

SENATE SUBSTITUTE FOR
HOUSE BILL NO. 4667

A bill to amend 1998 PA 58, entitled
"Michigan liquor control code of 1998,"
by amending section 303 (MCL 436.1303).

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 303. (1) The grape and wine industry council ~~is~~ created
2 ~~in~~ UNDER EXECUTIVE REORGANIZATION ORDER NO. 2014-2, MCL 333.26253,
3 SHALL BE HOUSED WITHIN the department of agriculture AND RURAL
4 DEVELOPMENT. ~~The~~ BEGINNING ON THE EFFECTIVE DATE OF THE 2018
5 AMENDATORY ACT THAT AMENDED THIS SECTION, THE council SHALL BE
6 KNOWN AS THE MICHIGAN CRAFT BEVERAGE COUNCIL AND shall consist of
7 ~~all of the~~ following MEMBERS:
8 ~~— (a) Three wine makers.~~
9 ~~— (b) A wine grape grower.~~

~~1 (c) The director of consumer and industry services or his or~~
~~2 her designee.~~

3 (A) ~~(d) The~~ **AS A NONVOTING MEMBER, THE** director of the
 4 department of agriculture **AND RURAL DEVELOPMENT** or his or her
 5 designee.

~~6 (e) A staff member of Michigan state university appointed by,~~
~~7 and serving at the pleasure of, the dean of the college of~~
~~8 agriculture and natural resources of Michigan state university.~~

~~9 (f) The chairperson of the commission or his or her designee,~~
~~10 as an ex officio member.~~

11 (B) SUBJECT TO SUBSECTION (2), THE FOLLOWING VOTING MEMBERS,
 12 APPOINTED BY THE GOVERNOR:

13 (i) ~~(g) A person who operates a~~ **A REPRESENTATIVE OF** retail
 14 food establishment **ESTABLISHMENTS** that holds ~~HOLD~~ a specially
 15 designated merchant license and sells ~~SELL~~ Michigan wines or a
 16 ~~person who operates a restaurant~~ **BEER.**

17 (ii) **A REPRESENTATIVE OF RESTAURANTS** that holds ~~HOLD~~ a class C
 18 license and serves ~~SERVE~~ Michigan wines, **BEER, OR SPIRITS.**

~~19 (h) A beer and wine wholesaler who markets Michigan wine.~~

~~20 (i) Not more than 2 additional members appointed as prescribed~~
~~21 in subsection (3).~~

22 (iii) **TWO REPRESENTATIVES OF WINE MAKERS.**

23 (iv) **A REPRESENTATIVE OF WINE MAKERS THAT PRIMARILY**
 24 **MANUFACTURE CIDER.**

25 (v) **A REPRESENTATIVE OF LARGE BREWERS.**

26 (vi) **ONE OF THE FOLLOWING:**

27 (A) **A REPRESENTATIVE OF MICRO BREWERS.**

1 (B) A REPRESENTATIVE OF BREWPUB LICENSE HOLDERS.

2 (vii) A REPRESENTATIVE OF SMALL DISTILLERS.

3 (viii) A REPRESENTATIVE OF DISTILLERS THAT MANUFACTURE MORE
4 THAN 60,000 GALLONS OF SPIRITS PER YEAR.

5 (2) THE FOLLOWING APPLY TO A MEMBER OF THE COUNCIL APPOINTED
6 UNDER SUBSECTION (1) (B) :

7 (A) THE MEMBER'S PRINCIPAL PLACE OF BUSINESS MUST BE LOCATED
8 IN THIS STATE.

9 (B) THE MEMBER MUST NOT BE A LOBBYIST OR A LOBBYIST AGENT AS
10 THOSE TERMS ARE DEFINED IN SECTION 5 OF 1978 PA 472, MCL 4.415.

11 (3) ~~(2) The members of the council described in subsection~~
12 ~~(1)(a), (b), (g), and (h) shall be appointed by the governor. The~~
13 ~~council members appointed under subsection (1)(g) and (h) shall be~~
14 ~~appointed for 2 year terms beginning on October 1, 1991. Of the~~
15 ~~council members appointed for terms beginning October 1, 1991, 1~~
16 ~~shall be appointed for a 1 year term, and 3 shall be appointed for~~
17 ~~terms of 2 years each. All appointments for terms beginning on or~~
18 ~~after October 1, 1992 shall be for 2 years each. A member shall~~
19 ~~continue to serve until a qualified successor has been appointed.~~

