

**HOUSE SUBSTITUTE FOR  
SENATE BILL NO. 507**

A bill to amend 1998 PA 58, entitled  
"Michigan liquor control code of 1998,"  
by amending section 301 (MCL 436.1301).

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1           Sec. 301. (1) The commission shall levy and collect on all  
2 wines containing 16% or less of alcohol by volume sold in this  
3 state a tax at the rate of 13.5 cents per liter if sold in bulk and  
4 in a like ratio if sold in smaller quantities.

5           (2) The commission shall levy and collect on all wines  
6 containing more than 16% of alcohol by volume sold in this state a  
7 tax at the rate of 20 cents per liter if sold in bulk and in a like  
8 ratio if sold in smaller quantities.

9           (3) All sacramental wines are nontaxable when used by  
10 churches. Sacramental wines may be imported. The commission shall

1 not impose restrictions on importations of wine for sacramental  
2 purposes but may promulgate rules ~~as will~~ **TO** prevent any abuses  
3 ~~which~~ **THAT** result from the importations. A wholesaler or an  
4 outstate seller of wine may sell sacramental wine directly to a  
5 church for sacramental purposes.

6 (4) The commission shall levy and collect on all mixed spirit  
7 drink sold in this state a tax at the rate of 48 cents per liter if  
8 sold in bulk or a like ratio if sold in smaller quantities.

9 (5) **BEGINNING ON AND AFTER FEBRUARY 1, 2015, IF THE WINE IS**  
10 **MANUFACTURED IN THIS STATE THE TAX SHALL BE PAID BY THE WINE MAKER**  
11 **WHO MANUFACTURED THE WINE OR IF THE WINE IS MANUFACTURED OUTSIDE**  
12 **THIS STATE THE TAX SHALL BE PAID BY THE WHOLESALER ASSIGNED TO**  
13 **DISTRIBUTE THAT WINE.**

14 (6) **BEGINNING ON AND AFTER FEBRUARY 1, 2015, IF THE MIXED**  
15 **SPIRIT DRINK IS MANUFACTURED IN THIS STATE THE TAX SHALL BE PAID BY**  
16 **THE MANUFACTURER OF THE MIXED SPIRIT DRINK OR IF THE MIXED SPIRIT**  
17 **DRINK IS MANUFACTURED OUTSIDE THIS STATE THE TAX SHALL BE PAID BY**  
18 **THE WHOLESALER ASSIGNED TO DISTRIBUTE THAT MIXED SPIRIT DRINK.**

19 (7) ~~(5)~~ On approval by the commission, the ~~corporation and~~  
20 ~~securities bureau~~ **DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS**  
21 shall incorporate a limited number of farm mutual cooperative  
22 wineries as the commission determines to be beneficial to the  
23 Michigan grape and fruit industry. These wineries shall be licensed  
24 under this act and the payment of 1 license fee annually by the  
25 corporation shall authorize wine making on the premises of the  
26 corporation and also on the premises of the grape and fruit growing  
27 farmers who are members of or stockholders in the corporation. Upon

1 incorporation of a farmers' cooperative corporation as provided for  
2 in this section, the members of or the stockholders in the  
3 corporation shall be certified to be Michigan grape and fruit  
4 growing farmers. Wine making by cooperative corporations on farm  
5 premises is allowed, but all sales of the wine shall be made by the  
6 corporation and from the corporation premises.

7 (8) A WINE MAKER OR MANUFACTURER OF A MIXED SPIRIT DRINK MAY  
8 DESIGNATE A WHOLESALER TO PAY THE TAX ON BEHALF OF THE WINE MAKER  
9 OR MANUFACTURER, RESPECTIVELY. IF A WINE MAKER OR MANUFACTURER  
10 DESIGNATES A WHOLESALER TO PAY THE TAX ON ITS BEHALF, THAT WINE  
11 MAKER OR MANUFACTURER SHALL NOTIFY THE COMMISSION OF THE  
12 DESIGNATION AND PROVIDE THE COMMISSION WITH A COPY OF ITS REPORT OF  
13 WINE PREMISES OPERATIONS THAT IT FILED WITH THE ALCOHOL AND TOBACCO  
14 TAX AND TRADE BUREAU OF THE UNITED STATES DEPARTMENT OF TREASURY  
15 FOR EACH CALENDAR YEAR. A WHOLESALER THAT IS RESPONSIBLE FOR THE  
16 PAYMENT OF THE TAX UNDER THIS SECTION OR THAT IS DESIGNATED TO PAY  
17 THE TAX UNDER THIS SECTION ON BEHALF OF THE WINE MAKER OR  
18 MANUFACTURER OF THE MIXED SPIRIT DRINK IS ONLY REQUIRED TO PAY THE  
19 TAX ON THE NUMBER OF LITERS ACTUALLY SOLD BY THE WHOLESALER TO  
20 LICENSED RETAILERS.

21 (9) THE COMMISSION SHALL ESTABLISH BY RULE A METHOD FOR THE  
22 COLLECTION OF THE TAX LEVIED IN THIS SECTION AND REPORTING  
23 REQUIREMENTS FOR WHOLESALERS, WINE MAKERS, OUTSTATE SELLERS OF  
24 MIXED SPIRIT DRINK, AND OUTSTATE SELLERS OF WINE TO VERIFY THE  
25 REMISSION OF TAXES TO THIS STATE. THE COMMISSION SHALL NOT REQUIRE  
26 THAT THE TAX BE PAID IN LESS THAN MONTHLY INTERVALS. THE RULES  
27 SHALL BE PROMULGATED PURSUANT TO THE ADMINISTRATIVE PROCEDURES ACT

1 OF 1969, 1969 PA 306, MCL 24.201 TO 24.328.

2 Enacting section 1. This amendatory act does not take effect  
3 unless all of the following bills of the 97th Legislature are  
4 enacted into law:

5 (a) Senate Bill No. 504.

6 (b) Senate Bill No. 505.

7 (c) Senate Bill No. 506.

8 (d) Senate Bill No. 650.

9 (e) House Bill No. 4277.

10 (f) House Bill No. 4709.

11 (g) House Bill No. 4710.

12 (h) House Bill No. 4711.