

# SENATE BILL No. 439

June 7, 2017, Introduced by Senators HANSEN, PROOS, SCHUITMAKER, MACGREGOR and EMMONS and referred to the Committee on Regulatory Reform.

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 **IS WITHIN** the department of agriculture **AND RURAL DEVELOPMENT.** The  
4 **BEGINNING WITH THE EFFECTIVE DATE OF THE AMENDATORY ACT THAT ADDED**  
5 **SUBSECTION (10), THE** council **SHALL BE KNOWN AS THE MICHIGAN CRAFT**  
6 **BEVERAGE COUNCIL AND** shall consist of all of the following **MEMBERS:**  
7 ~~\_\_\_\_\_ (a) Three wine makers.~~  
8 ~~\_\_\_\_\_ (b) A wine grape grower.~~  
9 ~~\_\_\_\_\_ (c) The director of consumer and industry services or his or~~  
10 ~~her designee.~~  
11       **(A) ~~(d)~~** The director of the department of agriculture **AND**

RURAL DEVELOPMENT or his or her designee AS A NONVOTING MEMBER.

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

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

**(B) THE FOLLOWING VOTING MEMBERS APPOINTED BY THE GOVERNOR:**

~~(i) (g) A person~~ **AN INDIVIDUAL** who operates a retail food establishment that holds a specially designated merchant license and sells Michigan wines or ~~a person~~ **BEER**.

**(ii) AN INDIVIDUAL** who operates a restaurant that holds a class C license and serves Michigan wines.

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

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

**(iii) TWO WINE MAKERS.**

**(iv) A WINE MAKER THAT MANUFACTURES WINE MADE FROM FRUIT OTHER THAN GRAPES.**

**(v) A LARGE BREWER.**

**(vi) AN INDIVIDUAL WHO HOLDS A BREWPUB LICENSE.**

**(vii) A SMALL DISTILLER.**

**(viii) A DISTILLER THAT MANUFACTURES MORE THAN 60,000 GALLONS OF SPIRITS PER YEAR.**

~~(2) The members of the council described in subsection (1) (a), (b), (g), and (h) shall be appointed by the governor. The council members appointed under subsection (1) (g) and (h) shall be appointed for 2 year terms beginning on October 1, 1991. Of the~~

~~council members appointed for terms beginning October 1, 1991, 1 shall be appointed for a 1 year term, and 3 shall be appointed for terms of 2 years each. All appointments for terms beginning on or after October 1, 1992 shall be for 2 years each. A member shall continue to serve until a qualified successor has been appointed.~~

**VOTING MEMBERS OF THE COUNCIL APPOINTED BY THE GOVERNOR UNDER SUBSECTION (1) SHALL SERVE FOR TERMS OF 3 YEARS OR UNTIL A SUCCESSOR IS APPOINTED, WHICHEVER IS LATER, EXCEPT THAT OF THE VOTING MEMBERS FIRST APPOINTED, 3 SHALL SERVE FOR 1 YEAR, 3 SHALL SERVE FOR 2 YEARS, AND 3 SHALL SERVE FOR 3 YEARS.** A VOTING member shall not serve more than 2 consecutive terms. A vacancy on the board shall ~~MUST~~ be filled in the same manner as the original 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.~~

**(3) (4)** The council may employ personnel and incur ~~such~~ expenses ~~as~~ **THAT** are necessary to carry out the purposes of the council under this act. All ~~such~~ **THE** expenses shall ~~MUST~~ be paid from fees credited to the ~~wine industry~~ council under section 543(2) **AND CREDITED TO THE COUNCIL UNDER SECTION 221. THE COUNCIL SHALL EXPEND AT LEAST 50% OF ITS ANNUAL BUDGET ON ANY OF ITS DUTIES**

1 DESCRIBED IN SUBSECTION (6) (A), (B), (G), (H), OR (I). A member of  
2 the council or an employee or agent of the council ~~shall~~ **IS** not be  
3 personally liable on the contracts of the council.

4 (4) ~~(5)~~ A nongovernmental member of the council ~~shall~~ **MAY**  
5 receive \$50.00 per day for each day spent in actual attendance at  
6 meetings of the council and traveling expenses while on council  
7 business in accordance with standard travel regulations of the  
8 department of **TECHNOLOGY**, management, and budget.

9 (5) ~~(6)~~ The council shall maintain accurate books and records,  
10 and all ~~funds~~ **MONEY** received by the council ~~shall~~ **MUST** be used to  
11 implement and enforce this section.

12 (6) ~~(7)~~ The council shall do all of the following:

13 (a) Provide for research on ~~wine grapes~~ **FRUITS USED IN**  
14 **WINEMAKING** and wines, including, but not limited to, methods of  
15 planting, growing, controlling insects and diseases, charting  
16 microclimates and locations for growing desirable varieties of ~~wine~~  
17 ~~grapes~~, **FRUITS USED IN WINEMAKING**, marketing, processing,  
18 distribution, advertising, sales production, and product  
19 development.

