

# Legislative Analysis

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## GRAPE AND WINE INDUSTRY COUNCIL

Phone: (517) 373-8080  
<http://www.house.mi.gov/hfa>

**House Bill 5025 as introduced**  
**Sponsor: Rep. Brandt Iden**  
**Committee: Agriculture**  
**Complete to 12-2-15**

Analysis available at  
<http://www.legislature.mi.gov>

### REVISED SUMMARY:

House Bill 5025 would amend Section 303 of the Michigan Liquor Control Code by incorporating into the code language relating to the Grape and Wine Industry Council that was contained within Executive Reorganization Order 2014-2. That ERO created a new Grape and Wine Industry Council and abolished the former council described in statute.

The bill differs from the executive reorganization order in that the ERO kept the council membership at 12 individuals, while HB 5025 would set membership at 14. Presently, in statute, membership is as follows:

- Three wine makers.
- One wine grape grower.
- The director of Consumer and Industry Services (now known as the Department of Licensing and Regulatory Affairs), or a designee.
- The director of the Department of Agriculture, or a designee.
- A staff member of Michigan State University appointed by, and serving at the pleasure of, the Dean of the College of Agriculture and Natural Resources.
- The chairperson of the Liquor Control Commission or a designee, as an ex officio member.
- A person who operates a retail food establishment that holds a specially designated merchant (SDM) license and sells Michigan wines, or a person who operates a restaurant that holds a Class C license and serves Michigan wines.
- A beer and wine wholesaler who markets Michigan wine.

Under the code, the governor could also have appointed up to two additional non-voting members to assist the council in its duties. This language is eliminated by the bill.

Beginning on the date that HB 5025 takes effect, council membership would consist of these 14 individuals:

- The CEO of the Michigan Economic Development Corporation (MEDC), or a designee.
- The Director of the Michigan Department of Agriculture and Rural Development (MDARD), or a designee.
- A staff member of MSU appointed by, and serving at the pleasure of, the Dean of the College of Agriculture and Natural Resources.
- The chairperson of the Michigan Liquor Control Commission, or a designee.

- The following, each appointed by the governor:
  - An individual who operates a retail food establishment that holds an SDM license and sells Michigan wines, or a Class C license and serves Michigan wines.
  - A beer and wine wholesaler who markets Michigan wines.
  - Two members of the public.
  - Three wine makers.
  - A wine grape grower.
  - An individual representing the microbrew industry. (This member is not in the ERO.)
  - An individual representing the interests of the agriculture industry who works with microbrewers. (This member is not in the ERO.)

### **FISCAL IMPACT:**

Funding for the Grape and Wine Industry Council is provided through appropriations in the annual budget for the Michigan Department of Agriculture and Rural Development (MDARD). The current year (FY 2015-16) appropriation for the Council is \$865,500. In addition, the department provides administrative support for the Council; current year appropriations for those support functions total \$28,400.

These appropriations are made from state-restricted Non-retail liquor fees. Section 543 of the Liquor Control Code earmarks "All license and license renewal fees, other than retail license and license renewal fees" i.e. Non-retail liquor fees, for credit to the Grape and Wine Industry Council, and allows the Council to retain the revenue without lapsing to the state General Fund. Revenue from these non-retail liquor fees has averaged approximately \$780,000 over the last three fiscal years.

Additional information on the Grape and Wine Industry Council can be found on the Council's website,

<http://www.michiganwines.com/#sthash.SBLCFjYE.dpbs>

and in an annual report to the Legislature on Council activities.

[http://www.michigan.gov/documents/mdard/2015\\_Ag\\_D\\_and\\_Grape\\_and\\_Wine\\_Legislative\\_Report\\_492313\\_7.pdf](http://www.michigan.gov/documents/mdard/2015_Ag_D_and_Grape_and_Wine_Legislative_Report_492313_7.pdf)

The changes to the organization of the Grape and Wine Industry Council proposed in House Bill 5025 would have no apparent fiscal impact.

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