

**STATE OF MICHIGAN
100TH LEGISLATURE
REGULAR SESSION OF 2020**

Introduced by Senators VanderWall, Moss and Schmidt

ENROLLED SENATE BILL No. 1139

AN ACT to amend 1998 PA 58, entitled “An act to create a commission for the control of the alcoholic beverage traffic within this state, and to prescribe its powers, duties, and limitations; to provide for powers and duties for certain state departments and agencies; to impose certain taxes for certain purposes; to provide for the control of the alcoholic liquor traffic within this state and to provide for the power to establish state liquor stores; to prohibit the use of certain devices for the dispensing of alcoholic vapor; to provide for the care and treatment of alcoholics; to provide for the incorporation of farmer cooperative wineries and the granting of certain rights and privileges to those cooperatives; to provide for the licensing and taxation of activities regulated under this act and the disposition of the money received under this act; to prescribe liability for retail licensees under certain circumstances and to require security for that liability; to provide procedures, defenses, and remedies regarding violations of this act; to provide for the enforcement and to prescribe penalties for violations of this act; to provide for allocation of certain funds for certain purposes; to provide for the confiscation and disposition of property seized under this act; to provide referenda under certain circumstances; and to repeal acts and parts of acts,” by amending sections 105, 107, 109, 111, 113, 113a, 204, 301, 303, 307, 502, 504, 518, 521, 525, 532, 536, 537, 545, 601, 603, 605, 607, 608, 610, 610a, 611, 914b, 1019, 1025, 1027, 1101, 1103, 1105, 1113, 1114, and 1115 (MCL 436.1105, 436.1107, 436.1109, 436.1111, 436.1113, 436.1113a, 436.1204, 436.1301, 436.1303, 436.1307, 436.1502, 436.1504, 436.1518, 436.1521, 436.1525, 436.1532, 436.1536, 436.1537, 436.1545, 436.1601, 436.1603, 436.1605, 436.1607, 436.1608, 436.1610, 436.1610a, 436.1611, 436.1914b, 436.2019, 436.2025, 436.2027, 436.2101, 436.2103, 436.2105, 436.2113, 436.2114, and 436.2115), section 105 as amended by 2018 PA 414, section 107 as amended by 2019 PA 126, section 109 as amended by 2020 PA 120, section 111 as amended by 2020 PA 115, section 113 as amended by 2018 PA 405, section 113a as amended by 2018 PA 416, section 204 as added by 2018 PA 178, section 301 as amended by 2020 PA 110, section 303 as amended by 2018 PA 154, section 307 as amended by 2020 PA 114, section 502 as amended by 2020 PA 112, section 504 as added by 2020 PA 80, section 518 as amended by 2010 PA 279, section 521 as amended by 2006 PA 502, section 525 as amended by 2016 PA 434, section 532 as amended by 2018 PA 104, section 536 as amended by 2020 PA 126, section 537 as amended by 2020 PA 117, section 545 as amended by 2016 PA 328, section 601 as amended by 2019 PA 125, section 603 as amended by 2018 PA 407, section 605 as amended by 2014 PA 45, section 607 as amended by 2018 PA 417, section 608 as added by 2019 PA 127, section 610 as added by 2016 PA 106, section 610a as added by 2017 PA 131, section 914b as added by 2018 PA 346, sections 1025 and 1027 as amended by 2019 PA 131, sections 1113 and 1114 as amended by 2011 PA 27, and section 1115 as amended by 2010 PA 213.

The People of the State of Michigan enact:

Sec. 105. (1) “Alcohol” means the product of distillation of fermented liquid, whether or not rectified or diluted with water, but does not mean ethyl or industrial alcohol, diluted or not, that has been denatured or otherwise rendered unfit for beverage purposes.

(2) “Alcohol vapor device” means any device that provides for the use of air or oxygen bubbled through alcoholic liquor to produce a vapor or mist that allows the user to inhale this alcoholic vapor through the mouth or nose.

(3) “Alcoholic liquor” means any spirituous, vinous, malt, or fermented liquor, powder, liquids, and compounds, whether or not medicated, proprietary, patented, and by whatever name called, containing 1/2 of 1% or more of alcohol by volume that are fit for use for food purposes or beverage purposes as defined and classified by the commission according to alcoholic content as belonging to 1 of the varieties defined in this chapter.

(4) “Alternating proprietorship” means 1 of the following:

(a) An arrangement in which 2 or more wine makers or small wine makers take turns using the same space and equipment to manufacture wine as defined in section 113(9)(a) or 113a(9)(a) under section 603(9)(a) and in accordance with 27 CFR 24.136.

