

SENATE BILL NO. 897

April 28, 2020, Introduced by Senator LASATA 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 536 (MCL 436.1536), as amended by 2019 PA 131.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 536. (1) Except as provided in section 105(13), the
2 commission shall allow a person to be licensed as more than 1 type
3 of manufacturer in this state.

4 (2) A person that holds more than 1 type of manufacturing
5 license in this state shall meet all applicable provisions of this
6 act for each type of manufacturing license the person holds.

1 (3) Subject to the requirements of this section and section
2 537, the commission may approve a licensed manufacturer to operate
3 1 or more tasting rooms.

4 (4) Brewers and micro brewers ~~shall~~**must** not have more
5 approved tasting rooms than allowed in section 411.

6 (5) A tasting room may be jointly operated by 2 or more
7 manufacturers if either of the following conditions is met:

8 (a) The manufacturers are owned by the same person and their
9 manufacturing premises share the same address.

10 (b) The manufacturers are not owned by the same person and
11 their manufacturing premises do not share the same address.

12 (6) A tasting room is treated as licensed premises for
13 purposes of this act.

14 (7) An approved tasting room located on the manufacturing
15 premises of 1 or more manufacturers that are owned by the same
16 person and whose manufacturing premises share the same address must
17 comply with all of the following:

18 (a) The commission must approve and issue an on-premises
19 tasting room permit to the manufacturer or manufacturers.

20 (b) The manufacturer or manufacturers must pay the \$100.00
21 initial permit fee, which is renewable annually.

22 (c) The manufacturer or manufacturers must be approved for the
23 on-premises tasting room permit by the local legislative body in
24 which the proposed licensed premises will be located, except in a
25 city having a population of 600,000 or more or as provided in
26 subsection ~~(17)~~**(18)**.

27 (d) The manufacturer or manufacturers must comply with the
28 server training requirements of section 906.

29 (e) The manufacturer or manufacturers must file with the

1 commission proof of financial responsibility providing security for
2 liability under section 801(2) of not less than \$50,000.00 as
3 provided in section 803.

4 (f) A separate on-premises tasting room permit is not required
5 for each license type for a person licensed by the commission under
6 any combination of brewer, micro brewer, wine maker, small wine
7 maker, distiller, small distiller, brandy manufacturer, or mixed
8 spirit drink manufacturer licenses issued to that person at the
9 same manufacturing premises.

10 (g) The commission shall not issue to a manufacturer or
11 manufacturers a Sunday sales permit, catering permit, dance permit,
12 entertainment permit, specific purpose permit, extended hours
13 permit, or authorization for outdoor service unless the commission
14 has issued an on-premises tasting room permit to the manufacturer
15 or manufacturers. A Sunday sales permit, catering permit, dance
16 permit, entertainment permit, specific purpose permit, extended
17 hours permit, or authorization for outdoor service may be issued
18 concurrently with the issuance of an on-premises tasting room
19 permit.

20 (h) A brewer, micro brewer, wine maker, small wine maker,
21 distiller, small distiller, brandy manufacturer, or mixed spirit
22 drink manufacturer may own and operate a restaurant or allow
23 another person to operate a restaurant as part of the on-premises
24 tasting room on the manufacturing premises. If the brewer, micro
25 brewer, wine maker, small wine maker, distiller, small distiller,
26 brandy manufacturer, or mixed spirit drink manufacturer allows
27 another person to operate a restaurant on the manufacturing
28 premises, the brewer, micro brewer, wine maker, small wine maker,
29 distiller, small distiller, brandy manufacturer, or mixed spirit

1 drink manufacturer must hold a participation permit naming as a
2 participant the other person. The other person must meet the
3 requirements for a participant in R 436.1041(3) of the Michigan
4 Administrative Code.

5 (8) Subject to subsection (10), an approved tasting room
6 located off the manufacturing premises of 1 or more manufacturers,
7 other than a brewer, micro brewer, or mixed spirit drink
8 manufacturer, that are owned by the same person and whose
9 manufacturing premises share the same address must comply with all
10 of the following:

11 (a) The commission must approve and issue an off-premises
12 tasting room license to the manufacturer or manufacturers.

13 (b) The manufacturer or manufacturers must pay the \$100.00
14 initial license fee, which is renewable annually.

15 (c) The manufacturer or manufacturers must be approved for the
16 off-premises tasting room license by the local legislative body in
17 which the proposed licensed premises will be located, except in a
18 city having a population of 600,000 or more or as provided in
19 subsection ~~(17)~~-(18) .

20 (d) The manufacturer or manufacturers must comply with the
21 server training requirements of section 906 at the off-premises
22 tasting room.

23 (e) The manufacturer or manufacturers must file with the
24 commission proof of financial responsibility providing security for
25 liability under section 801(2) of not less than \$50,000.00 as
26 provided in section 803 for the off-premises tasting room.

