



# HOUSE BILL No. 5269

February 3, 2000, Introduced by Reps. Kowall, LaSata, Richner, Richardville and Lemmons and referred to the Committee on Economic Development.

A bill to amend 1998 PA 58, entitled  
"Michigan liquor control code of 1998,"  
by amending sections 105, 113, 537, and 603 (MCL 436.1105,  
436.1113, 436.1537, and 436.1603).

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1       Sec. 105. (1) "Alcohol" means the product of distillation  
2 of fermented liquid, whether or not rectified or diluted with  
3 water, but does not mean ethyl or industrial alcohol, diluted or  
4 not, that has been denatured or otherwise rendered unfit for bev-  
5 erage purposes.

6       (2) "Alcoholic liquor" means any spirituous, vinous, malt,  
7 or fermented liquor, liquids and compounds, whether or not medi-  
8 cated, proprietary, patented, and by whatever name called,  
9 containing 1/2 of 1% or more of alcohol by volume which are fit  
10 for use for beverage purposes as defined and classified by the

1 commission according to alcoholic content as belonging to 1 of  
2 the varieties defined in this chapter.

3 (3) "Authorized distribution agent" means a person approved  
4 by the commission to do 1 or more of the following:

5 (a) To store spirits owned by a supplier of spirits or the  
6 commission.

7 (b) To deliver spirits sold by the commission to retail  
8 licensees.

9 (c) To perform any function needed to store spirits owned by  
10 a supplier of spirits or by the commission or to deliver spirits  
11 sold by the commission to retail licensees.

12 (4) "Bar" means a barrier or counter at which alcoholic  
13 liquor is sold to, served to, or consumed by customers.

14 (5) "Beer" means any beverage obtained by alcoholic fermen-  
15 tation of an infusion or decoction of barley, malt, hops, or  
16 other cereal in potable water.

17 (6) "Brand" means any word, name, group of letters, symbol,  
18 trademark, or combination thereof adopted and used by a supplier  
19 to identify a specific beer, malt beverage, wine, mixed wine  
20 drink, or mixed spirit drink product and to distinguish that pro-  
21 duct from another beer, malt beverage, wine, mixed wine drink, or  
22 mixed spirit drink product that is produced or marketed by that  
23 or another supplier. As used in this section and notwithstanding  
24 sections 305(2)(j) and 403(2)(j), "supplier" means a brewer, an  
25 outstate seller of beer, a wine maker, a small wine maker, an  
26 outstate seller of wine, a manufacturer of mixed wine drink, an

1 outstate seller of a mixed wine drink, a mixed spirit drink  
2 manufacturer, or an outstate seller of mixed spirit drink.

3       (7) "Brand extension" means any brand which incorporates all  
4 or a substantial part of the unique features of a preexisting  
5 brand of the same supplier. As used in this section and notwith-  
6 standing sections 305(2)(j) and 403(2)(j), "supplier" means a  
7 brewer, an outstate seller of beer, a wine maker, a small wine  
8 maker, an outstate seller of wine, a manufacturer of mixed wine  
9 drink, an outstate seller of a mixed wine drink, a mixed spirit  
10 drink manufacturer, or an outstate seller of mixed spirit drink.

11       (8) "Brandy" means an alcoholic liquor as defined in  
12 27 C.F.R. 5.22(d) (1980).

13       (9) "Brandy manufacturer" means a person licensed under this  
14 act to engage in the manufacturing, rectifying or blending, or  
15 both, of brandy only and no other distilled spirit AND TO SELL AT  
16 RETAIL, FOR CONSUMPTION ON OR OFF THE LICENSED PREMISES, BRANDY  
17 MANUFACTURED BY THAT PERSON. Only a licensed wine maker or a  
18 small wine maker is eligible to be a brandy manufacturer. ~~The~~  
19 ~~commission may approve a brandy manufacturer to sell at retail~~  
20 ~~brandy which it manufactures, blends or rectifies, or both, at~~  
21 ~~its licensed premises or at other premises authorized in this~~  
22 ~~act.~~

23       (10) "Brewer" means a person located in this state that is  
24 licensed to manufacture and sell to licensed wholesalers beer  
25 produced by it.

