

Act No. 154
Public Acts of 2018
Approved by the Governor
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STATE OF MICHIGAN
99TH LEGISLATURE
REGULAR SESSION OF 2018

**Introduced by Reps. Iden, Kesto, McCready, Hauck, Crawford, Zemke, Webber, Griffin, Maturen, Bellino,
Leutheuser, Brann, Lucido and Hughes**

ENROLLED HOUSE BILL No. 4667

AN ACT to amend 1998 PA 58, entitled “An act to create a commission for the control of the alcoholic beverage traffic within this state, and to prescribe its powers, duties, and limitations; to provide for powers and duties for certain state departments and agencies; to impose certain taxes for certain purposes; to provide for the control of the alcoholic liquor traffic within this state and to provide for the power to establish state liquor stores; to prohibit the use of certain devices for the dispensing of alcoholic vapor; to provide for the care and treatment of alcoholics; to provide for the incorporation of farmer cooperative wineries and the granting of certain rights and privileges to those cooperatives; to provide for the licensing and taxation of activities regulated under this act and the disposition of the money received under this act; to prescribe liability for retail licensees under certain circumstances and to require security for that liability; to provide procedures, defenses, and remedies regarding violations of this act; to provide for the enforcement and to prescribe penalties for violations of this act; to provide for allocation of certain funds for certain purposes; to provide for the confiscation and disposition of property seized under this act; to provide referenda under certain circumstances; and to repeal acts and parts of acts,” by amending section 303 (MCL 436.1303).

The People of the State of Michigan enact:

Sec. 303. (1) The grape and wine industry council created under Executive Reorganization Order No. 2014-2, MCL 333.26253, shall be housed within the department of agriculture and rural development. Beginning on the effective date of the 2018 amendatory act that amended this section, the council shall be known as the Michigan craft beverage council and shall consist of the following members:

(a) As a nonvoting member, the director of the department of agriculture and rural development or his or her designee.

(b) Subject to subsection (2), the following voting members, appointed by the governor:

(i) A representative of retail food establishments that hold a specially designated merchant license and sell Michigan wines or beer.

(ii) A representative of restaurants that hold a class C license and serve Michigan wines, beer, or spirits.

(iii) Two representatives of wine makers.

(iv) A representative of wine makers that primarily manufacture cider.

(v) A representative of large brewers.

(vi) One of the following:

(A) A representative of micro brewers.

(B) A representative of brewpub license holders.

(vii) A representative of small distillers.

(viii) A representative of distillers that manufacture more than 60,000 gallons of spirits per year.

(2) The following apply to a member of the council appointed under subsection (1)(b):

(a) The member's principal place of business must be located in this state.

(b) The member must not be a lobbyist or a lobbyist agent as those terms are defined in section 5 of 1978 PA 472, MCL 4.415.

(3) 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 be filled in the same manner as the original appointment. The director of the department of agriculture and rural development is the chairperson of the council.

(4) The council may employ personnel and incur expenses that are necessary to carry out the responsibilities of the council under this act. A member of the council or an employee or agent of the council is not personally liable on the contracts of the council.

(5) A nongovernmental member of the council 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 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.

(7) Subject to an appropriation, the council shall direct the department of agriculture and rural development to award grants for the following:

(a) 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 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) Provide the wine industry, including growers, wineries, distributors, and retailers, with information relative to proper methods of handling and selling 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) Provide for market surveys and analyses for purposes of expanding existing markets and creating new and larger markets for Michigan agricultural products such as fruits, hops, and barley, that are used in the production of wine, cider, beer, spirits, and mixed spirit drinks.

(iv) Provide for the promotion of the sale of Michigan agricultural products such as fruits, hops, and barley, that are used in the production of wine, cider, beer, spirits, and mixed spirit drinks for the purpose of maintaining or expanding present markets and creating new and larger domestic and foreign markets.

(v) Develop and administer financial aid programs to growers of fruits used in winemaking to encourage the increased planting in this state of desirable fruit varieties in microclimates determined to provide the best conditions for producing quality wines.

(vi) Develop and administer financial aid programs to hops growers to encourage increased planting in this state of desirable hops varieties in microclimates determined to provide the best conditions for producing quality beer.

(vii) Develop and administer financial aid programs to barley growers to encourage increased planting in this state of desirable barley varieties in microclimates determined to provide the best conditions for producing quality beer.

(viii) Establish educational partnerships to benefit the beer, wine, cider, spirits, and mixed spirit drink industries.

(8) The department of agriculture and rural development shall administer the grants awarded under subsection (7).

(9) The council shall do all of the following:

(a) Apply for and accept grants or contributions from the federal government or any of its agencies, the state, or other public or private agencies to be used for any of the purposes of this section and to do any and all things within its express or implied powers necessary or desirable to secure that financial or other aid or cooperation in the carrying out of any of the purposes of this section.

(b) Invite the chief executive officer of the Michigan economic development corporation or his or her designee to attend at least 1 council meeting annually to inform the council about partnership activities and opportunities related to the marketing and promotion of Michigan agricultural products such as fruits, hops, and barley, that are used in the production of wine, cider, beer, spirits, and mixed spirit drinks.

(c) Invite the director of the department of licensing and regulatory affairs to attend at least 1 council meeting annually to inform the council about funding activities affecting the council.

(d) Prepare and adopt an annual budget.

(10) Based on the information provided to the council under subsection (9)(b) and (c), the council may do either or both of the following:

(a) Take actions that will enhance the marketing and promotion of Michigan agricultural products, such as fruits, hops, and barley, that are used in the production of wine, cider, beer, spirits, and mixed spirit drinks.

(b) Annually review and adopt strategies for marketing and promotion of Michigan agricultural products, such as fruits, hops, and barley, that are used in the production of wine, cider, beer, spirits, and mixed spirit drinks.

(11) 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, the council shall not promulgate a rule that conflicts with a rule promulgated by the commission 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) As used in this section:

(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 Michigan craft beverage council described in subsection (1).

(c) "Large brewer" means a brewer that produces in total at least 60,000 barrels of beer and not more than 1,000,000 barrels of beer per year. In determining the barrel threshold under this subdivision, all brands and labels of a brewer, whether brewed in this state or outside this state, must be combined and all facilities for the production of beer that are owned or controlled by the same person are treated as a single facility.

(d) "Lobbying" means that term as defined in section 5 of 1978 PA 472, MCL 4.415.

(e) "Technical information" means that term as defined in section 5 of 1978 PA 472, MCL 4.415.

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

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

This act is ordered to take immediate effect.



Clerk of the House of Representatives



Secretary of the Senate

Approved

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Governor