

SENATE SUBSTITUTE FOR
HOUSE BILL NO. 5606

A bill to amend 1998 PA 58, entitled
"Michigan liquor control code of 1998,"
by amending section 537 (MCL 436.1537), as amended by 2018 PA 40.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

- 1 Sec. 537. (1) The following classes of vendors may sell
2 alcoholic liquor at retail as provided in this section:
- 3 (a) Taverns, where beer and wine may be sold for consumption
4 on the premises only.
- 5 (b) Class C licensee, where beer, wine, mixed spirit drink,
6 and spirits may be sold for consumption on the premises.
- 7 (c) Clubs, where beer, wine, mixed spirit drink, and spirits
8 may be sold for consumption on the premises only to bona fide
9 members ~~where~~ **IF** consumption is limited to these members and their
10 bona fide guests, who are 21 years of age or older.
- 11 (d) Direct shippers, where wine may be sold and shipped

1 directly to the consumer.

2 (e) Hotels of class A, where beer and wine may be sold for
3 consumption on the premises and in the rooms of bona fide
4 registered guests. Hotels of class B where beer, wine, mixed spirit
5 drink, and spirits may be sold for consumption on the premises and
6 in the rooms of bona fide registered guests.

7 (f) Specially designated merchants, where beer and wine may be
8 sold for consumption off the premises only.

9 (g) Specially designated distributors, where spirits and mixed
10 spirit drink may be sold for consumption off the premises only.

11 (h) Special licensee, where beer and wine or beer, wine, mixed
12 spirit drink, and spirits may be sold for consumption on the
13 premises only.

14 (i) Dining cars or other railroad or Pullman cars, watercraft,
15 or aircraft, where alcoholic liquor may be sold for consumption on
16 the premises only, subject to rules promulgated by the commission.

17 (j) Brewpubs, where beer manufactured on the premises by the
18 licensee may be sold for consumption on or off the premises by any
19 of the following licensees:

20 (i) Class C.

21 (ii) Tavern.

22 (iii) Class A hotel.

23 (iv) Class B hotel.

24 (k) Micro brewers and brewers, where beer ~~produced~~
25 **MANUFACTURED** by the micro brewer or brewer may be sold **IN AN**
26 **APPROVED TASTING ROOM UNDER SECTION 536** to a consumer for
27 consumption on or off the ~~brewery~~ **MANUFACTURING** premises.

(l) Class G-1 licensee, where beer, wine, mixed spirit drink, and spirits may be sold for consumption on the premises only to members required to pay an annual membership fee and consumption is limited to these members and their bona fide guests.

(m) Class G-2 licensee, where beer and wine may be sold for consumption on the premises only to members required to pay an annual membership fee and consumption is limited to these members and their bona fide guests.

(n) Motorsports event licensee, where beer and wine may be sold for consumption on the premises during sanctioned motorsports events only.

(o) Wine maker ~~OR SMALL WINE MAKER~~, where wine **MANUFACTURED BY THE WINE MAKER OR SMALL WINE MAKER** may be sold by direct shipment **AS PROVIDED IN SECTION 203**, at retail ~~on the licensed premises, and as provided for in subsections (2) and (3).~~ **FOR CONSUMPTION ON OR OFF THE PREMISES IN AN APPROVED TASTING ROOM UNDER SECTION 536, OR AS OTHERWISE PROVIDED FOR IN THIS ACT.**

(P) SMALL WINE MAKER, WHERE WINE BOTTLED BY THE SMALL WINE MAKER MAY BE SOLD BY DIRECT SHIPMENT AS PROVIDED IN SECTION 203, AT RETAIL FOR CONSUMPTION ON OR OFF THE PREMISES IN AN APPROVED TASTING ROOM UNDER SECTION 536, OR AS OTHERWISE PROVIDED FOR IN THIS ACT.

(Q) WINE MAKER OR SMALL WINE MAKER, WHERE SHINERS AS THAT TERM IS DEFINED IN SECTION 111 MAY BE SOLD BY DIRECT SHIPMENT AS PROVIDED IN SECTION 203, AT RETAIL FOR CONSUMPTION ON OR OFF THE PREMISES IN AN APPROVED TASTING ROOM UNDER SECTION 536, OR AS OTHERWISE PROVIDED FOR IN THIS ACT.

