



# HOUSE BILL No. 5618

February 21, 1996, Introduced by Rep. Perricone and referred to the Committee on Regulatory Affairs.

A bill to amend sections 2b, 24, and 40 of Act No. 8 of the Public Acts of the Extra Session of 1933, entitled as amended "The Michigan liquor control act," sections 2b and 24 as amended by Act No. 300 of the Public Acts of 1992 and section 40 as amended by Act No. 421 of the Public Acts of 1994, being sections 436.2b, 436.24, and 436.40 of the Michigan Compiled Laws; and to repeal acts and parts of acts.

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

1 Section 1. Sections 2b, 24, and 40 of Act No. 8 of the  
2 Public Acts of the Extra Session of 1933, sections 2b and 24 as  
3 amended by Act No. 300 of the Public Acts of 1992 and section 40  
4 as amended by Act No. 421 of the Public Acts of 1994, being sec-  
5 tions 436.2b, 436.24, and 436.40 of the Michigan Compiled Laws,  
6 are amended to read as follows:

1           Sec. 2b. "Brewer" means ~~any~~ A person located in this  
2 state ~~which is~~ duly licensed to manufacture and sell to  
3 licensed wholesalers beer produced by ~~it~~ THE PERSON AND THAT  
4 MAY SELL AT NOT MORE THAN 1 LICENSED BREWERY PREMISES IN THIS  
5 STATE OWNED BY THAT PERSON THE BEER PRODUCED FOR CONSUMPTION ONLY  
6 ON THE LICENSED BREWERY PREMISES.

7           Sec. 24. The following classes of vendors may sell alco-  
8 holic liquors at retail as provided in this section:

9           (a) Taverns where beer and wine may be sold for consumption  
10 on the premises only.

11           (b) Class C license where beer, wine, mixed spirit drink,  
12 and spirits may be sold for consumption on the premises.

13           (c) Clubs where beer, wine, mixed spirit drink, and spirits  
14 may be sold for consumption on the premises only to bona fide  
15 members, who have attained the age of 21 years.

16           (d) Hotels of class A where beer and wine may be sold for  
17 consumption on the premises and in the rooms of bona fide regis-  
18 tered guests. Hotels of class B where beer, wine, mixed spirit  
19 drink, and spirits may be sold for consumption on the premises  
20 and in the rooms of bona fide registered guests.

21           (e) Specially designated merchants, where beer and wine may  
22 be sold for consumption off the premises only.

23           (f) Specially designated distributors where spirits and  
24 mixed spirit drink may be sold for consumption off the premises  
25 only.

1 (g) Special licenses where beer and wine or beer, wine,  
2 mixed spirit drink, and spirits may be sold for consumption on  
3 the premises only.

4 (h) Dining cars or other railroad or pullman cars, water-  
5 craft, or aircraft, where alcoholic liquor may be sold for con-  
6 sumption on the premises only, subject to rules promulgated by  
7 the commission.

8 (i) Brewpubs where beer manufactured on the premises by the  
9 licensee may be sold only for consumption on the premises by any  
10 of the following licensees:

11 (i) Class "C".

12 (ii) Tavern.

13 (iii) Class "A" hotel.

14 (iv) Class "B" hotel.

15 ~~(j) Micro brewers where beer produced by the micro brewer~~  
16 ~~may be sold to a consumer for consumption on or off the brewery~~  
17 ~~premises.~~

18 Sec. 40. (1) Except as provided in this section, the com-  
19 mission shall levy and collect a tax on all beer manufactured or  
20 sold in this state at the rate of \$6.30 per barrel if the beer is  
21 sold in bulk or in different quantities. The tax shall be paid  
22 by the brewer or brewpub if manufactured in this state or by the  
23 wholesaler or the person from whom purchased if manufactured out-  
24 side this state, whichever is designated by the commission. The  
25 commission shall establish by rule a method for the collection of  
26 the tax levied in this subsection. The rules shall be  
27 promulgated pursuant to the administrative procedures act of

1 1969, Act No. 306 of the Public Acts of 1969, ~~as amended,~~ being  
2 sections 24.201 to 24.328 of the Michigan Compiled Laws.

3 (2) The tax levied in subsection (1) shall not be collected  
4 with respect to beer that is consumed on the premises of the man-  
5 ufacturer or is damaged in the process of brewing, packaging, and  
6 storage and is not offered for sale except that beer sold by a  
7 brewpub for consumption on the premises or beer produced and con-  
8 sumed on the premises of a ~~micro~~ brewer shall be subject to the  
9 tax levied under subsection (1).

10 (3) The tax collected under subsection (1) shall be rebated  
11 to the person who paid the tax if that person provides satisfac-  
12 tory proof to the commission that the beer was shipped outside of  
13 this state for sale and consumption outside this state.

14 (4) For the purposes of taxation, a barrel shall be con-  
15 strued to contain 31 gallons.

16 (5) The commission may promulgate a rule that designates the  
17 states, the laws, or the rules of other states that require a  
18 licensed wholesaler of beer to pay an additional fee for the  
19 right to purchase, import, or sell beer manufactured in this  
20 state; that denies the issuance of a license authorizing the  
21 importation of beer to any licensed wholesaler of beer in that  
22 state who may ~~make application~~ APPLY for the license; that  
23 prohibits licensed wholesalers of beer in that state from pos-  
24 sassing or selling beer purchased in this state, unless the  
25 person from whom purchased has secured a license and paid a fee  
26 in that state, if the seller ~~neither transports~~ DOES NOT  
27 TRANSPORT the beer into the state ~~nor sells~~ AND DOES NOT SELL

1 the beer in the state; or that imposes any higher taxes or  
2 inspection fees upon beer manufactured in this state when trans-  
3 porting into or sold in that state, than is imposed upon beer  
4 manufactured and sold within that state. The rule shall prohibit  
5 all licensees from purchasing, receiving, possessing, or selling  
6 any beer manufactured in any state designated in the rule. ~~The~~  
7 ~~rule shall become effective as provided in section 47 of Act~~  
8 ~~No. 306 of the Public Acts of 1969, being section 24.247 of the~~  
9 ~~Michigan Compiled Laws.~~ Any licensee or person adversely  
10 affected by the rule is entitled to review by leave to the proper  
11 court the question as to whether the commission acted illegally  
12 or in excess of authority in making its finding with respect to  
13 any state.

14 (6) An eligible brewer may claim a credit against the tax  
15 levied in subsection (1) in the amount of \$2.00 per barrel FOR  
16 THE FIRST 20,000 BARRELS. As used in this subsection, "eligible  
17 brewer" means a brewer, whether or not located in this state, or  
18 brewpub that manufactures less than ~~20,000~~ 50,000 barrels of  
19 beer during the tax year for which the credit is claimed. In  
20 determining the number of barrels for purposes of the credit, all  
21 brands and labels of a brewer shall be combined and all facili-  
22 ties for the production of beer that are owned or controlled by  
23 the same person shall be treated as a single facility.

24 Section 2. Section 2bb of Act No. 8 of the Public Acts of  
25 the Extra Session of 1933, being section 436.2bb of the Michigan  
26 Compiled Laws, is repealed.