

BAN DIRECT SHIPMENT OF WINE TO CONSUMERS

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House Bill 4959

Sponsor: Rep. Chris Ward

Committee: Regulatory Reform

Complete to 6-27-05

A SUMMARY OF HOUSE BILL 4959 AS INTRODUCED 6-16-05

The bill would, among other things, amend the Liquor Control Code to ban a wine maker or small wine maker from directly shipping wine to any person in the state for personal consumption or for any noncommercial purpose.

In addition, a brewer who manufactured less than 200,000 barrels a year would no longer be eligible for licensure as a specially designated merchant (SDM). An SDM license allows a licensee to sell beer and wine for off-premises consumption.

Further, under the bill, neither a specially designated distributor (SDD) – which allows for the sale of spirits for off-premises consumption – nor an SDM would be allowed to also hold a wine maker or small wine maker license. This is in addition to the current prohibition on an SDD or SDM holding a mixed spirit drink manufacturer, wholesale, warehouse, outstate seller of beer, outstate seller of mixed spirit drink, or outstate seller of wine license.

Lastly, the bill would revise two definitions in the code. Currently, a "wine maker" is defined as a person licensed by the commission to manufacture wine, and sell, at wholesale or retail, wine manufactured by that person. Instead, the bill would define "wine maker" as a person licensed by the commission to manufacture wine, to sell that wine to a wholesaler, at retail on the licensed winery premises, and as provided for in Sections 537 and 603 of the code. (Section 537 allows a wine maker to sell his or her wine and Section 603 allows a brandy manufacturer to sell his or her brandy in a restaurant owned by the wine maker or brandy manufacturer, respectively, or operated by another person under an agreement approved by the commission and located on the winery premises or the brandy manufacturer's premises. Section 537 also allows wine makers, under certain conditions, to sell wine at the location of a wine tasting.)

"Warehouser" is defined as a licensee authorized by the Liquor Control Commission to store alcoholic beverages (the bill would strike "beverages" and insert "liquor"), but prohibited from making sales or deliveries to retailers unless the licensee is also the holder of a wholesaler or manufacturer license issued by the commission. The bill would eliminate the reference to a manufacturer license.

MCL 436.1113, 436.1203, and 436.1607

FISCAL IMPACT:

This bill appears to maintain the current practice of prohibiting direct shipments from wineries to individual consumers but also adds in-state wine makers to the group prohibited from direct shipments to consumers. A preliminary analysis suggests that this should increase administrative costs for the Michigan Liquor Control Commission and local liquor law enforcement efforts to regulate their shipments. However, the amount of the increase is indeterminate.

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■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.