26       (11) "Brewpub" means a license issued in conjunction with a  
27 class C, tavern, class A hotel, or class B hotel license that

1 authorizes the person licensed with the class C, tavern, class A  
2 hotel, or class B hotel to manufacture and brew not more than  
3 5,000 barrels of beer per calendar year in Michigan and sell at  
4 those licensed premises the beer produced for consumption on or  
5 off the licensed brewery premises in the manner provided for in  
6 sections 405 and 407.

7       Sec. 113. (1) "Tavern" means any place licensed to sell at  
8 retail beer and wine for consumption on the premises only.

9       (2) "Vehicle" means any means of transportation by land, by  
10 water, or by air.

11       (3) "Vendor" means a person licensed by the commission to  
12 sell alcoholic liquor.

13       (4) "Vendor of spirits" means a person selling spirits to  
14 the commission.

15       (5) "Warehouse" means a premises or place primarily con-  
16 structed, used, or provided with facilities for the storage in  
17 transit or other temporary storage of perishable goods or for the  
18 conduct of a warehousing business, or for both.

19       (6) "Warehouser" means a licensee authorized by the commis-  
20 sion to store alcoholic beverages, but prohibited from making  
21 sales or deliveries to retailers unless the licensee is also the  
22 holder of a wholesaler or manufacturer license issued by the  
23 commission.

24       (7) "Wholesaler" means a person who sells beer, wine, or  
25 mixed spirit drink only to retailers or other licensees, and who  
26 sells sacramental wine as provided in section 301.

1       (8) "Wine" means the product made by the normal alcoholic  
2 fermentation of the juice of sound, ripe grapes, or any other  
3 fruit with the usual cellar treatment, and containing not more  
4 than 21% of alcohol by volume, including fermented fruit juices  
5 other than grapes and mixed wine drinks.

6       (9) "Wine maker" means any person licensed by the commission  
7 to manufacture wine and sell, at wholesale or AT retail FOR CON-  
8 SUMPTION ON OR OFF THE LICENSED PREMISES, wine manufactured by  
9 that person.

10       Sec. 537. (1) The following classes of vendors may sell  
11 alcoholic liquors at retail as provided in this section:

12       (a) Taverns where beer and wine may be sold for consumption  
13 on the premises only.

14       (b) Class C license where beer, wine, mixed spirit drink,  
15 and spirits may be sold for consumption on the premises.

16       (c) Clubs where beer, wine, mixed spirit drink, and spirits  
17 may be sold for consumption on the premises only to bona fide  
18 members, who have attained the age of 21 years.

19       (d) Hotels of class A where beer and wine may be sold for  
20 consumption on the premises and in the rooms of bona fide regis-  
21 tered guests. Hotels of class B where beer, wine, mixed spirit  
22 drink, and spirits may be sold for consumption on the premises  
23 and in the rooms of bona fide registered guests.

24       (e) Specially designated merchants, where beer and wine may  
25 be sold for consumption off the premises only.

1 (f) Specially designated distributors where spirits and  
2 mixed spirit drink may be sold for consumption off the premises  
3 only.

4 (g) Special licenses where beer and wine or beer, wine,  
5 mixed spirit drink, and spirits may be sold for consumption on  
6 the premises only.

7 (h) Dining cars or other railroad or Pullman cars, water-  
8 craft, or aircraft, where alcoholic liquor may be sold for con-  
9 sumption on the premises only, subject to rules promulgated by  
10 the commission.

11 (i) Brewpubs where beer manufactured on the premises by the  
12 licensee may be sold for consumption on or off the premises by  
13 any of the following licensees:

14 (i) Class C.

15 (ii) Tavern.

16 (iii) Class A hotel.

17 (iv) Class B hotel.

18 (j) Micro brewers where beer produced by the micro brewer  
19 may be sold to a consumer for consumption on or off the brewery  
20 premises.

21 (2) A wine maker may sell wine made by that wine maker ~~in a~~  
22 ~~restaurant for consumption on or off the premises if the restau-~~  
23 ~~rant is owned by the wine maker or operated by another person~~  
24 ~~under an agreement approved by the commission and located on the~~  
25 ~~premises~~ AT THE LOCATION where the wine maker is licensed.

