

HOUSE BILL NO. 4961

September 12, 2019, Introduced by Reps. Griffin, Hauck, Warren, Hoitenga, Crawford, Leutheuser, Hall, Webber, Wozniak, Kahle, Chirkun, Hertel, Bellino, Cambensy, Brixie, Elder, Sabo, Coleman, Byrd, Garza, Lasinski, Clemente, Shannon, Hood, Marino, Peterson, Witwer, Cherry, Liberati, Greig, Sheppard, Frederick, Sneller, Wentworth, Filler, Jones, Neeley, Eisen and VanSingel and referred to the Committee on Regulatory Reform.

A bill to amend 1998 PA 58, entitled
"Michigan liquor control code of 1998,"
(MCL 436.1101 to 436.2303) by adding section 608.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 608. (1) The purpose of this section is to exercise this
2 state's authority under section 2 of Amendment XXI of the
3 Constitution of the United States to ensure an orderly market for
4 the distribution and sale of alcoholic beverages.

5 (2) It is the intent of this state to provide access to this
6 state's alcoholic beverage market to all licensed manufacturers of



1 alcoholic beverages by ensuring the independence of wholesalers to
2 distribute the brands of beer, wine, mixed spirit drinks, and mixed
3 wine drinks of multiple manufacturers free from the interference or
4 control of any 1 manufacturer.

5 (3) A manufacturer shall not do any of the following:

6 (a) Require a wholesaler to provide financial records directly
7 or indirectly related to any of the following:

8 (i) The wholesaler's distribution of the brands manufactured or
9 sold to the wholesaler by another manufacturer.

10 (ii) The compensation of a wholesaler's employees.

11 (iii) The wholesaler's business operations not directly related
12 to the distribution of the brands manufactured or sold to the
13 wholesaler by the manufacturer.

14 (b) Request a wholesaler to submit any of the wholesaler's
15 financial records as a requirement for renewing or retaining an
16 agreement.

17 (c) Require a wholesaler to spend a set amount of resources
18 marketing or promoting the brands manufactured or sold by the
19 manufacturer to the wholesaler that is based on the sales revenue
20 derived by the wholesaler's distribution of the brands manufactured
21 or sold to the wholesaler by the manufacturer.

22 (d) Ship beer, wine, mixed spirit drink, or mixed wine drink
23 to a wholesaler that exceeds the order placed by the wholesaler or
24 the forecast submitted by the wholesaler.

25 (e) Prohibit a wholesaler from distributing the brands the
26 manufacturer manufactured or sold to the wholesaler in licensed
27 vehicles that have markings or logos of brands manufactured or sold
28 to the wholesaler by other manufacturers.

29 (f) Prohibit a wholesaler from distributing the brands



1 manufactured or sold to the wholesaler by another manufacturer on a
2 licensed vehicle that has the marking or logos of brands
3 manufactured or sold to the wholesaler by the manufacturer.

4 (g) Require a distributor to pay for the development,
5 installation, or use of reporting software owned or mandated by the
6 manufacturer.

7 (h) Require a wholesaler to pay a fee or penalty, of any
8 description, for noncompliance with a manufacturer requirement.

9 (i) Set or attempt to set the rates of compensation for
10 wholesaler employees, including incentives.

11 (j) Prohibit a wholesaler from utilizing any wholesaler-owned,
12 leased, or controlled property or equipment to market, promote,
13 deliver, or distribute the brands manufactured or sold by another
14 manufacturer to the wholesaler.

15 (4) A manufacturer that violates this section may be ordered
16 to pay a civil fine as follows:

17 (a) For a first violation, a civil fine of not more than
18 \$1,000.00.

19 (b) For a second violation, a civil fine of not more than
20 \$2,000.00.

21 (c) For a third or subsequent violation, a civil fine of not
22 more than \$5,000.00.

23 Enacting section 1. This amendatory act does not take effect
24 unless Senate Bill No. ____ or House Bill No. 4960 (request no.
25 03939'19) of the 100th Legislature is enacted into law.

