Senate Fiscal Agency
P.O. Box 30036
Lansing, Michigan 48909-7536

BILL ANALYSIS

Telephone: (517) 373-5383
Fax: (517) 373-1986

Senate Bills 141 through 144 (Substitutes S-1)
Sponsor: Senator Wayne Schmidt (S.B. 141)
Senator Winnie Brinks (S.B. 142)
Senator Jeremy Moss (S.B. 143)
Senator Curtis S. VanderWall (S.B. 144)
Committee: Regulatory Reform

CONTENT

Senate Bill 141 (S-1) would amend the Michigan Liquor Control Code to do the following:

-- Revise certain provisions pertaining to a retailer who holds a specially designated merchant (SDM) license to refer to a *qualified* retailer and provide the definition of a "qualified retailer".
-- Allow a qualified retailer that held a specially designated distributor (SDD) license to use a common carrier to deliver spirits to a consumer.
-- Require a qualified retailer that has been issued licenses at two or more locations to fulfill the shipment of beer, wine, mixed spirit drink, or spirits from the location nearest to the consumer unless that location did not have the item ordered in stock.
-- Require a direct shipper that sells, delivers, or imports wine to a consumer and is a wine manufacturer to direct ship only the wine it had manufactured and registered with the Michigan Liquor Control Commission (MLCC), wine purchased from another wine manufacturer and registered with the MLCC, or labeled shiners from another manufacturer and registered with the MLCC.
-- Modify the definition of "direct shipper".
-- Prohibit a wine maker or wine manufacturer that held a direct shipper license from holding a license in another state that was the substantial equivalent to a retailer license.
-- Allow a qualified small distiller to sell and deliver spirits to a retailer licensed to purchase and sell spirits in the State, if certain conditions were met, and define "qualified small distiller".

Senate Bill 142 (S-1) would amend the Michigan Liquor Control Code to allow a mixed spirit drink manufacturer or an out-of-State entity that was the substantial equivalent of a mixed spirit drink manufacturer to sell and deliver mixed spirit drink that it manufactured to a retailer in the State if certain conditions were met.

Senate Bill 143 (S-1) would amend Section 609 of the Liquor Control Code to modify references to "licensee" or "retail licensee" to refer instead to "retailer".

Senate Bill 144 (S-1) would amend the Michigan Liquor Control Code to do the following:

-- Modify the definition of "mixed spirit drink" and other terms and definitions.
-- Reduce a tax levied on all mixed spirit drink sold in bulk or a like ratio, from 48 cents per gallon, to 30 cents per gallon.
-- Delete a provision prohibiting the MLCC from issuing an SDM license, an SDD license, or any other license that allows the sale of alcoholic liquor for off-premises consumption in

conjunction with a license issued under Section 521 or at the premises for which a license has been issued.

-- Require certain licensees to pay $50 for each motor vehicle used for delivery of alcoholic liquor.
-- Allow a supplier to take certain actions, including advertising the name and location of a retailer, to assist a consumer seeking to have an alcoholic beverage sold by the supplier delivered or direct shipped to the consumer's home or allowed designated location by a retailer, if certain conditions were met.

Senate Bills 141 (S-1), 143 (S-1), and 144 (S-1) are tie-barred. Senate Bill 144 (S-1) also is tie-barred to Senate Bill 142. Senate Bill 142 (S-1) is tie-barred to Senate Bills 141, 143, and 144.

MCL 436.1203 (S.B. 141)
Proposed MCL 436.1203b (S.B. 142)
MCL 436.1609 (S.B. 143)
MCL 436.1105 et al. (S.B. 144)

Legislative Analyst: Christian Schmidt

FISCAL IMPACT

The bills would have a negative fiscal impact on State government. The replacement of the 48-cents-per-liter tax on mixed spirits drinks with a 30-cents-per-liter tax would decrease revenue to the General Fund. The Michigan Liquor Control Commission estimates that this change would result in an annual loss of approximately $400,000. The exact amount of lost revenue due to the change would depend upon the volume sold. This figure could increase if current consumption trends continue. The sale of canned cocktail items, however, would result in additional tax revenue. The amount cannot be estimated at this time, but it likely would partially offset this loss.

The Commission also likely would experience minor increased administrative costs associated with these changes.

The $50 fee on motor vehicles used for delivery of wine by a small wine maker would go the Michigan Craft Beverage Council, housed in the Department of Agriculture and Rural Development.

Date Completed: 3-24-21

Fiscal Analyst: Elizabeth Raczkowski