20 VOTING MEMBERS OF THE COUNCIL APPOINTED BY THE GOVERNOR UNDER
21 SUBSECTION (1) SHALL SERVE FOR TERMS OF 3 YEARS OR UNTIL A
22 SUCCESSOR IS APPOINTED, WHICHEVER IS LATER, EXCEPT THAT OF THE
23 VOTING MEMBERS FIRST APPOINTED, 3 SHALL SERVE FOR 1 YEAR, 3 SHALL
24 SERVE FOR 2 YEARS, AND 3 SHALL SERVE FOR 3 YEARS. A VOTING member
25 shall not serve more than 2 consecutive terms. A vacancy on the
26 board shall be filled in the same manner as the original
27 appointment. The director of the department of agriculture shall

~~act as~~ **AND RURAL DEVELOPMENT IS THE** chairperson of the council.

~~—— (3) The governor may appoint not more than 2 additional members to the council who shall assist the council in performing its duties, but who shall not have the power to vote. The persons appointed under this subsection shall not be members of the classified state civil service, shall serve at the pleasure of the governor, and shall receive salaries and benefits determined and paid by the department of agriculture.~~

(4) The council may employ personnel and incur ~~such expenses~~ **as THAT** are necessary to carry out the ~~purposes~~ **RESPONSIBILITIES** of the council under this act. ~~All such expenses shall be paid from fees credited to the wine industry council under section 543(2). A member of the council or an employee or agent of the council shall~~ **IS not be** personally liable on the contracts of the council.

(5) A nongovernmental member of the council ~~shall~~ **MAY** receive \$50.00 per day for each day spent in actual attendance at meetings of the council and traveling expenses while on council business in accordance with standard travel regulations of the department of **TECHNOLOGY**, management, and budget.

(6) The council shall maintain accurate books and records, and all ~~funds~~ **MONEY** received by the council shall be used to implement and enforce this section. **THE COUNCIL MAY ACCEPT MONEY FROM ANY SOURCE FOR THE PURPOSE OF CARRYING OUT THIS SECTION. ALL MONEY RECEIVED BY THE COUNCIL SHALL BE FORWARDED TO THE STATE TREASURER FOR DEPOSIT INTO THE MICHIGAN CRAFT BEVERAGE COUNCIL FUND CREATED IN SECTION 303A.**

~~The~~ **SUBJECT TO AN APPROPRIATION, THE** council shall ~~do all~~

~~of~~ DIRECT THE DEPARTMENT OF AGRICULTURE AND RURAL DEVELOPMENT TO
AWARD GRANTS FOR the following:

(a) ~~Provide for research on wine grapes~~ RESEARCH INTO BOTH OF
THE FOLLOWING:

(i) FRUITS USED IN WINEMAKING and wines, including, but not
limited to, methods of planting, growing, controlling insects and
diseases, charting microclimates and locations for growing
desirable varieties of ~~wine grapes~~, FRUITS USED IN WINEMAKING AND
WINES, marketing, processing, distribution, advertising, sales
production, and product development.

(ii) HOPS, BARLEY, BEER, AND SPIRITS, INCLUDING, BUT NOT
LIMITED TO, METHODS OF PLANTING, GROWING, CONTROLLING INSECTS AND
DISEASES, MARKETING, PROCESSING, DISTRIBUTION, ADVERTISING, SALES
PRODUCTION, AND PRODUCT DEVELOPMENT.

(B) PROJECTS THAT DO 1 OR MORE OF THE FOLLOWING:

(i) ~~(b)~~ Provide the wine industry, including growers,
wineries, distributors, and retailers, with information relative to
proper methods of handling and selling ~~wine grapes~~ FRUITS USED IN
WINEMAKING and wines.

(ii) PROVIDE THE BREWING AND DISTILLING INDUSTRIES, INCLUDING
GROWERS, BREWERS, DISTILLERS, DISTRIBUTORS, AND RETAILERS, WITH
INFORMATION RELATIVE TO PROPER METHODS OF HANDLING AND SELLING
HOPS, BARLEY, BEER, SPIRITS, AND MIXED SPIRIT DRINKS.

