

# HOUSE BILL NO. 5327

November 09, 2023, Introduced by Reps. Rogers, Mentzer, McFall, Haadsma, Alexander, Wozniak, Morgan, Andrews, Fitzgerald, Rheingans, Glanville, Paiz, Wilson and VanderWall 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 303 (MCL 436.1303), as amended by 2018 PA 154.

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

1           Sec. 303. (1) The grape and wine industry council created  
2 under Executive Reorganization Order No. 2014-2, MCL 333.26253,  
3 ~~shall~~**must** be housed within the department of agriculture and rural  
4 development. Beginning ~~on the effective date of the 2018 amendatory~~  
5 ~~act that amended this section,~~**October 1, 2018,** the council shall  
6 ~~be~~**is** known as the Michigan craft beverage council and ~~shall~~

1 ~~consist~~**consists** of the following members:

2 (a) As a nonvoting member, the director of the department of  
3 agriculture and rural development or ~~his or her~~**the director's**  
4 designee.

5 (b) Subject to subsection (2), the following voting members,  
6 appointed by the governor:

7 (i) A representative of retail food establishments that hold a  
8 specially designated merchant license and sell Michigan wines or  
9 beer.

10 (ii) A representative of restaurants that hold a class C  
11 license and serve Michigan wines, beer, or spirits.

12 (iii) Two representatives of wine makers, **which may include**  
13 **small wine makers.**

14 (iv) A representative of wine makers that primarily manufacture  
15 cider.

16 (v) ~~A representative of large brewers.~~**One of the following:**

17 **(A) A representative of brewers that are not micro brewers.**

18 **(B) A representative of micro brewers.**

19 (vi) One of the following:

20 (A) A representative of micro brewers.

21 (B) A representative of brewpub license holders.

22 (vii) A representative of small distillers.

23 (viii) A representative of distillers that manufacture more than  
24 60,000 gallons of spirits per year. **However, if there is no**  
25 **distiller that manufactures more than 60,000 gallons of spirits per**  
26 **year, a representative of a small distiller must be on the council.**

27 (2) The following apply to a member of the council appointed  
28 under subsection (1)(b):

29 (a) The member's principal place of business must be located

1 in this state.

2 (b) The member must not be a lobbyist or a lobbyist agent as  
3 those terms are defined in section 5 of 1978 PA 472, MCL 4.415.

4 (3) Voting members of the council appointed by the governor  
5 under subsection (1) 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 voting member  
9 shall not serve more than 2 consecutive terms. A vacancy on the  
10 board ~~shall~~**must** be filled in the same manner as the original  
11 appointment. The director of the department of agriculture and  
12 rural development is the chairperson of the council.

13 (4) The council may employ personnel and incur expenses that  
14 are necessary to carry out the responsibilities of the council  
15 under this act. A member of the council or an employee or agent of  
16 the council is not personally liable on the contracts of the  
17 council.

18 (5) A nongovernmental member of the council may receive \$50.00  
19 per day for each day spent in actual attendance at meetings of the  
20 council and traveling expenses while on council business in  
21 accordance with standard travel regulations of the department of  
22 technology, management, and budget.

23 (6) The council shall maintain accurate books and records, and  
24 all money received by the council ~~shall~~**must** be used to implement  
25 and enforce this section. The council may accept money from any  
26 source for the purpose of carrying out this section. All money  
27 received by the council ~~shall~~**must** be forwarded to the state  
28 treasurer for deposit into the Michigan craft beverage council fund  
29 created in section 303a.

1           (7) Subject to an appropriation, the council shall direct the  
2 department of agriculture and rural development to award grants for  
3 the following:

4           (a) Research into both of the following:

5           (i) Fruits used in ~~winemaking~~**wine making** and wines, including,  
6 but not limited to, methods of planting, growing, controlling  
7 insects and diseases, charting microclimates and locations for  
8 growing desirable varieties of fruits used in ~~winemaking~~**wine**  
9 **making** and wines, marketing, processing, distribution, advertising,  
10 sales production, and product development.

11           (ii) Hops, barley, beer, and spirits, including, but not  
12 limited to, methods of planting, growing, controlling insects and  
13 diseases, marketing, processing, distribution, advertising, sales  
14 production, and product development.

15           (b) Projects that do 1 or more of the following:

16           (i) Provide the wine industry, including growers, wineries,  
17 distributors, and retailers, with information relative to proper  
18 methods of handling and selling fruits used in ~~winemaking~~**wine**  
19 **making** and wines.

20           (ii) Provide the brewing and distilling industries, including  
21 growers, brewers, distillers, distributors, and retailers, with  
22 information relative to proper methods of handling and selling  
23 hops, barley, beer, spirits, and mixed spirit drinks.

24           (iii) Provide for market surveys and analyses for purposes of  
25 expanding existing markets and creating new and larger markets for  
26 Michigan agricultural products such as fruits, hops, and barley,  
27 that are used in the production of wine, cider, beer, spirits, and  
28 mixed spirit drinks.

