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STATE OF MICHIGAN
LIQUOR CONTROL COMMISSION
PUBLIC HEARING ON CHANGES TO BEER AND WINE RULES

* * *

Proceedings had in the above-entitled case before Chairman
Andy J. Deloney and Commissioners Dennis Olshove and Teri
Quimby, held at the Michigan Liquor Control Commission,
525 W. Allegan Street, Jacquelyn A. Stewart Hearing Room,
Lansing, Michigan on Tuesday, April 12, 2016.

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SPEAKER

PAGE

Michael J. Brown

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IN ATTENDANCE:

Sandi Cotter, Attorney, Dykema
Nick Goebel, Great Lakes Wine & Spirits
Nate Love, Kelley Cawthorne
Dan Papineau, Associated Food & Petroleum Dealers
Shelly Stahl, Karoub Associates
Brett Visner, MI Beer & Wine Wholesalers Association

STAFF IN ATTENDANCE:

Lori DeClercq, Court Reporter
Anita Fawcett, Secretary to Chairman
Kerry Krone, Business Manager
Sharon Martin, Director, Licensing Division
Steve Robinson, Director, Financial Management Division
Julie Wendt, Director, Executive Services Division

E X H I B I T S

M O R

None.

1 Lansing, Michigan

2 Tuesday, April 12, 2016 - 2:09 p.m.

3 CHAIRMAN DELONEY: We will call this meeting of the
4 Liquor Control Commission to order. A quorum is present.
5 Commissioners Olshove and Quimby and myself, Commissioner
6 Deloney, are present. This public hearing is called to order
7 at 2:00 p.m. or slightly afterward -- actually, 2:09 p.m. --
8 on April 12 of 2016 at the Lansing office of the Michigan
9 Liquor Control Commission.

10 This hearing is called in compliance with Sections
11 41 and 42 of Act No. 369 of the Public Acts of 1969, as
12 amended, and under the authority of Section 215 of Act No. 58
13 of the Public Acts of 1998, as amended, which authorizes the
14 Liquor Control Commission to adopt rules governing the
15 carrying out of this Act and the duties and responsibilities
16 of licensees in the proper conduct of their licensed
17 businesses.

18 This public hearing is being held to obtain the
19 input and the views of the general public and interested
20 parties concerning the proposed revisions to the Liquor
21 Control Commission rules, specifically, the Beer Rules and
22 the Wine Rules. The Commission submitted a Request for
23 Rulemaking to the Department of Licensing and Regulatory
24 Affairs on January 16, 2015 for review. This request was
25 submitted to the Office of Regulatory Reinvention on

1 January 28th of 2015 and approved on January 29 of 2015.

2 The Notice of this public hearing was published in
3 the Grand Rapids Press on March 30, 2016; the Traverse City
4 Record Eagle, the Marquette Mining Journal, both on March 29,
5 2016. Notice was also published in the Michigan Register on
6 April 1 of 2016. In addition, the Notice and the Regulatory
7 Impact Statements were posted on the Commission's website on
8 March 15 of 2016.

9 If you wish to make comments at this public
10 hearing, please make sure that you have signed in and
11 indicated your willingness and desire to speak. There is a
12 reporter present today, to my right, to make a record of the
13 hearing. Therefore, when you wish to speak, please state
14 your name, the organization you represent, if any, before
15 giving your presentation. Please speak clearly so that the
16 Commissioners, as well as the Reporter can hear you. If you
17 have any additional comments to submit in writing, you may
18 leave them with Julie Wendt who is seated in the room today
19 or submit them to the Commission no later than 5:00 p.m.
20 today. We will get to cards in just a moment. We will limit
21 comments to five minutes.

22 This hearing is also brought about to comply with a
23 change in the statute to the Liquor Control Code that was
24 made. The Commission is required to promulgate rules
25 implementing changes to the beer and wine tax collection

1 methods -- mechanism in this state and that is what these
2 rules would do. There are another couple comments that I and
3 other Commissioners may make when we are done, but let's get
4 right to it and get right to those who indicated a
5 willingness to speak today. First, is Michael Brown, Carlin
6 Edwards Brown.

7 MR. BROWN: Good afternoon, Commissioners; Michael
8 Brown from the law firm of Carlin Edwards Brown. If I may
9 approach? I have got written comments for you.

10 CHAIRMAN DELONEY: Please.

11 MR. BROWN: Commissioners, my purpose today is,
12 essentially, just to deliver to you this written version of
13 our comments for your consideration. Rather than take the
14 time to actually stand up here and, sort of, go through them,
15 the idea was just to drop them off, let you and your staff
16 consider them on your own timetable and then if you wish to
17 discuss any of these matters in greater detail, just,
18 obviously, let us know and we will be happy to attend a
19 meeting if you decide you want to do that or if you think you
20 need any further explanation for the comments that we have
21 brought forth today. Again, some of these are questions;
22 some of them are comments; some of them are suggested
23 language changes. I think all are relatively straightforward
24 but again, if you need any help in deciphering our written
25 comments today, please let me know and I will also provide a

1 copy of these comments to Julie, here, as I finish. Thank
2 you.

3 CHAIRMAN DELONEY: Thank you, Mr. Brown and thank
4 you for providing a copy to Julie Wendt and just for the
5 record, I would point out that Mr. Brown handed to the
6 Commission a copy of a four-page document, as he described
7 it. So we will make sure that is part of the official record
8 of this rulemaking hearing.

