

**SUBSTITUTE FOR
HOUSE BILL NO. 5025**

A bill to amend 1998 PA 58, entitled
"Michigan liquor control code of 1998,"
by amending section 303 (MCL 436.1303).

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 303. (1) The grape and wine industry council ~~is~~ created
2 ~~in~~ **UNDER EXECUTIVE REORGANIZATION ORDER NO. 2014-2, MCL 333.26253,**
3 **IS WITHIN** the department of agriculture **AND RURAL DEVELOPMENT.** ~~The~~
4 **BEGINNING WITH THE EFFECTIVE DATE OF THE 2016 AMENDATORY ACT THAT**
5 **AMENDED THIS SECTION, THE** council **SHALL BE KNOWN AS THE MICHIGAN**
6 **CRAFT BEVERAGE COUNCIL AND** shall consist of ~~all of the~~ following
7 **MEMBERS:**
8 ~~(a) Three wine makers.~~
9 ~~(b) A wine grape grower.~~
10 **(A) THE FOLLOWING NONVOTING MEMBERS:**

1 (i) ~~(c) The director of consumer and industry services~~ **CHIEF**
 2 **EXECUTIVE OFFICER OF THE MICHIGAN ECONOMIC DEVELOPMENT CORPORATION**
 3 or his or her designee.

4 (ii) ~~(d) The director of the department of agriculture~~ **AND**
 5 **RURAL DEVELOPMENT** or his or her designee.

6 (iii) ~~(e) A staff member of Michigan state university~~ **STATE**
 7 **UNIVERSITY** appointed by, and serving at the pleasure of, the dean
 8 of the college of agriculture and natural resources of Michigan
 9 ~~state university.~~ **STATE UNIVERSITY.**

10 (iv) ~~(f) The chairperson of the commission~~ or his or her
 11 designee, as an ex officio member.

12 (v) **THE PRESIDENT OF THE MICHIGAN RESTAURANT ASSOCIATION OR**
 13 **HIS OR HER DESIGNEE.**

14 (vi) **THE PRESIDENT OF THE MICHIGAN LICENSED BEVERAGE**
 15 **ASSOCIATION OR HIS OR HER DESIGNEE.**

16 (vii) **THE PRESIDENT OF THE MICHIGAN LODGING AND TOURISM**
 17 **ASSOCIATION OR HIS OR HER DESIGNEE.**

18 (viii) **THE PRESIDENT OF THE MICHIGAN BEER AND WINE WHOLESALERS**
 19 **OR HIS OR HER DESIGNEE.**

20 **(B) THE FOLLOWING VOTING MEMBERS APPOINTED BY THE GOVERNOR:**

21 (i) ~~(g) A person~~ **AN INDIVIDUAL** who operates a retail food
 22 establishment that holds a specially designated merchant license
 23 and sells Michigan wines **OR BEER** or ~~a person~~ **AN INDIVIDUAL** who
 24 operates a restaurant that holds a class C license and serves
 25 Michigan wines.

26 (ii) **THREE WINE MAKERS, AT LEAST 1 OF WHOM MANUFACTURES WINE**
 27 **THAT IS MADE WITH FRUIT OTHER THAN GRAPES.**

1 (iii) A LARGE BREWER.

2 (iv) A MICRO BREWER.

3 (v) A SMALL DISTILLER.

4 (vi) A BEER AND WINE WHOLESALER WHO MARKETS MICHIGAN WINE.

5 (vii) A BEER AND WINE WHOLESALER WHO MARKETS MICHIGAN
6 BEER.

7 (C) THE FOLLOWING NONVOTING MEMBERS APPOINTED BY THE GOVERNOR:

8 (i) A RETAILER WHO HOLDS A SPECIALLY DESIGNATED MERCHANT
9 LICENSE OR SPECIALLY DESIGNATED DISTRIBUTOR LICENSE AND WHO DOES
10 NOT HOLD AN ON-PREMISES LICENSE.

11 (ii) A REPRESENTATIVE FROM A COLLEGE OR UNIVERSITY THAT HAS A
12 RESEARCH PROGRAM RELATED TO THE MANUFACTURING OF BEER, WINE, OR
13 SPIRITS.

14 (iii) A REPRESENTATIVE FROM A COLLEGE OR UNIVERSITY THAT HAS
15 AN EDUCATIONAL PROGRAM RELATED TO THE MANUFACTURING OF BEER, WINE,
16 OR SPIRITS.

17 (iv) TWO INDIVIDUALS WHO REPRESENT THE AGRICULTURE INDUSTRY
18 RELATED TO THE PRODUCTION OF HOPS, BARLEY, GRAPES, APPLES, OR
19 CHERRIES.

