

SENATE BILL No. 1157

November 8, 2018, Introduced by Senator ROCCA and referred to the Committee on Regulatory Reform.

A bill to amend 1998 PA 58, entitled "Michigan liquor control code of 1998," by amending section 307 (MCL 436.1307), as amended by 2010 PA 213.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 307. (1) A manufacturer, an outstate seller of wine, and
2 a master distributor shall grant to each of its wholesalers a sales
3 territory within which the wholesaler shall be a distributor of the
4 specified brand or brands of the manufacturer, outstate seller of
5 wine, or master distributor under an agreement as required under
6 this act. The territory ~~shall be~~ IS the territory agreed upon
7 between the wholesaler and manufacturer, outstate seller of wine,
8 or master distributor. Except as provided for in subsection (9) and
9 beginning June 1, 2010, a manufacturer, outstate seller of wine, or

1 master distributor shall not grant the right to sell a specified
2 brand or brands of wine in a sales territory to more than 1 wine
3 wholesaler. A master distributor shall not itself distribute a
4 specified brand or brands of wine in the same sales territory where
5 that master distributor has granted the right to distribute that
6 specified brand or brands of wine in that sales territory to
7 another wine wholesaler. Notwithstanding section ~~109(2)~~, **109(4)**, as
8 used in this section, "master distributor" means a wholesaler that
9 acts in the same or similar capacity as a wine maker, wine
10 manufacturer, or outstate seller of wine for a brand or brands of
11 wine to other wholesalers on a regular basis in the normal course
12 of business.

13 (2) Notwithstanding subsection (1), a brand extension is not
14 ~~considered~~ a new or different brand. A manufacturer or outstate
15 seller of wine shall assign a brand extension to the wholesaler
16 that was granted the sales territory for the brand from which the
17 brand extension resulted.

18 (3) Subsection (2) does not apply ~~where~~, **IF**, before January 1,
19 1994, a manufacturer or outstate seller of wine had assigned a
20 brand extension to a wholesaler that was not the appointed
21 wholesaler for the brand from which the brand extension was made.

22 (4) Until July 1, 1995, a manufacturer or outstate seller of
23 wine who acquired or otherwise obtained the right to assign brands
24 of another manufacturer or outstate seller of wine between January
25 1, 1994 and July 1, 1995 shall assign a brand extension to the
26 wholesaler that was granted the sales territory for the brand from
27 which the brand extension resulted. Beginning July 1, 1995, a

1 manufacturer or outstate seller of wine who acquires or otherwise
2 obtains the right to assign brands of another manufacturer or
3 outstate seller of wine is not required to assign a new brand
4 extension to the wholesaler that is granted the exclusive sales
5 territory to the brand from which the new brand extension results.
6 Any brand extension assigned between January 1, 1994 and July 1,
7 1995 ~~shall~~**MUST** remain assigned to the assigned wholesaler.

8 (5) A manufacturer of a mixed wine drink, mixed spirit drink
9 manufacturer, outstate seller of a mixed wine drink, or outstate
10 seller of mixed spirit drink shall grant to each of its wholesalers
11 an exclusive sales territory in which the wholesaler shall be a
12 distributor of the specified brand or brands of the manufacturer or
13 outstate seller. The territory ~~shall be~~**IS** the territory agreed
14 upon between the wholesaler and the manufacturer of a mixed wine
15 drink, mixed spirit drink manufacturer, outstate seller of mixed
16 wine drinks, or outstate seller of mixed spirit drink.

17 (6) Notwithstanding subsection (5), a brand extension is not
18 ~~considered~~ a new or different brand. A manufacturer of a mixed wine
19 drink, mixed spirit drink manufacturer, outstate seller of a mixed
20 wine drink, or outstate seller of mixed spirit drink shall assign a
21 brand extension to the wholesaler that was granted the exclusive
22 sales territory for the brand from which the brand extension
23 resulted.

24 (7) Subsection (6) does not apply ~~where,~~**IF**, before January 1,
25 1994, a manufacturer of a mixed wine drink, mixed spirit drink
26 manufacturer, outstate seller of a mixed wine drink, or outstate
27 seller of mixed spirit drink had assigned a brand extension to a

1 wholesaler that was not the appointed wholesaler for the brand from
2 which the brand extension was made.

3 (8) Until July 1, 1995, a manufacturer of a mixed wine drink,
4 mixed spirit drink manufacturer, outstate seller of mixed wine
5 drink, or outstate seller of mixed spirit drink who acquired or
6 otherwise obtained the right to assign brands of another
7 manufacturer of a mixed wine drink, mixed spirit drink
8 manufacturer, outstate seller of a mixed wine drink, or outstate
9 seller of mixed spirit drink between January 1, 1994 and July 1,
10 1995 shall assign a brand extension to the wholesaler that was
11 granted the exclusive sales territory for the brand from which the
12 brand extension resulted. Beginning July 1, 1995, a manufacturer of
13 mixed wine drink, mixed spirit drink manufacturer, outstate seller
14 of mixed wine drink, or outstate seller of mixed spirit drink who
15 acquires or otherwise obtains the right to assign brands of another
16 manufacturer of mixed wine drink, mixed spirit drink manufacturer,
17 outstate seller of mixed wine drink, or outstate seller of mixed
18 spirit drink is not required to assign a new brand extension to the
19 wholesaler that is granted the exclusive sales territory to the
20 brand from which the new brand extension results. Any brand
21 extension assigned between January 1, 1994 and July 1, 1995 ~~shall~~
22 **MUST** remain assigned to the assigned wholesaler.

23 (9) Subsection (1) does not prohibit any of the following:

24 (a) A manufacturer of wine, an outstate seller of wine, or a
25 master distributor from continuing or renewing an agreement under
26 this act with a wholesaler for a specified brand or brands for any
27 county or part of a county where more than 1 wholesaler has an

1 agreement with the manufacturer of wine, outstate seller of wine,
2 or master distributor in effect on June 1, 2010 if the wholesaler
3 had an agreement to distribute that specified brand or brands in
4 that county or that part of a county and was a master distributor
5 or was actively selling that brand or brands of wine to a retailer
6 in that county or that part of a county on June 1, 2010.

7 (b) A wholesaler from selling or transferring the wholesaler's
8 distribution rights or a manufacturer of wine, outstate seller of
9 wine, or master distributor from approving the sale or transfer of
10 a wholesaler's distribution rights to a specified brand or brands
11 of wine for any county or part of a county to another wholesaler if
12 the selling or transferring wholesaler, or any of its predecessors,
13 had the right to distribute that brand or brands of wine in that
14 county or part of that county and was actively selling that brand
15 or brands to a retailer in that county or that part of a county on
16 June 1, 2010 or was acting as a master distributor for that county
17 or part of that county on June 1, 2010.

18 Enacting section 1. This amendatory act does not take effect
19 unless Senate Bill No. 1160

20 of the 99th Legislature is enacted into law.