29           (iv) Provide for the promotion of the sale of Michigan

1 agricultural products such as fruits, hops, and barley, that are  
2 used in the production of wine, cider, beer, spirits, and mixed  
3 spirit drinks for the purpose of maintaining or expanding present  
4 markets and creating new and larger domestic and foreign markets.

5 (v) Develop and administer financial aid programs to growers  
6 of fruits used in ~~winemaking~~**wine making** to encourage the increased  
7 planting in this state of desirable fruit varieties in  
8 microclimates determined to provide the best conditions for  
9 producing quality wines.

10 (vi) Develop and administer financial aid programs to hops  
11 growers to encourage increased planting in this state of desirable  
12 hops varieties in microclimates determined to provide the best  
13 conditions for producing quality beer.

14 (vii) Develop and administer financial aid programs to barley  
15 growers to encourage increased planting in this state of desirable  
16 barley varieties in microclimates determined to provide the best  
17 conditions for producing quality beer.

18 (viii) Establish educational partnerships to benefit the beer,  
19 wine, cider, spirits, and mixed spirit drink industries.

20 (8) The department of agriculture and rural development shall  
21 administer the grants awarded under subsection (7).

22 (9) The council shall do all of the following:

23 (a) Apply for and accept grants or contributions from the  
24 federal government or any of its agencies, ~~the~~**this** state, or other  
25 public or private agencies to be used for any of the purposes of  
26 this section and to do any and all things within its express or  
27 implied powers necessary or desirable to secure that financial or  
28 other aid or cooperation in the carrying out of any of the purposes  
29 of this section.

1           (b) Invite the chief executive officer of the Michigan  
2 economic development corporation or ~~his or her~~ **the chief executive**  
3 **officer's** designee to attend at least 1 council meeting annually to  
4 inform the council about partnership activities and opportunities  
5 related to the marketing and promotion of Michigan agricultural  
6 products such as fruits, hops, and barley, that are used in the  
7 production of wine, cider, beer, spirits, and mixed spirit drinks.

8           (c) Invite the director of the department of licensing and  
9 regulatory affairs to attend at least 1 council meeting annually to  
10 inform the council about funding activities affecting the council.

11           (d) Prepare and adopt an annual budget.

12           (10) Based on the information provided to the council under  
13 subsection (9) (b) and (c), the council may do either or both of the  
14 following:

15           (a) Take actions that will enhance the marketing and promotion  
16 of Michigan agricultural products, such as fruits, hops, and  
17 barley, that are used in the production of wine, cider, beer,  
18 spirits, and mixed spirit drinks.

19           (b) Annually review and adopt strategies for marketing and  
20 promotion of Michigan agricultural products, such as fruits, hops,  
21 and barley, that are used in the production of wine, cider, beer,  
22 spirits, and mixed spirit drinks.

23           (11) The council may promulgate rules ~~pursuant to~~ **under** the  
24 administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to  
25 24.328, for the purposes of implementing and enforcing this  
26 section. However, the council shall not promulgate a rule that  
27 conflicts with a rule promulgated by the commission under section  
28 215.

29           (12) Except as otherwise provided in this subsection, the

1 council shall not engage in lobbying. This subsection does not  
2 prohibit the council or a council member or council employee from  
3 providing technical information to the legislature or to the  
4 department of agriculture and rural development, regardless of  
5 whether the council, council member, or council employee is  
6 appearing before an officially convened legislative committee or  
7 department of agriculture and rural development hearing panel, if  
8 the technical information is related to the council's duties under  
9 this section.

10 (13) This section does not prevent the council from  
11 establishing a commodity committee under the agriculture  
12 commodities marketing act, 1965 PA 232, MCL 290.651 to 290.674.

13 (14) As used in this section:

14 (a) "Cider" means an alcoholic beverage made from the  
15 fermentation of juice from primarily apples or pears, or both,  
16 ~~which that~~ contains not less than 1/2 of 1% and not more than 8.5%  
17 of alcohol by volume. Cider may be still or carbonated and may  
18 contain other fruits, spices, botanicals, or other flavors.

19 (b) "Council" means the Michigan craft beverage council  
20 described in subsection (1).

21 ~~(c) "Large brewer" means a brewer that produces in total at~~  
22 ~~least 60,000 barrels of beer and not more than 1,000,000 barrels of~~  
23 ~~beer per year. In determining the barrel threshold under this~~  
24 ~~subdivision, all brands and labels of a brewer, whether brewed in~~  
25 ~~this state or outside this state, must be combined and all~~  
26 ~~facilities for the production of beer that are owned or controlled~~  
27 ~~by the same person are treated as a single facility.~~

28 (c) ~~(d)~~ "Lobbying" means that term as defined in section 5 of  
29 1978 PA 472, MCL 4.415.

1           **(d)** ~~(e)~~—"Technical information" means that term as defined in  
2 section 5 of 1978 PA 472, MCL 4.415.