20 ~~—— (h) A beer and wine wholesaler who markets Michigan wine.~~

21 ~~—— (i) Not more than 2 additional members appointed as prescribed~~
22 ~~in subsection (3).~~

23 ~~(2) The members of the council described in subsection (1) (a),~~
24 ~~(b), (g), and (h) shall be appointed by the governor. The council~~
25 ~~members appointed under subsection (1) (g) and (h) shall be~~
26 ~~appointed for 2-year terms beginning on October 1, 1991. Of the~~
27 ~~council members appointed for terms beginning October 1, 1991, 1~~

1 ~~shall be appointed for a 1 year term, and 3 shall be appointed for~~
 2 ~~terms of 2 years each. All appointments for terms beginning on or~~
 3 ~~after October 1, 1992 shall be for 2 years each. A member shall~~
 4 ~~continue to serve until a qualified successor has been appointed.~~

5 **MEMBERS OF THE COUNCIL SHALL SERVE FOR TERMS OF 3 YEARS OR UNTIL A**
 6 **SUCCESSOR IS APPOINTED, WHICHEVER IS LATER, EXCEPT THAT OF THE**
 7 **VOTING MEMBERS FIRST APPOINTED, 3 SHALL SERVE FOR 1 YEAR, 3 SHALL**
 8 **SERVE FOR 2 YEARS, AND 3 SHALL SERVE FOR 3 YEARS.** A member shall
 9 not serve more than 2 consecutive terms. A vacancy on the board
 10 shall ~~MUST~~ be filled in the same manner as the original
 11 appointment. The director of the department of agriculture shall
 12 ~~act as~~ **AND RURAL DEVELOPMENT IS THE** chairperson of the council.

13 ~~— (3) The governor may appoint not more than 2 additional~~
 14 ~~members to the council who shall assist the council in performing~~
 15 ~~its duties, but who shall not have the power to vote. The persons~~
 16 ~~appointed under this subsection shall not be members of the~~
 17 ~~classified state civil service, shall serve at the pleasure of the~~
 18 ~~governor, and shall receive salaries and benefits determined and~~
 19 ~~paid by the department of agriculture.~~

20 **(3)** ~~(4)~~ The council may employ personnel and incur ~~such~~
 21 expenses ~~as~~ **THAT** are necessary to carry out the purposes of the
 22 council under this act. All ~~such~~ **THE** expenses shall ~~MUST~~ be paid
 23 from fees credited to the ~~wine industry~~ council under section
 24 543(2) **AND CREDITED TO THE COUNCIL UNDER SECTION 221. HOWEVER, THE**
 25 **COUNCIL OR THE DEPARTMENT OF AGRICULTURE AND RURAL DEVELOPMENT ON**
 26 **BEHALF OF THE COUNCIL SHALL NOT EXPEND MORE THAN 20% OF THE**
 27 **COUNCIL'S ANNUAL BUDGET TO EMPLOY PERSONNEL UNDER THIS SUBSECTION.**

1 A member of the council or an employee or agent of the council
2 ~~shall~~**IS** not ~~be~~ personally liable on the contracts of the council.

3 (4) ~~(5)~~—A nongovernmental **VOTING** member of the council shall
4 receive \$50.00 per day for each day spent in actual attendance at
5 meetings of the council and traveling expenses while on council
6 business in accordance with standard travel regulations of the
7 department of **TECHNOLOGY**, management, and budget.

8 (5) ~~(6)~~—The council shall maintain accurate books and records,
9 and all ~~funds~~**MONEY** received by the council ~~shall~~**MUST** be used to
10 implement and enforce this section.

11 (6) ~~(7)~~—The council shall do all of the following:

12 (a) Provide for research on wine grapes and wines, including,
13 but not limited to, methods of planting, growing, controlling
14 insects and diseases, charting microclimates and locations for
15 growing desirable varieties of wine grapes, marketing, processing,
16 distribution, advertising, sales production, and product
17 development.

18 (B) **PROVIDE FOR RESEARCH ON HOPS, BARLEY, BEER, AND SPIRITS,**
19 **INCLUDING, BUT NOT LIMITED TO, METHODS OF PLANTING, GROWING,**
20 **CONTROLLING INSECTS AND DISEASES, MARKETING, PROCESSING,**
21 **DISTRIBUTION, ADVERTISING, SALES PRODUCTION, AND PRODUCT**
22 **DEVELOPMENT.**

23 (C) ~~(b)~~—Provide the wine industry, including growers,
24 wineries, distributors, and retailers, with information relative to
25 proper methods of handling and selling wine grapes and wines.