20 (B) **PROVIDE FOR RESEARCH ON HOPS, BARLEY, BEER, AND SPIRITS,**  
21 **INCLUDING, BUT NOT LIMITED TO, METHODS OF PLANTING, GROWING,**  
22 **CONTROLLING INSECTS AND DISEASES, MARKETING, PROCESSING,**  
23 **DISTRIBUTION, ADVERTISING, SALES PRODUCTION, AND PRODUCT**  
24 **DEVELOPMENT.**

25 (C) ~~(b)~~ Provide the wine industry, including growers,  
26 wineries, distributors, and retailers, with information relative to  
27 proper methods of handling and selling ~~wine grapes~~ **FRUITS USED IN**

1 WINEMAKING and wines.

2 (D) PROVIDE THE BREWING AND DISTILLING INDUSTRIES, INCLUDING  
3 GROWERS, BREWERS, DISTILLERS, DISTRIBUTORS, AND RETAILERS, WITH  
4 INFORMATION RELATIVE TO PROPER METHODS OF HANDLING AND SELLING  
5 HOPS, BARLEY, BEER, AND SPIRITS.

6 (E) ~~(e)~~ Provide for market surveys and analyses for purposes  
7 of expanding existing markets and creating new and larger markets  
8 for ~~wine grapes and~~ FRUITS USED IN WINEMAKING, wines, HOPS, BARLEY,  
9 BEER, AND SPIRITS.

10 (F) ~~(d)~~ Provide for the promotion of the sale of Michigan wine  
11 ~~grapes and~~ FRUITS USED IN WINEMAKING, wines, HOPS, BARLEY, BEER,  
12 AND SPIRITS for the purpose of maintaining or expanding present  
13 markets and creating new and larger domestic and foreign markets.

14 (G) ~~(e)~~ Develop and administer financial aid programs to wine  
15 ~~grape growers~~ OF FRUITS USED IN WINEMAKING to encourage the  
16 increased planting in this state of desirable ~~grape~~ FRUIT varieties  
17 in microclimates determined to provide the best conditions for  
18 producing quality wines.

19 (H) DEVELOP AND ADMINISTER FINANCIAL AID PROGRAMS TO HOPS  
20 GROWERS TO ENCOURAGE INCREASED PLANTING IN THIS STATE OF DESIRABLE  
21 HOPS VARIETIES IN MICROCLIMATES DETERMINED TO PROVIDE THE BEST  
22 CONDITIONS FOR PRODUCING QUALITY BEER.

23 (I) DEVELOP AND ADMINISTER FINANCIAL AID PROGRAMS TO BARLEY  
24 GROWERS TO ENCOURAGE INCREASED PLANTING IN THIS STATE OF DESIRABLE  
25 BARLEY VARIETIES IN MICROCLIMATES DETERMINED TO PROVIDE THE BEST  
26 CONDITIONS FOR PRODUCING QUALITY BEER.

27 (J) PREPARE AND APPROVE AN ANNUAL BUDGET.

1           (K) APPLY FOR, RECEIVE, AND ACCEPT A GRANT FROM THE OFFICE  
2 THAT PROMOTES THE PURE MICHIGAN TOURISM CAMPAIGN OR ANY SUCCESSOR  
3 CAMPAIGN.

4           (I) ESTABLISH EDUCATIONAL PARTNERSHIPS TO BENEFIT THE BEER,  
5 WINE, AND SPIRITS INDUSTRIES.

6           (7) ~~(8)~~—The council may promulgate rules pursuant to the  
7 administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to  
8 24.328, for the purposes of implementing and enforcing this  
9 section. However, ~~a rule~~ **THE COUNCIL** shall not ~~be promulgated~~  
10 **PROMULGATE A RULE** that conflicts with a rule promulgated by the  
11 commission ~~pursuant to~~ **UNDER** section 215.

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

22           (A) "LOBBYING" MEANS THAT TERM AS DEFINED IN SECTION 5 OF 1978  
23 PA 472, MCL 4.415.

24           (B) "TECHNICAL INFORMATION" MEANS THAT TERM AS DEFINED IN  
25 SECTION 5 OF 1978 PA 472, MCL 4.415.

26           (9) THIS SECTION DOES NOT PREVENT THE COUNCIL FROM  
27 ESTABLISHING A COMMODITY COMMITTEE UNDER THE AGRICULTURE

1 COMMODITIES MARKETING ACT, 1965 PA 232, MCL 290.651 TO 290.674.

2 (10) ~~(9)~~ As used in this section: ~~,"council"~~

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

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

12 Enacting section 1. This amendatory act takes effect 90 days  
13 after the date it is enacted into law.

14 Enacting section 2. This amendatory act does not take effect  
15 unless Senate Bill No. 440

16 of the 99th Legislature is enacted into law.