



Senate Fiscal Agency
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BILL ANALYSIS



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House Bill 4668 (Substitute H-1 as passed by the House)
Sponsor: Representative Klint Kesto
House Committee: Regulatory Reform
Senate Committee: Regulatory Reform

Date Completed: 9-25-18

CONTENT

The bill would amend the Michigan Liquor Control Code to do the following:

- **Create the "Michigan Craft Beverage Council Fund".**
- **Require the State Treasurer to direct investment of the Fund, and credit to it interest and earnings those investments.**
- **Specify that money in the former Grape and Wine Industry Council be transferred to the Michigan Craft Beverage Council Fund.**

Michigan Craft Beverage Fund

The bill would create the Michigan Craft Beverage Council Fund within the State Treasury. The State Treasurer could receive money or other assets from any source for deposit into the Fund. The State Treasurer also would have to direct the investment of the Fund, and credit to it interest and earnings from Fund investments.

Money in the Fund at the close of a fiscal year would have to remain in the Fund and would not lapse to the General Fund.

Money from the Michigan Craft Beverage Council Fund would have to be spent annually, upon appropriation, for the following:

- Not more than \$80,000 could be used by the Department of Agriculture and Rural Development to administer the Michigan Craft Beverage Council grants program.
- At least 50% of the money spent after the expenditure for administration of the grants program, would have to be used for grants researching fruits used in winemaking and wines, and hops, barley, beer, and spirits.
- For grants for certain projects relating to the growth of Michigan's craft beverage industry.
- For the Michigan Craft Beverage Council to carry out its responsibilities under the Code.

If the Council received money from the Federal or State government, a Federal agency, or other public or private agencies, the money could be spent for the purposes and subject to the conditions for which it was received.

Under the Code, all liquor license and license renewal fees, other than retail and wholesale vendor fees, must be credited to the Grape and Wine Industry Council. The bill would refer to the Michigan Craft Beverage Council Fund, instead of the Grape and Wine Industry Council.

Additionally, the Code specifies that money credited to the Grape and Wine Industry Council must not revert to the General Fund at the close of a fiscal year, but must remain in the account to which it was credited to be used by the Michigan Craft Beverage Council. The bill would delete this provision. Instead, any money in the former Grape and Wine Industry Council account would be transferred to the Michigan Craft Beverage Council Fund.

(Executive Reorganization Order 2014-2 abolished the former Grape and Wine Industry Council and created a new Council with the same title. Public Act 154 of 2018 renames the Council as the Michigan Craft Beverage Council, amends language in the Code to reflect that change, and codifies and expands other provisions of Executive Reorganization Order 2014-2. Public Act 154 will take effect on October 1, 2018.)

Liquor Purchase Revolving Fund

The Code allows the Michigan Liquor Control Commission (MLCC) to maintain a revolving fund (called the Liquor Purchase Revolving Fund). From time to time, money must be transferred from the revolving fund to the General Fund. The revolving fund must be used for replenishing, maintaining, warehousing, and distributing liquor stock through the State, and for administration of the Code.

All money deposited by the MLCC with the State Treasurer must be credited to the revolving fund for expenditures or transfers authorized by the Code or credited to the General Fund to be available for the purposes for which the General Fund is available.

The bill would delete the provision requiring money from the revolving fund be credited to the General Fund.

MCL 436.1221 et al.

Legislative Analyst: Stephen Jackson

FISCAL IMPACT

The bill would have no fiscal impact on State or local government. The Michigan Craft Beverage Council currently receives approximately \$530,000 to \$630,000 per year from nonretail liquor license fees. The bill would allow money from the Liquor Purchase Revolving Fund to be used to support the Council's activities, but would create no additional funding requirements or appropriations.

Fiscal Analyst: Elizabeth Raczkowski

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.