



Senate Fiscal Agency
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BILL ANALYSIS



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Senate Bill 1181 (as enacted)
Sponsor: Senator Peter MacGregor
Senate Committee: Regulatory Reform
House Committee: Regulatory Reform

PUBLIC ACT 426 of 2018

Date Completed: 2-15-19

CONTENT

The bill amended the Michigan Liquor Control Code to do the following:

- **Prohibit cooperate advertising between certain entities involved in the manufacture and sale of alcoholic liquor, but allow certain other types of advertising.**
- **Allow a retailer to offer consumers instant rebate coupons for use with alcoholic liquor purchases.**

The bill took effect on December 20, 2018.

Cooperative Advertising

Under the bill, cooperative advertising is prohibited:

- Between a manufacturer, an outstate seller of beer, an outstate seller of wine, and a retailer.
- Between a wholesaler and a retailer.
- Between a manufacturer, an outstate seller of beer, an outstate seller of wine, and a wholesaler.

"Cooperative advertising" means a jointly funded effort between licensees, or between vendors of spirits.

("Manufacturer" means a person engaged in the manufacture of alcoholic liquor, including a distiller, a rectifier, a wine maker, and a brewer. "Outstate seller of beer" means a person licensed by the Michigan Liquor Control Commission (MLCC) to sell beer that has not manufactured in Michigan to a wholesaler in the State in accordance with rules promulgated by the MLCC. "Outstate seller of wine" means a person licensed by the MLCC to sell wine that has not been manufactured in Michigan to a wholesaler in the State in accordance with rules promulgated by the MLCC and to sell sacramental wine. "Wholesaler" means a person who is licensed by the MLCC and sells beer, wine, or mixed spirit drink only to retailers or other licensees, and who sells sacramental wine.)

A manufacturer, an outstate seller of beer, or an outstate seller of wine may do any of the following:

- Pay any portion of the cost of painting a wholesaler's truck.
- Supply a brand logoed decal or advertising mat, or both, to a wholesaler without cost.

- Use the name or logo of the wholesaler of the outstate seller of beer or outstate seller of wine in the outstate seller's advertising.

The name of a retailer may not appear in the advertising of a manufacturer, an outstate seller of beer, an outstate seller of wine, or a wholesaler.

Instant Rebate Coupon

A retailer may offer consumers instant rebate coupons for use with alcoholic liquor purchases. An instant rebate coupon must comply with the following:

- A retailer may issue only coupons that state a specific expiration date and specific cash refund value on the coupons.
- A retailer may issue coupons that can be applied to more than one specific product from a manufacturer, but must state the manufacturer to which they apply.
- For spirits, a retailer must issue coupons only for 375 milliliters or larger size bottles.
- A supplier or wholesaler of beer or wine may not pay for or participate in the offering of an instant rebate coupons.

A retailer may not issue coupons that make any alcoholic liquor free. For spirits, the retailer must issue coupons only where the specific cash refund amount does not exceed 35% of the State's minimum shelf price for the products purchased and does not reduce the retail price of any product below \$2 a bottle.

A retailer must issue coupons that require the retail customer to purchase at least one product of alcoholic liquor to redeem a coupon. A retailer may issue coupons that require the retail customer to purchase two or more alcoholic liquor products from the same manufacturer to redeem the coupon.

MCL 436.1610d

BACKGROUND

Generally, cooperative advertising is a cost-sharing advertising arrangement between two parties. A horizontal cooperative advertising agreement is an arrangement in which two or more types of retailers or franchisees who sell complementary products or sales cycles promote and/or sell each other's products with their own. A vertical cooperative advertising agreement is a contract between a manufacturer and a member of distribution chain (e.g., a wholesaler) to share the costs of advertising a product.

Legislative Analyst: Stephen Jackson

FISCAL IMPACT

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

Fiscal Analyst: Abbey Frazier

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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.