

SENATE BILL No. 426

June 12, 2013, Introduced by Senators HILDENBRAND and BIEDA and referred to the Committee on Regulatory Reform.

A bill to amend 1998 PA 58, entitled
"Michigan liquor control code of 1998,"
by amending section 603 (MCL 436.1603), as amended by 2011 PA 298.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 603. (1) Except as provided in subsections (6) to (14)
2 and section 605, a supplier, warehouser, or wholesaler shall not
3 have any direct or indirect financial interest in the
4 establishment, maintenance, operation, or promotion of the business
5 of any other vendor.

6 (2) Except as provided in subsections (6) to (14) and section
7 605, a supplier, warehouser, or wholesaler or a stockholder of a
8 supplier, warehouser, or wholesaler shall not have any direct or
9 indirect interest by ownership in fee, leasehold, mortgage, or
10 otherwise in the establishment, maintenance, operation, or

1 promotion of the business of any other vendor.

2 (3) Except as provided in subsections (6) to (14) and section
3 605, a supplier, warehouser, or wholesaler shall not have any
4 direct or indirect interest by interlocking directors in a
5 corporation or by interlocking stock ownership in a corporation in
6 the establishment, maintenance, operation, or promotion of the
7 business of any other vendor.

8 (4) Except as provided in subsections (6) to (14) and section
9 605, a person shall not buy the stocks of a supplier, warehouser,
10 or wholesaler and place the stock in any portfolio under an
11 arrangement, written trust agreement, or form of investment trust
12 agreement, issue participating shares based upon the portfolio,
13 trust agreement, or investment trust agreement, and sell the
14 participating shares within this state.

15 (5) The commission may approve a brandy manufacturer or small
16 distiller to sell brandy and spirits made by that brandy
17 manufacturer or small distiller in a restaurant for consumption on
18 or off the premises if the restaurant is owned by the brandy
19 manufacturer or small distiller or operated by another person under
20 an agreement approved by the commission and is located on premises
21 where the brandy manufacturer or small distiller is licensed.
22 Brandy and spirits sold for consumption off the premises under this
23 subsection shall be sold at the uniform price established by the
24 commission.

25 (6) The commission shall allow a small distiller to sell
26 brands of spirits it manufactures for consumption on the licensed
27 premises at that distillery.

1 (7) A brewpub may have an interest in up to ~~2~~5 other brewpubs
2 if the combined production of all the locations in which the
3 brewpub has an interest does not exceed ~~5,000~~18,000 barrels of
4 beer per calendar year.

5 (8) This section does not prohibit a supplier from having any
6 direct or indirect interest in any other supplier.

7 (9) The commission may approve the following under R
8 436.1023(3) of the Michigan administrative code, subject to the
9 written approval of the United States department of treasury,
10 bureau of alcohol and tobacco tax and trade:

11 (a) A wine maker participating with 1 or more wine makers in
12 an alternating proprietor operation in accordance with 27 CFR
13 24.136.

14 (b) A brewer participating with 1 or more brewers in an
15 alternating proprietor operation in accordance with 27 CFR 25.52.

16 (10) A manufacturer shall not have any direct or indirect
17 interest in a wholesaler.

18 (11) A wine maker shall not collectively deliver wine, with
19 any other wine maker, to retail licensees.

20 (12) Except in the case of a licensed warehouser, all
21 licensees in this state shall be separated into 3 distinct and
22 independent tiers composed of the following:

23 (a) Supplier tier, comprising suppliers.

24 (b) Wholesaler tier, comprising wholesalers.

25 (c) Retailer tier, comprising retailers.

26 (13) Except as otherwise provided in subsection (14),
27 beginning April 30, 2011, the commission shall not allow any of the

1 following:

2 (a) A retailer to hold, directly or indirectly, a license in
3 the wholesaler or supplier tier.

4 (b) A wholesaler to hold, directly or indirectly, a license in
5 the retailer or supplier tier.

6 (c) A supplier to hold, directly or indirectly, a license in
7 the wholesaler or retailer tier.

8 (14) Subsection (13) shall not be interpreted in a manner that
9 would prohibit a class C, tavern, class A hotel, or class B hotel
10 licensee from receiving a brewpub license or that would prohibit a
11 micro brewer or brewer from having an on-site restaurant.

12 (15) As used in this section:

13 (a) "Manufacturer" means, notwithstanding section 109(1), a
14 wine maker, small wine maker, brewer, micro brewer, manufacturer of
15 spirits, distiller, small distiller, brandy manufacturer, mixed
16 spirit drink manufacturer, direct shipper, or a person licensed by
17 the commission to perform substantially similar functions.

18 (b) "Supplier" means a manufacturer, mixed spirit drink
19 manufacturer, outstate seller of beer, outstate seller of wine,
20 outstate seller of mixed spirit drink, and vendor of spirits or a
21 person licensed by the commission to perform substantially similar
22 functions but does not include a master distributor.