(iii) ~~(c)~~ Provide for market surveys and analyses for purposes
of expanding existing markets and creating new and larger markets
for ~~wine grapes and wines~~. MICHIGAN AGRICULTURAL PRODUCTS SUCH AS
FRUITS, HOPS, AND BARLEY, THAT ARE USED IN THE PRODUCTION OF WINE,

1 CIDER, BEER, SPIRITS, AND MIXED SPIRIT DRINKS.

2 (iv) ~~(d)~~ Provide for the promotion of the sale of Michigan
 3 ~~wine grapes and wines~~ **AGRICULTURAL PRODUCTS SUCH AS FRUITS, HOPS,**
 4 **AND BARLEY, THAT ARE USED IN THE PRODUCTION OF WINE, CIDER, BEER,**
 5 **SPIRITS, AND MIXED SPIRIT DRINKS** for the purpose of maintaining or
 6 expanding present markets and creating new and larger domestic and
 7 foreign markets.

8 (v) ~~(e)~~ Develop and administer financial aid programs to ~~wine~~
 9 ~~grape-growers~~ **OF FRUITS USED IN WINEMAKING** to encourage the
 10 increased planting in this state of desirable ~~grape~~ **FRUIT** varieties
 11 in microclimates determined to provide the best conditions for
 12 producing quality wines.

13 (vi) **DEVELOP AND ADMINISTER FINANCIAL AID PROGRAMS TO HOPS**
 14 **GROWERS TO ENCOURAGE INCREASED PLANTING IN THIS STATE OF DESIRABLE**
 15 **HOPS VARIETIES IN MICROCLIMATES DETERMINED TO PROVIDE THE BEST**
 16 **CONDITIONS FOR PRODUCING QUALITY BEER.**

17 (vii) **DEVELOP AND ADMINISTER FINANCIAL AID PROGRAMS TO BARLEY**
 18 **GROWERS TO ENCOURAGE INCREASED PLANTING IN THIS STATE OF DESIRABLE**
 19 **BARLEY VARIETIES IN MICROCLIMATES DETERMINED TO PROVIDE THE BEST**
 20 **CONDITIONS FOR PRODUCING QUALITY BEER.**

21 (viii) **ESTABLISH EDUCATIONAL PARTNERSHIPS TO BENEFIT THE BEER,**
 22 **WINE, CIDER, SPIRITS, AND MIXED SPIRIT DRINK INDUSTRIES.**

23 (8) **THE DEPARTMENT OF AGRICULTURE AND RURAL DEVELOPMENT SHALL**
 24 **ADMINISTER THE GRANTS AWARDED UNDER SUBSECTION (7).**

25 (9) **THE COUNCIL SHALL DO ALL OF THE FOLLOWING:**

26 (A) **APPLY FOR AND ACCEPT GRANTS OR CONTRIBUTIONS FROM THE**
 27 **FEDERAL GOVERNMENT OR ANY OF ITS AGENCIES, THE STATE, OR OTHER**

1 PUBLIC OR PRIVATE AGENCIES TO BE USED FOR ANY OF THE PURPOSES OF
2 THIS SECTION AND TO DO ANY AND ALL THINGS WITHIN ITS EXPRESS OR
3 IMPLIED POWERS NECESSARY OR DESIRABLE TO SECURE THAT FINANCIAL OR
4 OTHER AID OR COOPERATION IN THE CARRYING OUT OF ANY OF THE PURPOSES
5 OF THIS SECTION.

6 (B) INVITE THE CHIEF EXECUTIVE OFFICER OF THE MICHIGAN
7 ECONOMIC DEVELOPMENT CORPORATION OR HIS OR HER DESIGNEE TO ATTEND
8 AT LEAST 1 COUNCIL MEETING ANNUALLY TO INFORM THE COUNCIL ABOUT
9 PARTNERSHIP ACTIVITIES AND OPPORTUNITIES RELATED TO THE MARKETING
10 AND PROMOTION OF MICHIGAN AGRICULTURAL PRODUCTS SUCH AS FRUITS,
11 HOPS, AND BARLEY, THAT ARE USED IN THE PRODUCTION OF WINE, CIDER,
12 BEER, SPIRITS, AND MIXED SPIRIT DRINKS.

13 (C) INVITE THE DIRECTOR OF THE DEPARTMENT OF LICENSING AND
14 REGULATORY AFFAIRS TO ATTEND AT LEAST 1 COUNCIL MEETING ANNUALLY TO
15 INFORM THE COUNCIL ABOUT FUNDING ACTIVITIES AFFECTING THE COUNCIL.

16 (D) PREPARE AND ADOPT AN ANNUAL BUDGET.