(b) An arrangement in which 2 or more brewers or micro brewers take turns using the same space and equipment to manufacture beer pursuant to section 603(9)(b) and in accordance with 27 CFR 25.52.

(5) “Approved tasting room” means a tasting room that is approved by the commission.

(6) “Authorized distribution agent” means a person approved by the commission to do 1 or more of the following:

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

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

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

(7) “Bar” means a barrier or counter at which alcoholic liquor is sold to, served to, or consumed by customers.

(8) “Beer” means a beverage obtained by alcoholic fermentation of an infusion or decoction of barley, malt, hops, sugar, or other cereal in potable water.

(9) “Bottle” or “bottling” means a process, separate from manufacturing, using owned or leased equipment to fill and seal a container, including a keg, with alcoholic liquor for sale at wholesale or retail in accordance with this act. Bottle or bottling does not include filling a growler for sale at retail.

(10) “Brand” means any word, name, group of letters, symbol, trademark, or combination thereof adopted and used by a supplier to identify a specific beer, malt beverage, wine, or mixed wine drink product and to distinguish that product from another beer, malt beverage, wine, or mixed wine drink product that is produced or marketed by that or another supplier. As used in this subsection, “supplier” means a brewer, micro brewer, an outstate seller of beer, a wine maker, a small wine maker, an outstate seller of wine, a manufacturer of mixed wine drink, or an outstate seller of a mixed wine drink.

(11) “Brand extension” means any brand that incorporates all or a substantial part of the unique features of a preexisting brand of the same supplier. As used in this subsection, “supplier” means a brewer, micro brewer, an outstate seller of beer, a wine maker, a small wine maker, an outstate seller of wine, a manufacturer of mixed wine drink, or an outstate seller of a mixed wine drink.

(12) “Brandy” means an alcoholic liquor as defined in 27 CFR 5.22(d).

(13) “Brandy manufacturer” means a wine maker or a small wine maker licensed under this act to manufacture brandy. A wine maker or small wine maker authorized to manufacture brandy shall not manufacture any other spirits. The commission may approve a brandy manufacturer to sell brandy that it manufactures at retail in accordance with section 537.

(14) “Brewer” means a person located in this state that is licensed to manufacture beer and sell at retail in accordance with section 537 and to licensed wholesalers beer manufactured by the person.

(15) “Brewpub” means a license issued in conjunction with a class C, tavern, class A hotel, or class B hotel license that authorizes the person licensed with the class C, tavern, class A hotel, or class B hotel to manufacture and brew not more than 18,000 barrels of beer per calendar year in this state and sell at its licensed premises the beer produced for consumption on or off the licensed brewery premises in the manner provided for in sections 405, 407, and 537.

Sec. 107. (1) “Cash” means money in hand, bank notes, demand deposits at a bank, or legal tender, that a creditor must accept according to law. Cash does not include call loans, postdated checks, or promissory notes.

(2) “Class C license” means a place licensed to sell at retail beer, wine, and spirits for consumption on the premises.

(3) “Class G-1 license” means a place licensed to sell at retail beer, wine, and spirits for consumption on the premises at a golf course having at least 18 holes that measure at least 5,000 yards and which license is issued only to a facility that permits member access by means of payments that include annual paid membership fees.

(4) “Class G-2 license” means a place licensed to sell at retail beer and wine for consumption on the premises at a golf course having at least 18 holes that measure at least 5,000 yards and which license is issued only to a facility that permits member access by means of payments that include annual paid membership fees.

(5) “Club” means a nonprofit association, whether incorporated or unincorporated, organized for the promotion of some common purpose, the object of which is owning, hiring, or leasing a building, or space in a building, of an extent and character as in the judgment of the commission may be suitable and adequate for the reasonable and comfortable use and accommodation of its members and their guests, but does not include an association organized for a commercial or business purpose.

(6) “Commission” means the liquor control commission created in section 209.

(7) “Church” means an entire house or structure set apart primarily for use for purposes of public worship, and that is tax exempt under the laws of this state, and in which religious services are held and with which a clergyman is associated, and the entire structure of which is kept for that use and not put to any other use inconsistent with that use.

(8) “Distiller” means a person licensed to manufacture and sell spirits or alcohol, or both, of any kind.

(9) “Hotel” means a building or group of buildings located on the same or adjoining pieces of real property, that provide lodging to travelers and temporary residents and that may also provide food service and other goods and services to registered guests and to the public.