1 (R) ~~(p) Small~~ **DISTILLER OR SMALL** distiller, ~~selling not more~~
2 ~~than 60,000 gallons of~~ **WHERE** spirits manufactured by ~~that licensee~~
3 **THE DISTILLER OR SMALL DISTILLER MAY BE SOLD** to the consumer at
4 retail ~~for consumption on or off the licensed premises in the~~
5 ~~manner provided for in section 534.~~ **FOR CONSUMPTION ON OR OFF THE**
6 **PREMISES IN AN APPROVED TASTING ROOM UNDER SECTION 536.**

7 (S) ~~(q)~~ Nonpublic continuing care retirement center license,
8 where beer, wine, mixed spirit drink, mixed wine drink, and spirits
9 may be sold at retail and served on the licensed premises to
10 residents and bona fide guests accompanying the resident for
11 consumption only on the licensed premises.

12 (T) ~~(r)~~ A small wine maker or an out-of-state entity that is
13 the substantial equivalent of a small wine maker, that holds a
14 farmer's market permit, where wine **MANUFACTURED OR BOTTLED BY THE**
15 **SMALL WINE MAKER AND SHINERS AS THAT TERM IS DEFINED IN SECTION 111**
16 may be sampled and sold at a ~~farmer's~~ **FARMERS'** market for
17 consumption off the licensed premises.

18 (U) **A BRANDY MANUFACTURER WHERE BRANDY MANUFACTURED BY THE**
19 **BRANDY MANUFACTURER MAY BE SOLD AT RETAIL FOR CONSUMPTION ON OR OFF**
20 **THE PREMISES IN AN APPROVED TASTING ROOM UNDER SECTION 536 LOCATED**
21 **ON THE MANUFACTURING PREMISES OF THE BRANDY MANUFACTURER.**

22 (V) **A MIXED SPIRIT DRINK MANUFACTURER WHERE MIXED SPIRIT DRINK**
23 **MANUFACTURED BY THE MIXED SPIRIT DRINK MANUFACTURER MAY BE SOLD AT**
24 **RETAIL FOR CONSUMPTION ON OR OFF THE PREMISES IN AN APPROVED**
25 **TASTING ROOM UNDER SECTION 536.**

26 ~~—— (2) A wine maker may sell wine made by that wine maker in a~~
27 ~~restaurant for consumption on or off the premises if the restaurant~~

~~is owned by the wine maker or operated by another person under an agreement approved by the commission and located on the premises where the wine maker is licensed.~~

~~—— (3) A wine maker, with the prior written approval of the commission, may conduct wine tastings of wines made by that wine maker on the premises where the wine maker is licensed to manufacture wine. The wine maker may charge for the samples.~~

~~—— (4) A wine maker, with the prior written approval of the commission, may conduct wine tastings of wines made by that wine maker and may sell the wine made by that wine maker for consumption off the premises at a location other than the premises where the wine maker is licensed to manufacture wine, under the following conditions:~~

~~—— (a) The premises on which the wine tasting occurs conform to local and state sanitation requirements.~~

~~—— (b) Payment of a \$100.00 fee per location is made to the commission.~~

~~—— (c) The wine tasting locations are considered licensed premises, and the wine maker may include a charge for the samples.~~

~~—— (d) The wine tasting takes place during the legal hours for the sale of alcoholic liquor by the licensee.~~

~~—— (e) The premises and the licensee comply with and are subject to all applicable rules promulgated by the commission.~~

(2) ~~(5)~~ Notwithstanding section 1025(1), an outstate seller of beer, an outstate seller of wine, a wine maker, a brewer, a micro brewer, or a specially designated merchant, or an agent of any of those persons, that does not hold a license allowing the

1 consumption of alcoholic liquor on the premises at the same
2 licensed address, may conduct beer and wine tastings on the
3 licensed premises of a specially designated merchant under the
4 following conditions:

5 (a) A customer is not charged for the tasting of beer or wine.

6 (b) The tasting samples provided to a customer do not exceed 3
7 servings at up to 3 ounces per serving of beer or 3 servings at up
8 to 2 ounces of wine. A customer shall not be provided more than a
9 total of 3 samples of beer or wine within a 24-hour period per
10 licensed premises.

11 (c) The specially designated merchant, outstate seller of
12 beer, outstate seller of wine, wine maker, micro brewer, or brewer
13 has first obtained an annual beer and wine tasting permit approved
14 by the commission.

15 (d) The commission is notified, in writing, a minimum of 10
16 working days before the event, regarding the date, time, and
17 location of the event.