17 (10) BASED ON THE INFORMATION PROVIDED TO THE COUNCIL UNDER
18 SUBSECTION (9) (B) AND (C), THE COUNCIL MAY DO EITHER OR BOTH OF THE
19 FOLLOWING:

20 (A) TAKE ACTIONS THAT WILL ENHANCE THE MARKETING AND PROMOTION
21 OF MICHIGAN AGRICULTURAL PRODUCTS, SUCH AS FRUITS, HOPS, AND
22 BARLEY, THAT ARE USED IN THE PRODUCTION OF WINE, CIDER, BEER,
23 SPIRITS, AND MIXED SPIRIT DRINKS.

24 (B) ANNUALLY REVIEW AND ADOPT STRATEGIES FOR MARKETING AND
25 PROMOTION OF MICHIGAN AGRICULTURAL PRODUCTS, SUCH AS FRUITS, HOPS,
26 AND BARLEY, THAT ARE USED IN THE PRODUCTION OF WINE, CIDER, BEER,
27 SPIRITS, AND MIXED SPIRIT DRINKS.

(11) ~~(8)~~ The council may promulgate rules pursuant to the administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328, for the purposes of implementing and enforcing this section. However, ~~a rule~~ **THE COUNCIL** shall not ~~be promulgated~~ **PROMULGATE A RULE** that conflicts with a rule promulgated by the commission ~~pursuant to~~ **UNDER** section 215.

(12) **EXCEPT AS OTHERWISE PROVIDED IN THIS SUBSECTION, THE COUNCIL SHALL NOT ENGAGE IN LOBBYING. THIS SUBSECTION DOES NOT PROHIBIT THE COUNCIL OR A COUNCIL MEMBER OR COUNCIL EMPLOYEE FROM PROVIDING TECHNICAL INFORMATION TO THE LEGISLATURE OR TO THE DEPARTMENT OF AGRICULTURE AND RURAL DEVELOPMENT, REGARDLESS OF WHETHER THE COUNCIL, COUNCIL MEMBER, OR COUNCIL EMPLOYEE IS APPEARING BEFORE AN OFFICIALLY CONVENED LEGISLATIVE COMMITTEE OR DEPARTMENT OF AGRICULTURE AND RURAL DEVELOPMENT HEARING PANEL, IF THE TECHNICAL INFORMATION IS RELATED TO THE COUNCIL'S DUTIES UNDER THIS SECTION.**

(13) **THIS SECTION DOES NOT PREVENT THE COUNCIL FROM ESTABLISHING A COMMODITY COMMITTEE UNDER THE AGRICULTURE COMMODITIES MARKETING ACT, 1965 PA 232, MCL 290.651 TO 290.674.**

(14) ~~(9)~~ As used in this section: ~~"council"~~

(A) **"CIDER" MEANS AN ALCOHOLIC BEVERAGE MADE FROM THE FERMENTATION OF JUICE FROM PRIMARILY APPLES OR PEARS, OR BOTH, WHICH CONTAINS NOT LESS THAN 1/2 OF 1% AND NOT MORE THAN 8.5% OF ALCOHOL BY VOLUME. CIDER MAY BE STILL OR CARBONATED AND MAY CONTAIN OTHER FRUITS, SPICES, BOTANICALS, OR OTHER FLAVORS.**

(B) **"COUNCIL"** means the ~~grape and wine industry~~ **MICHIGAN CRAFT BEVERAGE** council ~~created~~ **DESCRIBED** in subsection (1).

1 (C) "LARGE BREWER" MEANS A BREWER THAT PRODUCES IN TOTAL AT
2 LEAST 60,000 BARRELS OF BEER AND NOT MORE THAN 1,000,000 BARRELS OF
3 BEER PER YEAR. IN DETERMINING THE BARREL THRESHOLD UNDER THIS
4 SUBDIVISION, ALL BRANDS AND LABELS OF A BREWER, WHETHER BREWED IN
5 THIS STATE OR OUTSIDE THIS STATE, MUST BE COMBINED AND ALL
6 FACILITIES FOR THE PRODUCTION OF BEER THAT ARE OWNED OR CONTROLLED
7 BY THE SAME PERSON ARE TREATED AS A SINGLE FACILITY.

8 (D) "LOBBYING" MEANS THAT TERM AS DEFINED IN SECTION 5 OF 1978
9 PA 472, MCL 4.415.

10 (E) "TECHNICAL INFORMATION" MEANS THAT TERM AS DEFINED IN
11 SECTION 5 OF 1978 PA 472, MCL 4.415.

12 Enacting section 1. This amendatory act takes effect October
13 1, 2018.

14 Enacting section 2. This amendatory act does not take effect
15 unless Senate Bill No. 440 of the 99th Legislature is enacted into
16 law.