

## QUALIFIED MICROBREWERS: ELIMINATE REFERENCES

Phone: (517) 373-8080  
<http://www.house.mi.gov/hfa>

**House Bills 5342 and 5344 as introduced**

**Sponsor: Rep. Pauline Wendzel**

**Committee: Regulatory Reform**

**Complete to 1-20-20**

Analysis available at  
<http://www.legislature.mi.gov>

### SUMMARY:

House Bills 5342 and 5344 would delete provisions and references in the Michigan Liquor Control Code pertaining to a qualified micro brewer. House Bill 5342 would also add a definition for the term “facilitate.” The bills are tie-barred to each other, meaning that neither could take effect unless both were enacted.

Currently, the code allows a retailer holding a specially designated merchant (*SDM*) license or a retailer holding a specially designated distributor (*SDD*) license to use a *third-party facilitator service* by means of the internet or a mobile application to facilitate the sale of beer or wine or spirits, as applicable, to be delivered to the home or designated location of a consumer. The code also allows a third-party facilitator to deliver beer and wine to a consumer on behalf of the SDM or spirits on behalf of the SDD, if it verifies that the individual accepting delivery is at least 21 years old and other conditions are met.

An *SDM* license allows the sale of beer and wine for off-premises consumption.

An *SDD* license allows the sale of spirits and mixed spirit drink in the original package for off-premises consumption. (Spirits refers to such products as whiskey, gin, and vodka.)

*Third party facilitator service* means a person licensed by the Liquor Control Commission (LCC) to do any of the following:

- Facilitate the sale of beer, wine, or spirits to a consumer on behalf of a retailer that holds an SDM or SDD license, respectively, located in Michigan.
- Deliver beer, wine, or spirits to a consumer on behalf of a retailer that holds an SDM or SDD license, respectively, located in Michigan.

**House Bill 5342** would amend section 203 of the Liquor Control Code to define “facilitate” as advertising on behalf of a retailer, by means of the internet or mobile application, and pursuant to a written or oral agreement, the brands and prices of beer, wine, or spirits products sold by a retailer and one or more of the following:

- Assisting the retailer, in any manner, in the arrangement of delivery as allowed in section 203.
- Assisting the retailer, in any manner, in the processing of payment by the consumer for the beer, wine, or spirits.
- Transmitting customer information to the retailer.

The term would not include web designing, operating an internet search engine, or publishing an internet version of a newspaper.

In addition, the bill would eliminate the definition of “qualified micro brewer,” which currently means a micro brewer that produces in total less than 1,000 barrels of beer per year. Section 203(19) would also be deleted from the code. Section 203(19) allows a qualified micro brewer, or a substantially equivalent out-of-state entity, to sell and deliver beer to a retailer in Michigan if certain conditions are met.

The bill would also make several revisions of a technical nature.

MCL 436.1203

**House Bill 5344** would amend the Liquor Control Code to eliminate provisions allowing refunds for beer or wine, under certain conditions, to retailers by a manufacturer that sells directly to a retailer under section 203(19). Section 203(19) would be deleted from the statute under House Bill 5342.

MCL 436.1609c

#### **FISCAL IMPACT:**

House Bills 5342 and 5344 would not have significant fiscal impacts on the Department of Licensing and Regulatory Affairs or any other unit of state or local government.

Legislative Analyst: Susan Stutzky  
Fiscal Analyst: Marcus Coffin

---

■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.