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BILL ANALYSIS



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Senate Bill 507 (as introduced 9-17-13)
Sponsor: Senator Joe Hune
Committee: Regulatory Reform

Date Completed: 10-24-13

CONTENT

The bill would amend the Michigan Liquor Control Code to do the following regarding the wine and mixed spirit drink taxes levied under the Code:

- Require the tax to be paid by the manufacturer, unless it designated the wholesaler to pay the tax on the manufacturer's behalf, if the wine or mixed spirit drink were manufactured in Michigan.**
- Require the tax to be paid by the wholesaler assigned to distribute the wine or mixed spirit drink, if it were manufactured outside of Michigan.**
- Specify that a wholesaler responsible for paying the tax would be required to pay it only on the number of liters the wholesaler actually sold.**
- Require the Liquor Control Commission to establish a method for collection of the taxes, but prohibit it from requiring payment more frequently than quarterly.**

The Code requires the Liquor Control Commission to levy and collect a tax of 13.5 cents per liter on wine containing 16% or less of alcohol by volume sold in Michigan, and 20 cents per liter on wine containing more than 16% of alcohol by volume sold in Michigan, if sold in bulk and in a like ratio if sold in smaller quantities.

The Code also requires the Commission to levy and collect a tax of 48 cents per liter on all mixed spirit drink sold in the State, if sold in bulk or a like ratio if sold in smaller quantities.

Under the bill, if the wine or mixed spirit drink were manufactured in Michigan, the tax would have to be paid by the manufacturer unless the manufacturer designated the wholesaler to pay the tax on behalf of the manufacturer. If the wine or mixed spirit drink were manufactured outside of Michigan, the tax would have to be paid by the wholesaler assigned to distribute the wine or mixed spirit drink.

A wholesaler responsible for the payment of the wine or mixed spirit drink tax, or designated to pay the tax on behalf of the wine maker or mixed spirit drink manufacturer, would be required to pay the tax only on the number of liters the wholesaler actually sold.

The bill would require the Commission, by rule, to establish a method for the collection of the wine and mixed spirit drink taxes. The Commission could not require the tax to be paid in less than quarterly intervals.

MCL 436.1301

Legislative Analyst: Patrick Affholter

FISCAL IMPACT

The bill would have no fiscal impact on State or local government.

Fiscal Analyst: Josh Sefton

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