

# HOUSE BILL No. 5606

February 20, 2018, Introduced by Reps. Lilly, Bellino, Kelly and Hornberger 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 537 (MCL 436.1537), as amended by 2016 PA 514.

**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 consumption is limited to these members and their

1 bona fide guests, who are 21 years of age or older.

2 (d) Direct shippers, where wine may be sold and shipped  
3 directly to the consumer.

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

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

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

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

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

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

22 (i) Class C.

23 (ii) Tavern.

24 (iii) Class A hotel.

25 (iv) Class B hotel.

26 (k) Micro brewers and brewers, where beer produced by the  
27 micro brewer or brewer may be sold to a consumer for consumption on

1 or off the brewery premises.

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

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

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

13 (o) Wine maker, where wine may be sold by direct shipment, at  
14 retail on the licensed premises, and as provided for in subsections  
15 (2) and ~~(3)~~. **TO (4)**.

16 (p) Small distiller selling not more than 60,000 gallons of  
17 spirits manufactured by that licensee to the consumer at retail for  
18 consumption on or off the licensed premises in the manner provided  
19 for in section 534.

20 (q) Nonpublic continuing care retirement center license, where  
21 beer, wine, mixed spirit drink, mixed wine drink, and spirits may  
22 be sold at retail and served on the licensed premises to residents  
23 and bona fide guests accompanying the resident for consumption only  
24 on the licensed premises.

25 (r) A small wine maker or an out-of-state entity that is the  
26 substantial equivalent of a small wine maker, that holds a farmer's  
27 market permit, where wine may be sampled and sold at a farmer's

1 market for consumption off the licensed premises.

2 (2) A wine maker may sell wine made by that wine maker in a  
3 restaurant for consumption on or off the premises if the restaurant  
4 is owned by the wine maker or operated by another person under an  
5 agreement approved by the commission and located on the premises  
6 where the wine maker is licensed.

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

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

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

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

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

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

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

27 **(5) A WINE MAKER MAY SELL NONALCOHOLIC BEVERAGES, INCLUDING,**

1 **BUT NOT LIMITED TO, BOTTLED WATER, FOR CONSUMPTION ON OR OFF THE**  
2 **PREMISES WHERE THE WINE MAKER IS LICENSED.**

3 (6) ~~(5)~~—Notwithstanding section 1025(1), an outstate seller of  
4 beer, an outstate seller of wine, a wine maker, a brewer, a micro  
5 brewer, or a specially designated merchant, or an agent of any of  
6 those persons, that does not hold a license allowing the  
7 consumption of alcoholic liquor on the premises at the same  
8 licensed address, may conduct beer and wine tastings on the  
9 licensed premises of a specially designated merchant under the  
10 following conditions:

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

12 (b) The tasting samples provided to a customer do not exceed 3  
13 servings at up to 3 ounces per serving of beer or 3 servings at up  
14 to 2 ounces of wine. A customer shall not be provided more than a  
15 total of 3 samples of beer or wine within a 24-hour period per  
16 licensed premises.

17 (c) The specially designated merchant, outstate seller of  
18 beer, outstate seller of wine, wine maker, micro brewer, or brewer  
19 has first obtained an annual beer and wine tasting permit approved  
20 by the commission.

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

24 (7) ~~(6)~~—During the time a beer or wine tasting is conducted  
25 under subsection ~~(5)~~, ~~(6)~~, a specially designated merchant,  
26 outstate seller of beer, outstate seller of wine, wine maker, micro  
27 brewer, or brewer, or its agent or employee who has successfully

1 completed a server training program as provided for in section 906,  
2 shall devote full time to the beer and wine tasting activity and  
3 shall not perform other duties, including the sale of alcoholic  
4 liquor for consumption off the licensed premises. Beer and wine  
5 used for the tasting must come from the specially designated  
6 merchant's inventory, and all open bottles must be removed from the  
7 premises on the same business day or resealed and stored in a  
8 locked, separate storage compartment on the licensed premises when  
9 not being used for the activities allowed by the permit.

10 (8) ~~(7)~~—A wholesaler shall not conduct or participate in beer  
11 and wine tastings allowed under a permit issued under subsection  
12 ~~(5)~~. **(6)**.

13 (9) ~~(8)~~—A beer and wine tasting under subsection ~~(5)~~ **(6)** may  
14 only be conducted during the legal hours for the sale of alcoholic  
15 liquor by the licensee.

16 (10) ~~(9)~~—A brandy manufacturer or small distiller, with the  
17 prior written approval of the commission, may conduct tastings of  
18 brandy and spirits made by that brandy manufacturer or small  
19 distiller and may sell the brandy and spirits made by that brandy  
20 manufacturer or small distiller for consumption off the licensed  
21 premises at a location other than the licensed premises where the  
22 brandy manufacturer or small distiller is licensed to manufacture  
23 brandy or spirits under the following conditions:

24 (a) The premises on which the brandy and spirits tastings  
25 occur conform to local and state sanitation requirements.

26 (b) The brandy manufacturer or small distiller pays the  
27 commission a \$100.00 fee per location.

1 (c) The brandy and spirits tasting locations are considered  
2 licensed premises.

3 (d) The brandy and spirits tasting takes place during the  
4 legal hours for the sale of alcoholic liquor by the licensee.

5 (e) The premises and the license comply with and are subject  
6 to all applicable rules promulgated by the commission.

7 **(11)** ~~(10)~~—An eligible merchant may fill and sell growlers with  
8 beer for consumption off the premises under the following  
9 conditions:

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

13 (b) The growler is sealed and has a label affixed to it that  
14 includes at least the brand name of the beer, the class of the  
15 beer, the net contents of the container, and the name of the  
16 retailer filling the growler.

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

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

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

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

27 **(12)** ~~(11)~~—As used in this section:

1 (a) "Eligible merchant" means a person that holds a specially  
2 designated merchant license and a specially designated distributor,  
3 class C, tavern, class A hotel, class B hotel, club, class G-1, or  
4 class G-2 license.

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

9 Enacting section 1. This amendatory act takes effect 90 days  
10 after the date it is enacted into law.