26 (3) A wine maker, with the prior written approval of the  
27 commission, may conduct wine tastings of wines made by that wine

1 maker and may sell the wine made by that wine maker for  
2 consumption off the premises at a location other than the  
3 premises where the wine maker is licensed to manufacture wine,  
4 under the following conditions:

5 (a) The premises upon which the wine tasting occurs conforms  
6 to local and state sanitation requirements.

7 (b) Not more than 1 wine tasting location as described in  
8 this subsection, per wine maker, may be approved by the commis-  
9 sion in a licensing year.

10 (c) Payment of a \$100.00 fee per location is made to the  
11 commission.

12 (d) The wine tasting locations shall be considered licensed  
13 premises.

14 (e) Wine tasting does not take place between the hours of 2  
15 a.m. and 7 a.m. Monday through Saturday, or between 2 a.m. and  
16 12 noon on Sunday.

17 (f) The premises and the licensee comply with and are  
18 subject to all applicable rules promulgated by the commission.

19 Sec. 603. (1) Except as provided in subsection (6) and sec-  
20 tion 605, a manufacturer, mixed spirit drink manufacturer, ware-  
21 houser, wholesaler, outstate seller of beer, outstate seller of  
22 wine, outstate seller of mixed spirit drink, or vendor of spirits  
23 shall not have any financial interest, directly or indirectly, in  
24 the establishment, maintenance, operation, or promotion of the  
25 business of any other vendor.

26 (2) Except as provided in subsection (6) and section 605, a  
27 manufacturer, mixed spirit drink manufacturer, warehouser,

1 wholesaler, outstate seller of beer, outstate seller of wine,  
2 outstate seller of mixed spirit drink, or vendor of spirits or a  
3 stockholder of a manufacturer, mixed spirit drink manufacturer,  
4 warehouser, wholesaler, outstate seller of beer, outstate seller  
5 of wine, outstate seller of mixed spirit drink, or vendor of  
6 spirits shall not have an interest by ownership in fee, lease-  
7 hold, mortgage, or otherwise, directly or indirectly, in the  
8 establishment, maintenance, operation, or promotion of the busi-  
9 ness of any other vendor.

10       (3) Except as provided in subsection (6) and section 605, a  
11 manufacturer, mixed spirit drink manufacturer, warehouser, whole-  
12 saler, outstate seller of beer, outstate seller of wine, outstate  
13 seller of mixed spirit drink, or vendor of spirits shall not have  
14 an interest directly or indirectly by interlocking directors in a  
15 corporation or by interlocking stock ownership in a corporation  
16 in the establishment, maintenance, operation, or promotion of the  
17 business of any other vendor.

18       (4) Except as provided in subsection (6) and section 605, a  
19 person shall not buy the stocks of a manufacturer, mixed spirit  
20 drink manufacturer, warehouser, wholesaler, outstate seller of  
21 beer, outstate seller of wine, outstate seller of mixed spirit  
22 drink, or vendor of spirits and place the stock in any portfolio  
23 under an arrangement, written trust agreement, or form of invest-  
24 ment trust agreement and issue participating shares based upon  
25 the portfolio, trust agreement, or investment trust agreement,  
26 and sell the participating shares within this state.



1       (5) ~~The commission may approve a~~ A brandy manufacturer  
2 ~~to~~ MAY sell brandy made by that brandy manufacturer ~~in a~~  
3 ~~restaurant~~ for consumption on or off the premises ~~if the res-~~  
4 ~~taurant is owned by the brandy manufacturer or operated by~~  
5 ~~another person under an agreement approved by the commission and~~  
6 ~~is located on the premises~~ AT THE LOCATION where the brandy man-  
7 ufacturer is licensed. Brandy sold for consumption off the  
8 premises under this subsection shall be sold at the uniform price  
9 established by the commission.

10       (6) A brewpub may have an interest in up to 2 other brewpubs  
11 so long as the combined production of all the locations in which  
12 the brewpub has an interest does not exceed 5,000 barrels of beer  
13 per calendar year.