26 (D) **PROVIDE THE BREWING AND DISTILLING INDUSTRIES, INCLUDING**
27 **GROWERS, BREWERS, DISTILLERS, DISTRIBUTORS, AND RETAILERS, WITH**

1 INFORMATION RELATIVE TO PROPER METHODS OF HANDLING AND SELLING
2 HOPS, BARLEY, BEER, AND SPIRITS.

3 (E) ~~(e)~~—Provide for market surveys and analyses for purposes
4 of expanding existing markets and creating new and larger markets
5 for wine grapes, ~~and~~wines, HOPS, BARLEY, BEER, AND SPIRITS.

6 (F) ~~(d)~~—Provide for the promotion of the sale of Michigan wine
7 grapes, ~~and~~wines, HOPS, BARLEY, BEER, AND SPIRITS for the purpose
8 of maintaining or expanding present markets and creating new and
9 larger domestic and foreign markets.

10 (G) ~~(e)~~—Develop and administer financial aid programs to wine
11 grape growers to encourage the increased planting in this state of
12 desirable grape varieties in microclimates determined to provide
13 the best conditions for producing quality wines.

14 (H) DEVELOP AND ADMINISTER FINANCIAL AID PROGRAMS TO HOPS
15 GROWERS TO ENCOURAGE INCREASED PLANTING IN THIS STATE OF DESIRABLE
16 HOPS VARIETIES IN MICROCLIMATES DETERMINED TO PROVIDE THE BEST
17 CONDITIONS FOR PRODUCING QUALITY BEER.

18 (I) DEVELOP AND ADMINISTER FINANCIAL AID PROGRAMS TO BARLEY
19 GROWERS TO ENCOURAGE INCREASED PLANTING IN THIS STATE OF DESIRABLE
20 BARLEY VARIETIES IN MICROCLIMATES DETERMINED TO PROVIDE THE BEST
21 CONDITIONS FOR PRODUCING QUALITY BEER.

22 (J) PREPARE AND APPROVE AN ANNUAL BUDGET.

23 (K) APPLY FOR, RECEIVE, AND ACCEPT A GRANT FROM THE OFFICE
24 THAT PROMOTES THE PURE MICHIGAN TOURISM CAMPAIGN OR ANY SUCCESSOR
25 CAMPAIGN.

26 (l) ESTABLISH EDUCATIONAL PARTNERSHIPS TO BENEFIT THE BEER,
27 WINE, AND SPIRITS INDUSTRIES.

1 (7) ~~(8)~~ The council may promulgate rules pursuant to ~~UNDER~~ the
 2 administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to
 3 24.328, for the purposes of implementing and enforcing this
 4 section. However, a ~~rule~~ **THE COUNCIL** shall not be promulgated
 5 **PROMULGATE A RULE** that conflicts with a rule promulgated by the
 6 commission pursuant to ~~UNDER~~ section 215.

7 (8) **THE COUNCIL SHALL NOT ENGAGE IN LOBBYING AS THAT TERM IS**
 8 **DEFINED IN SECTION 5 OF 1978 PA 472, MCL 4.415.**

9 (9) **THIS SECTION DOES NOT PREVENT THE COUNCIL FROM**
 10 **ESTABLISHING A COMMODITY COMMITTEE UNDER THE AGRICULTURE**
 11 **COMMODITIES MARKETING ACT, 1965 PA 232, MCL 290.651 TO 290.674.**

12 (10) ~~(9)~~ As used in this section: ~~,"council"~~

13 (A) **"COUNCIL"** means the ~~grape and wine industry~~ **MICHIGAN CRAFT**
 14 **BEVERAGE** council ~~created~~ **DESCRIBED** in subsection (1).

15 (B) **"LARGE BREWER" MEANS A BREWER THAT PRODUCES IN TOTAL AT**
 16 **LEAST 60,000 BARRELS OF BEER AND NOT MORE THAN 1,000,000 BARRELS OF**
 17 **BEER PER YEAR. IN DETERMINING THE BARREL THRESHOLD UNDER THIS**
 18 **SUBDIVISION, ALL BRANDS AND LABELS OF A BREWER, WHETHER BREWED IN**
 19 **THIS STATE OR OUTSIDE THIS STATE, MUST BE COMBINED AND ALL**
 20 **FACILITIES FOR THE PRODUCTION OF BEER THAT ARE OWNED OR CONTROLLED**
 21 **BY THE SAME PERSON ARE TREATED AS A SINGLE FACILITY.**

22 Enacting section 1. This amendatory act takes effect 90 days
 23 after the date it is enacted into law.

24 Enacting section 2. This amendatory act does not take effect
 25 unless Senate Bill No. 671 of the 98th Legislature is enacted into
 26 law.