9 As a matter of fact, that is the last card of any
10 persons indicating a desire to speak. There are others here
11 wanting to indicate their presence today: Nate Love with
12 Kelley Cawthorne; good afternoon, Nate. Sandi Cotter with
13 the Dykema firm; good afternoon, Sandi. Shelly Stahl with
14 Karoub and Associates.

15 MS. STAHL: Hi.

16 CHAIRMAN DELONEY: Good afternoon, Shelly. Brett
17 Visner, Michigan Beer & Wine Wholesalers Association; good
18 afternoon, Brett. Nick Goebel, Great Lakes Wine & Spirits;
19 good afternoon, Nick; and Dan Papineau, Associated Food &
20 Petroleum Dealers; good afternoon, Dan. Those are all the
21 cards of people indicating a desire to speak. I would also
22 point out, for the record, that prior to the hearing today --
23 yesterday, I received -- and I don't know if all
24 Commissioners received it -- but I know I forwarded it to
25 make sure it is part of the record. I received an e-mail, I

1 believe, from Shelly Stahl on behalf of the Wine Institute
2 with some proposed comments. We will make sure that that is
3 the official part -- made part of the official record for
4 this hearing. And earlier today, I received an e-mail from
5 Bret Marr representing the Michigan Restaurant Association
6 and I know I have forwarded that to Julie Wendt earlier
7 today, as well, to make sure that is part of the official
8 record for this hearing.

9 Prior to our conclusion, are there any
10 Commissioners who wish to make any comments, at this time?
11 Commissioner Quimby?

12 COMMISSIONER QUIMBY: Thank you, Mr. Chairman.
13 First of all, I don't have information in regards to Bret
14 Marr's comments on behalf of the Michigan Restaurant
15 Association. Could you summarize those at all?

16 CHAIRMAN DELONEY: I would be happy to. I will
17 pull up the e-mail. Hang with me for just a moment. It was
18 sent earlier today. This is, again, an e-mail from Bret Marr
19 to myself. It states:

20 "Mr. Chairman: I am unable to make today's
21 public hearing but would like to have put
22 on record the support of the Michigan
23 Restaurant Association for these rules.

24 Thank you in advance for entering this into
25 the record."

1 I replied back to him and copied Julie Wendt on my
2 reply. This was within the last half-hour or so. I wrote
3 back:

4 "Thank you for your e-mail and for your
5 indication of support for this rulemaking.
6 By way of copy on this reply, I am
7 notifying Julie Wendt, MLCC Director of
8 Executive Services. She will make sure to
9 include your e-mail in the official record
10 for this ruling."

11 COMMISSIONER QUIMBY: Thank you. In regard to the
12 Wine Institute letter, I did receive a cc on that, so I was
13 aware of that; Sally Jefferson and Shelly Stahl. The only
14 other comment I have in regards to these rules: I previously
15 have expressed --

16 COURT REPORTER: I'm sorry. Can you move that mic
17 a little closer?

18 COMMISSIONER QUIMBY: Normally, people are telling
19 me to be quiet. I don't know. In regards to these rules,
20 the only other comment I have is that I have previously
21 expressed my concern with compliance with this statute. So I
22 am glad we are now at the point of having a public hearing
23 where we are at that part of the process. Thank you.

24 CHAIRMAN DELONEY: Thank you, Commissioner Quimby.
25 And again, the main thrust, if you will, for these rule

1 changes were to comply with some changes in statute that were
2 passed by the Legislature and approved by the Governor, Act
3 No. 48, Public Acts of 2014, Enrolled Senate Bill No. 506,
4 which, again, fundamentally changed the collection method for
5 -- the collection and reporting methods for beer, wine and
6 mixed spirit drinking taxes. By adopting our Administrative
7 Order 2015-01, on January 13 of 2015, as well as a bulletin,
8 Bulletin No. 2015-01, we complied with the statute in terms
9 of meeting the time requirements. The Legislature mandated
10 that the collection, reporting and payment of beer, wine and
11 mixed spirit drink taxes in the State of Michigan were
12 changed per their mandate beginning February 1 of 2015 and
13 with the adoption of that Order and that Bulletin, the
14 Commission did so and now of course, we are following through
15 with the required rulemaking in that Public Act and we will
16 consider comments that were submitted prior to the hearing
17 today, at the hearing today and any that we may receive by
18 5:00 p.m. And if any changes are made, we will -- again, we
19 will certainly consider what we have heard and we will go
20 from there.

21 So if there is no further business to come before
22 the Commission for this hearing, I will entertain a Motion to
23 Adjourn.

24 COMMISSIONER QUIMBY: So moved.

25 CHAIRMAN DELONEY: Moved by Commissioner Quimby.

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COMMISSIONER DELONEY: Second.

CHAIRMAN DELONEY: Seconded by Commissioner Olshove. Any further discussion? Hearing none, all in favor will indicate by saying aye.

COMMISSIONER QUIMBY: Aye.

COMMISSIONER OLSHOVE: Aye.

CHAIRMAN DELONEY: Aye. The ayes have it. We are adjourned.

(Hearing concluded at about 2:20 p.m.)

* * *

I HEREBY CERTIFY that I reported stenographically, the foregoing testimony and proceedings on the date and place hereinbefore set forth; that the same was later reduced to typewritten form, and that the foregoing is a true, full and correct transcript of my stenographic notes so taken.



Lori K. DeClercq, CSE-3053

Dated: April 20, 2016