27 (f) A separate off-premises tasting room license is not
28 required for each license type for a person licensed by the
29 commission under any combination of wine maker, small wine maker,

1 distiller, small distiller, or brandy manufacturer licenses issued
2 to that person at the same manufacturing premises.

3 (g) The commission shall not issue to a manufacturer or
4 manufacturers a Sunday sales permit, catering permit, dance permit,
5 entertainment permit, specific purpose permit, extended hours
6 permit, authorization for outdoor service, or permission to
7 maintain a direct connection to unlicensed premises unless the
8 commission has issued an off-premises tasting room license to the
9 manufacturer or manufacturers. A Sunday sales permit, catering
10 permit, dance permit, entertainment permit, specific purpose
11 permit, extended hours permit, authorization for outdoor service,
12 or permission to maintain a direct connection to unlicensed
13 premises may be issued concurrently with the issuance of an off-
14 premises tasting room license.

15 (9) Subject to subsection (10), an approved jointly operated
16 tasting room located off the manufacturing premises of 2 or more
17 manufacturers, other than a brewer, micro brewer, or mixed spirit
18 drink manufacturer, that are not owned by the same person and whose
19 manufacturing premises do not share the same address must comply
20 with all of the following:

21 (a) The commission must approve and issue a joint off-premises
22 tasting room license to each of the manufacturers.

23 (b) Each manufacturer must pay the \$100.00 initial license
24 fee, which is renewable annually.

25 (c) Each manufacturer must be approved for a joint off-
26 premises tasting room license by the local legislative body in
27 which the proposed licensed premises will be located, except in a
28 city having a population of 600,000 or more or as provided in
29 subsection ~~(17)~~. **(18)**.

1 (d) Each manufacturer must comply with the server training
2 requirements of section 906 at the jointly operated off-premises
3 tasting room.

4 (e) Each manufacturer must file with the commission proof of
5 financial responsibility providing security for liability under
6 section 801(2) of not less than \$50,000.00 as provided in section
7 803 for the jointly operated off-premises tasting room.

8 (f) Any management agreements with an unlicensed manager of
9 the jointly operated off-premises tasting room must comply with the
10 requirements of R 436.1041 of the Michigan Administrative Code and
11 all the manufacturers must hold a participation permit naming as a
12 participant the unlicensed manager. The unlicensed manager must
13 meet the requirements for a participant in R 436.1041(3) of the
14 Michigan Administrative Code.

15 (g) A Sunday sales permit, dance permit, entertainment permit,
16 specific purpose permit, extended hours permit, authorization for
17 outdoor service, or permission to maintain a direct connection to
18 unlicensed premises may be issued in conjunction with a jointly
19 operated off-premises tasting room. All manufacturers licensed at
20 the jointly operated off-premises tasting room location must hold
21 the same permits, permissions, and authorizations at the location.

22 (h) A violation of this act or the administrative rules by any
23 manufacturer on the premises of the jointly operated off-premises
24 tasting room is a violation by all the manufacturers licensed at
25 the jointly operated off-premises tasting room.

26 (10) Approved off-premises tasting rooms or jointly operated
27 off-premises tasting rooms described in subsections (8) and (9)
28 must comply with all of the following:

29 (a) A wine maker, small wine maker, distiller, small

1 distiller, or brandy manufacturer may have 1 of the following:

2 (i) No more than 5 off-premises tasting room licenses issued
3 under subsection (8) under which alcoholic liquor manufactured by
4 the wine maker, small wine maker, distiller, small distiller, or
5 brandy manufacturer may be sold by the glass for consumption on the
6 premises or samples may be sold or given away for consumption on
7 the premises as provided in subsection (14)(b) and (c).

8 (ii) No more than 5 joint off-premises tasting room licenses
9 issued under subsection (9) under which alcoholic liquor
10 manufactured by the wine maker, small wine maker, distiller, small
11 distiller, or brandy manufacturer may be sold by the glass for
12 consumption on the premises or samples may be sold or given away
13 for consumption on the premises as provided in subsection (14)(b)
14 and (c).

15 (iii) A combination of no more than 5 off-premises tasting room
16 licenses issued under subsection (8) and joint off-premises tasting
17 room licenses issued under subsection (9) under which alcoholic
18 liquor manufactured by the wine maker, small wine maker, distiller,
19 small distiller, or brandy manufacturer may be sold by the glass
20 for consumption on the premises or samples may be sold or given
21 away for consumption on the premises as provided in subsection
22 (14)(b) and (c).

23 (iv) No more than the equivalent number of off-premises tasting
24 room licenses issued under subsection (8), joint off-premises
25 tasting room licenses issued under subsection (9), or a combination
26 of off-premises tasting room licenses issued under subsection (8)
27 and joint off-premises tasting room licenses issued under
28 subsection (9) that were issued before October 1, 2018 under which
29 alcoholic liquor manufactured by the wine maker, small wine maker,

1 distiller, small distiller, or brandy manufacturer may be sold by
2 the glass for consumption on the premises or samples may be sold or
3 given away for consumption on the premises as provided in
4 subsection (14)(b) and (c).

