

Legislative Analysis



LIQUOR CODE: SMALL DISTILLER LICENSE

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House Bill 5925

Sponsor: Rep. Barb Byrum

Committee: Regulatory Reform

Complete to 4-8-08

A REVISED SUMMARY OF HOUSE BILL 5925 AS INTRODUCED 3-20-08

The bill would amend the Michigan Liquor Control Code to create a small distiller license, which would apply to a manufacturer of spirits that manufactures no more than 60,000 proof gallons of spirits in Michigan annually, all brands combined. A small distiller could sell spirits at retail from its licensed premises for on-premises or off-premises consumption. The small distiller could also give samplings or tastings of brands manufactured on the premises.

A small distiller could only sell at retail (1) brands it manufactures for consumption off the premises, at prices posted by the Liquor Control Commission; and (2) brands it manufactures for consumption on the licensed premises. Distillers would have to comply with the code's server training requirements. The bill would not allow the sale of spirits by mail order, Internet, telephone, computer, device, or other electronic means. The bill imposes a \$100 license fee for small distillers.

A holder of a small distiller's license would not be considered a specially designated distributor (SDD), which is the license held by stores that sell spirits at retail.

MCL 436.1111 et al.

FISCAL IMPACT:

Currently there are five licensed manufacturers of spirits, each of which, it is assumed, would qualify for a small distiller's license under the bill. The current license fee for manufacturers of spirits is \$1,000. To the extent the bill would permit these licensees to be licensed as small distillers, the bill would reduce liquor license revenue by \$4,500. By statute, non-retail liquor license revenue is distributed to the Grape and Wine Industry Council, which (a) provides research on wine grapes and wines, (b) provides information relative to proper methods of handling and selling wine grapes and wines, (c) provides market surveys and analyses, (d) promotes of the sale of Michigan wine grapes and wine, and (e) develops and administerS financial aid programs to wine grape growers.

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