(10) “Class A hotel” means a hotel licensed by the commission to sell beer and wine for consumption on the premises only, that provides for the rental of, and maintains the availability for rental of, not less than 25 bedrooms if located in a local governmental unit with a population of less than 175,000 or not less than 50 bedrooms if located in a local governmental unit with a population of 175,000 or more.

(11) “Class B hotel” means a hotel licensed by the commission to sell beer, wine, and spirits for consumption on the premises only, that provides for the rental of, and maintains the availability for rental of, not less than 25 bedrooms if located in a local governmental unit with a population of less than 175,000 or not less than 50 bedrooms if located in a local governmental unit with a population of 175,000 or more.

(12) “Financial records” means any document or summary of information contained in a document, including electronic documents, that contains information about the financial activities or position of a person including, but not limited to, information about the assets, balance sheets, budgets, cash flow, earnings, revenue, expenditures, income, investments, losses, liabilities, payroll, profits, retained earnings, or taxes.

(13) “License” means a contract between the commission and the licensee granting authority to that licensee to manufacture and sell, or warehouse alcoholic liquor in the manner provided by this act.

Sec. 109. (1) “Manufacture” means to distill, rectify, ferment, brew, make, produce, filter, mix, concoct, process, or blend an alcoholic liquor or to complete a portion of 1 or more of these activities. Manufacture does not include bottling or the mixing or other preparation of drinks for serving by those persons authorized under this act to serve alcoholic liquor for consumption on the licensed premises. In addition, manufacture does not include attaching a label to a shiner. All containers or packages of alcoholic liquor must state clearly the name, city, and state of the bottler.

(2) “Manufacturer” means, except as provided in section 603, a person that manufactures alcoholic liquor, whether located in or out of this state, including, but not limited to, a distiller, a small distiller, a rectifier, a mixed wine drink manufacturer, a wine maker, a small wine maker, a brewer, and a micro brewer.

(3) “Manufacturing premises” means the licensed premises of a manufacturer where the manufacturer manufactures alcoholic liquor or, for a small wine maker only, bottles wine.

(4) “Master distributor” means, except as provided in section 307, a wholesaler that acts in the same or similar capacity as a brewer, wine maker, outstate seller of wine, or outstate seller of beer for a brand or brands of beer or wine to other wholesalers on a regular basis in the normal course of business.

(5) “Micro brewer” means a brewer that manufactures in total less than 60,000 barrels of beer per year and that may sell the beer manufactured to consumers at the licensed brewery premises for consumption on or off the licensed brewery premises and to retailers as provided in section 203a. In determining the 60,000-barrel threshold, all brands and labels of a brewer, whether manufactured in this state or outside this state, must be combined and all facilities for the manufacturing of beer that are owned or controlled by the same person must be treated as a single facility.

(6) “Minor” means an individual less than 21 years of age.

(7) “Mixed wine drink” means a drink or similar product marketed as a wine cooler that contains less than 7% alcohol by volume, consists of wine and plain, sparkling, or carbonated water, and contains any 1 or more of the following:

(a) Nonalcoholic beverages.

- (b) Flavoring.
- (c) Coloring materials.
- (d) Fruit juices.
- (e) Fruit adjuncts.
- (f) Sugar.
- (g) Carbon dioxide.
- (h) Preservatives.

(8) “Outstate self-distributor” means a person located in another state that is the substantial equivalent of a micro brewer, small distiller, or small wine maker licensed by the commission to sell alcoholic liquor that the person manufactured outside this state directly to a retailer under sections 203(20), 203a, and 203b in accordance with rules promulgated by the commission. An applicant for an outstate self-distributor license must submit a copy of its federal basic permit or brewer’s notice and its manufacturing license from the state of issuance.

(9) “Outstate seller of beer” means a person licensed by the commission to sell beer that has not been manufactured in this state, or beer that the person purchased from a limited production manufacturer, to a wholesaler in this state in accordance with rules promulgated by the commission. As used in this subsection, “limited production manufacturer” means a person licensed under section 504.