5 (b) Notwithstanding the limitation in subdivision (a), a wine
6 maker, small wine maker, distiller, small distiller, or brandy
7 manufacturer may have any number of off-premises tasting room
8 licenses or joint off-premises tasting room licenses under which
9 alcoholic liquor manufactured by the wine maker, small wine maker,
10 distiller, small distiller, or brandy manufacturer may only be sold
11 or given away as samples for consumption on the premises as
12 provided in subsection (14)(d).

13 (c) A wine maker, small wine maker, distiller, small
14 distiller, or brandy manufacturer must designate at the time of
15 application whether the tasting room location for which the off-
16 premises tasting room license or the joint off-premises tasting
17 room license application is being made will sell by the glass as
18 provided in subdivision (a) or provide only samples as provided in
19 subdivision (b). The designation made for the off-premises tasting
20 room license or the joint off-premises tasting room license must
21 not be changed after the license has been issued.

22 (d) All wine makers, small wine makers, distillers, small
23 distillers, or brandy manufacturers licensed at the same approved
24 jointly operated off-premises tasting room must have an identical
25 designation under subdivision (c).

26 (e) A wine maker, small wine maker, distiller, small
27 distiller, or brandy manufacturer that has an off-premises tasting
28 room or jointly operated off-premises tasting room location that
29 was approved by the commission before December 19, 2018 must submit

1 to the commission in writing a designation as required under
2 subdivision (c) by April 1, 2019.

3 (11) A wine maker, small wine maker, brewer, micro brewer,
4 distiller, small distiller, brandy manufacturer, or mixed spirit
5 drink manufacturer may add a nonalcoholic mixing ingredient or an
6 alcoholic mixing ingredient manufactured by the wine maker, small
7 wine maker, brewer, micro brewer, distiller, small distiller,
8 brandy manufacturer, or mixed spirit drink manufacturer to sampled
9 or purchased alcoholic liquor if the sampled or purchased alcoholic
10 liquor is consumed on the premises of the approved tasting room.

11 (12) A manufacturer is not a retailer under this act merely
12 because the manufacturer has a tasting room.

13 (13) A manufacturer with an approved tasting room may sample
14 and sell alcoholic liquor only as specifically allowed in this act.

15 (14) A manufacturer may do all of the following:

16 (a) Sell alcoholic liquor it manufactured for consumption off
17 the premises in an approved tasting room under subsections (7) to
18 (9).

19 (b) Subject to subsection (10)(a), sell alcoholic liquor it
20 manufactured by the glass for consumption on the premises of an
21 approved tasting room under subsections (7) to (9).

22 (c) Subject to subsection (10)(a), sell or give away samples
23 of any size of alcoholic liquor it manufactured for consumption on
24 the premises of an approved tasting room under subsections (7) to
25 (9).

26 (d) Subject to subsection (10)(b), sell or give away samples
27 of alcoholic liquor it manufactured for consumption on the premises
28 of an approved tasting room under subsections (8) and (9) under all
29 of the following conditions:

1 (i) A wine maker or small wine maker may offer samples of wine
2 that do not exceed 3 ounces per sample.

3 (ii) A brandy manufacturer may offer samples of brandy that do
4 not exceed 1/2 ounce per sample.

5 (iii) A distiller or small distiller may offer samples of
6 spirits or mixed drinks that do not exceed 1/2 ounce per sample.

7 (15) An on-premises tasting room permit issued under
8 subsection (7) and an off-premises tasting room license issued
9 under subsection (8) may be held in conjunction at the same
10 location by the same person if either of the following conditions
11 are met:

12 (a) The person holds the on-premises tasting room permit
13 issued under subsection (7) in conjunction with a brewer or micro
14 brewer license only and no other manufacturing license, and the
15 off-premises tasting room license issued under subsection (8) at
16 the same location.

17 (b) Both of the following conditions are met:

18 (i) The person holds an on-premises tasting room permit issued
19 under subsection (7) in conjunction with a micro brewer, small
20 distiller, or small wine maker license, or any combination of micro
21 brewer, small distiller, or small wine maker license, and the off-
22 premises tasting room license issued under subsection (8) at the
23 same location.

24 (ii) The commission issued to the person both the permit and
25 applicable licenses described in subparagraph (i), or their
26 equivalent at the time of issuance, before October 1, 2018.

27 (16) ~~(15)~~ A manufacturer issued a license before December 19,
28 2018 that intends to sell for consumption off its licensed premises
29 or sell, serve, and allow consumption on its licensed premises of

1 alcoholic liquor as allowed under this section and section 537 must
2 comply with this section by April 1, 2019.

3 **(17)** ~~(16)~~—The revenue received from subsection (7) must be
4 deposited into the liquor control enforcement and license
5 investigation revolving fund under section 543(9).

6 **(18)** ~~(17)~~—Local approval under subsection (7)(c), (8)(c), or
7 (9)(c) is not required for a tasting room that was in existence
8 before December 19, 2018.