18 **(3)** ~~(6) During the time WHILE~~ a beer or wine tasting is
19 conducted under subsection ~~(5),~~ **(2)**, a specially designated
20 merchant, outstate seller of beer, outstate seller of wine, wine
21 maker, micro brewer, or brewer, or its agent or employee who has
22 successfully completed a server training program as provided for in
23 section 906, shall devote full time to the beer and wine tasting
24 activity and shall not perform other duties, including the sale of
25 alcoholic liquor for consumption off the licensed premises. Beer
26 and wine used for the tasting must come from the specially
27 designated merchant's inventory, and all open bottles must be

1 removed from the premises on the same business day or resealed and
2 stored in a locked, separate storage compartment on the licensed
3 premises when not being used for the activities allowed by the
4 permit.

5 (4) ~~(7)~~ A wholesaler shall not conduct or participate in beer
6 and wine tastings allowed under a permit issued under subsection
7 ~~(5)~~. (2) .

8 (5) ~~(8)~~ A beer and wine tasting under subsection ~~(5)~~ (2) may
9 only be conducted during the legal hours for the sale of alcoholic
10 liquor by the licensee.

11 ~~—— (9) A brandy manufacturer or small distiller, with the prior~~
12 ~~written approval of the commission, may conduct tastings of brandy~~
13 ~~and spirits made by that brandy manufacturer or small distiller and~~
14 ~~may sell the brandy and spirits made by that brandy manufacturer or~~
15 ~~small distiller for consumption off the licensed premises at a~~
16 ~~location other than the licensed premises where the brandy~~
17 ~~manufacturer or small distiller is licensed to manufacture brandy~~
18 ~~or spirits under the following conditions:~~

19 ~~—— (a) The premises on which the brandy and spirits tastings~~
20 ~~occur conform to local and state sanitation requirements.~~

21 ~~—— (b) The brandy manufacturer or small distiller pays the~~
22 ~~commission a \$100.00 fee per location.~~

23 ~~—— (c) The brandy and spirits tasting locations are considered~~
24 ~~licensed premises.~~

25 ~~—— (d) The brandy and spirits tasting takes place during the~~
26 ~~legal hours for the sale of alcoholic liquor by the licensee.~~

27 ~~—— (e) The premises and the license comply with and are subject~~

1 ~~to all applicable rules promulgated by the commission.~~

2 **(6)** ~~(10)~~ An eligible merchant may fill and sell growlers with
3 beer for consumption off the premises under the following
4 conditions:

5 (a) The premises where the filling of growlers takes place
6 comply with the requirements for food service establishments under
7 the food law, 2000 PA 92, MCL 289.1101 to 289.8111.

8 (b) The growler is sealed and has a label affixed to it that
9 includes at least the brand name of the beer, the class of the
10 beer, the net contents of the container, and the name of the
11 retailer filling the growler. The label conditions described in
12 this subdivision do not apply to either of the following:

13 (i) A brewpub described in subsection (1)(j), but only as to
14 beer that the brewpub produces.

15 (ii) A micro brewer or brewer described in subsection (1)(k).

16 (c) The eligible merchant or his or her agent or employee
17 shall not fill a growler in advance of the sale.

18 (d) The eligible merchant or his or her agent or employee
19 shall only use containers that have a capacity of 5 gallons or more
20 to fill a growler.

21 (e) The beer to be dispensed has received a registration
22 number from the commission and has been approved for sale by the
23 commission.

24 (f) The eligible merchant complies with all applicable rules
25 promulgated by the commission.

26 **(7) A WINE MAKER, BRANDY MANUFACTURER, SMALL DISTILLER, MICRO**
27 **BREWER, BREWER, OR BREWPUB SHALL PROVIDE WATER, AND MAY, IN THE**

1 SOLE DISCRETION OF THE WINE MAKER, BRANDY MANUFACTURER, SMALL
2 DISTILLER, MICRO BREWER, BREWER, OR BREWPUB, SELL OR PROVIDE OTHER
3 NONALCOHOLIC BEVERAGES, FOR CONSUMPTION ON OR OFF THE PREMISES
4 WHERE THE WINE MAKER, BRANDY MANUFACTURER, SMALL DISTILLER, MICRO
5 BREWER, BREWER, OR BREWPUB IS LICENSED.

6 (8) ~~(11)~~—As used in this section:

7 (a) "Eligible merchant" means a person that holds a specially
8 designated merchant license.

9 (b) "Growler" means any clean, refillable, resealable
10 container that is exclusively intended, and used only, for the sale
11 of beer for consumption off the premises and that has a liquid
12 capacity that does not exceed 1 gallon.

13 Enacting section 1. This amendatory act does not take effect
14 unless Senate Bill No. 1164 of the 99th Legislature is enacted into
15 law.