loan of money or property, or other valuable things. This includes aid or assistance provided to the holder of a special license. A *special license* is a 24-hour license that allows a nonprofit organization to sell or furnish beer, wine, spirits, or mixed spirit drink at a fundraiser or other event (e.g., a wine and cheese party at a museum). A nonprofit organization may obtain up to 12 special licenses per calendar year. An event held over several days would require one special license per day. A *beer festival special license* is issued only to a nonprofit organization composed of brewers, microbrewers, and/or brewpubs. An organization may receive a beer festival special license for up to 6 events in a calendar year. The license is good for a limited period of time as approved by the Michigan Liquor Control Commission (LCC).

House Bill 5767 would add a new section to the Michigan Liquor Control Code to allow a manufacturer, wholesaler, or retailer to provide a special licensee, including the holder of a special license to conduct a beer festival, with any of the following for use by the special licensee during the effective period of the special license:

- Beer or wine dispensing equipment or cooling equipment, which could be within or part of a trailer.
- A brand-logoed tent.

In addition, the bill would allow a manufacturer, wholesaler, or retailer that is authorized to sell alcohol to a special licensee to also deliver alcohol to the special licensee's premises upon issuance of the special license by the LCC. The bill would also specifically prohibit the special licensee from selling alcohol before the effective period of the special license.

Further, the bill would allow a special licensee to purchase alcohol under R 436.582 of the Michigan Administrative Code or under Section 526 of the Michigan Liquor Control Code. Under R 436.582, a special licensee can purchase spirits from a licensed specially designated distributor (SDD) at the uniform sales price set by the commission; purchase beer and wine from a licensed specially designated merchant (SDM), a licensed wholesaler, or a licensed Michigan wine maker or small wine maker; or purchase mixed spirit drink from an SDD or a licensed wholesaler. Under Section 526 of the Code, the holder of a beer festival special license may buy beer directly from a licensed brewpub for consumption at the licensed event. (Because

each type of special licensee can already currently purchase alcohol under its respectively applicable provision, the bill as written seems potentially unclear as to whether it would allow all types of special licensees to purchase all types of alcohol under both provisions.)

Proposed MCL 436.1610c

BRIEF DISCUSSION:

Beer festivals and charity events sponsored by nonprofits are a popular way to showcase products from Michigan's many fine craft breweries and wineries, as well as other vendors. However, although current law allows licensed manufacturers to supply the holder of a special liquor license for a beer festival with equipment to dispense the beer, no such provision is made for wine. House Bill 5767 would provide parity by amending the Liquor Control Code to allow a manufacturer of wine to supply wine dispensing equipment at an event conducted by the holder of a special licensee.

In addition, the bill would allow the holder of a special license to use a tent supplied by a vendor that has the name of a specific brand or product on it. This would be similar to the smaller logoed displays allowed to be provided by wholesalers to retail licensees. Further, the bill would allow the alcohol deliveries to be made to the event's location as soon as the licensee has the special license in hand. This is important as beer festivals and other large fundraising events need time to set up the tents, tables, and stages. However, once those are in place, typically the day or night before the event, it is difficult for the trucks delivering the alcohol to get close to where it will be served. The bill would enable deliveries to be made before the tents, stages, chairs and other structures are set up and in the way.

FISCAL IMPACT:

The bill would not have a significant fiscal impact on state or local government.

POSITIONS:

A representative of the Michigan Beer and Wine Wholesalers Association testified in support of the bill. (4-11-18)

The Michigan Brewers Guild indicated support for the bill. (4-25-18)

The Michigan Liquor Control Commission has no position on the bill. (4-25-18)

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■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.