



Senate Fiscal Agency  
P. O. Box 30036  
Lansing, Michigan 48909-7536

---

---

BILL ANALYSIS



Telephone: (517) 373-5383  
Fax: (517) 373-1986

---

---

Senate Bill 259 (Substitute S-3 as reported)  
Sponsor: Senator Mat J. Dunaskiss  
Committee: Local, Urban, and State Affairs

### **CONTENT**

The bill would amend the Michigan Liquor Control Act to regulate the sale of low alcohol drink. In particular, the bill would allow licensed vendors to sell low alcohol drink for on-premises consumption; provide for the licensure of low alcohol drink manufacturers and outstate sellers; impose a license fee of \$300 on outstate sellers and a license fee of \$100 on manufacturers; include low alcohol drink manufacturers and outstate sellers in the Act's sales territory provisions; subject low alcohol drink to the tax of 13.5 cents per liter that is imposed on wine made from products not grown in this State; include low-alcohol drink in provisions concerning samplings and tastings; include wine-based low alcohol drink in provisions permitting local units to vote on Sunday sales of beer and wine; and include spirit-based low alcohol drink in provisions permitting local units to vote on Sunday sales of spirits and mixed spirit drink. The bill also would regulate the business relations between wholesalers and suppliers of low alcohol drink.

The bill would define "low alcohol drink" as a premixed drink or similar product containing less than 7% alcohol by volume, consisting of wine or spirits and plain, sparkling, or carbonated water, and containing any of the following: nonalcoholic beverages, flavoring, coloring materials, fruit juices, fruit adjuncts, sugar, carbon dioxide, and/or preservatives.

MCL 436.2 et al.

Legislative Analyst: S. Margules

### **FISCAL IMPACT**

The tax rate for mixed spirit drink, including spirit-based low alcohol drink, currently is 48 cents per liter. The revised tax rate of 13.5 cents per liter (which currently applies to wine-based low alcohol drink) for all low alcohol drink would reduce revenue from this source by approximately \$350,000, according to the Liquor Control Commission. According to Commission records, approximately three-fourths of the mixed spirit drink sold in Michigan has an alcohol content of less than 7%.

There is only one manufacturer of low alcohol drink. The increase revenue from this fee would be \$100.

The only outstate seller of low alcohol drink is currently paying a \$300 license fee as a seller of mixed spirit drink. Since the license fee for sellers of low alcohol drink also is \$300, there would be no net increase in license revenue for sellers of low alcohol drink.

Date Completed: 5-2-95

Fiscal Analyst: K. Lindquist

floor\sb259

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.