(10) “Outstate seller of wine” means a person licensed by the commission to sell wine that has not been manufactured in this state to a wholesaler in this state in accordance with rules promulgated by the commission and to sell sacramental wine as provided in section 301. An outstate seller of wine is subject to the administrative rules applicable to wine manufacturing and labeling for wine as defined in section 113(9)(a) or 113a(9)(a). An outstate seller of wine is subject to the administrative rules applicable to spirits manufacturing and labeling for wine as defined in section 113(9)(b) or 113a(9)(b). An outstate seller of wine that sells only wine as defined in section 113(9)(b) or 113a(9)(b) is not subject to the administrative rules applicable to wine manufacturing and labeling for wine as defined in section 113(9)(a) or 113a(9)(a). The commission shall reclassify an outstate seller of mixed spirit drink license issued before May 1, 2021 to an outstate seller of wine license upon the licensee demonstrating that it will comply with the administrative rules applicable to spirits manufacturing and labeling for wine as defined in section 113(9)(b) or 113a(9)(b).

Sec. 111. (1) “Person” means an individual, firm, partnership, limited partnership, association, limited liability company, or corporation.

(2) “Primary source of supply” means, for domestic spirits, the distiller, producer, owner of the commodity at the time it becomes a marketable product, or bottler, or the exclusive agent of the distiller, producer, owner of the commodity at the time it becomes a marketable product, or bottler, and, for spirits imported into the United States, either the foreign distiller, producer, owner, or bottler, or the prime importer for, or the exclusive agent in the United States of, the foreign distiller, producer, owner, or bottler.

(3) “Professional account” means an account established for a person by a class C licensee or tavern licensee whose major business is the sale of food, by which the licensee extends credit to the person for not more than 30 days.

(4) “Residence” means the premises in which a person resides permanently.

(5) “Restaurant” means a food service establishment defined and licensed under the food law, 2000 PA 92, MCL 289.1101 to 289.8111. A restaurant that does not hold a license issued by the commission under this act shall not manufacture, market, deliver, or sell alcoholic liquor in this state.

(6) “Retailer” means a person licensed by the commission that sells to the consumer in accordance with rules promulgated by the commission. Retailer includes a brewpub but does not include a manufacturer or supplier, as defined in section 603, that is allowed as a condition of its license to sell to consumers in this state.

(7) “Sacramental wine” means wine containing not more than 24% of alcohol by volume that is used for sacramental purposes.

(8) “Sale” includes the exchange, barter, traffic, furnishing, delivery, or giving away of alcoholic liquor. For a sale in which a shipment or delivery of alcoholic liquor is made by a common or other carrier, the sale of the alcoholic liquor is considered to be made in the county within which the delivery of the alcoholic liquor is made by that carrier to the consignee or his or her agent or employee, and venue for the prosecution for that sale may be in the county or city where the seller resides or from which the shipment is made or at the place of delivery.

(9) “School” includes buildings used for school purposes to provide instruction to children in grades kindergarten through 12, if that instruction is provided by a public, private, denominational, or parochial school, except those buildings used primarily for adult education or college extension courses. School does not include a proprietary trade or occupational school.

(10) “Shiner” means an unlabeled, sealed container of wine, including a keg, that is sold by a wine maker, small wine maker, or out-of-state entity that is the substantial equivalent of a wine maker or small wine maker to another wine maker, small wine maker, or out-of-state entity that is the substantial equivalent of a wine maker or small wine maker. The purchasing wine maker or small wine maker must attach a label to the container using equipment owned or leased by the purchasing wine maker or small wine maker, register the wine label with the commission, and sell it as provided for in this act.

(11) “Small distiller” means a manufacturer of spirits annually manufacturing in this state not more than 60,000 gallons of spirits, of all brands combined.

(12) “Small wine maker” means a wine maker manufacturing or bottling not more than 50,000 gallons of wine in 1 calendar year. A small wine maker is not required to bottle wine it manufactures. A small wine maker that manufactures only wine as defined in section 113(9)(b) or 113a(9)(b) is not subject to the administrative rules applicable to wine manufacturing and labeling for wine as defined in section 113(9)(a) or 113a(9)(a). The commission shall reclassify a manufacturer of mixed spirit drink license issued before May 1, 2021 to a small wine maker license upon the licensee demonstrating that it will comply with the administrative rules applicable to spirits manufacturing and labeling for wine as defined in section 113(9)(b) or 113a(9)(b).

(13) “Special license” means a contract between the commission and the special licensee granting authority to that licensee to sell beer, wine, or spirits. The license must be granted only to the persons and the organization and for the period of time that the commission determines if the person or organization is able to demonstrate an existence separate from an affiliated umbrella organization. If such an existence is demonstrated, the commission shall not deny a special license solely by the applicant’s affiliation with an organization that is also eligible for a special license.

(14) “Specially designated distributor” means, subject to section 534, a person engaged in an established business licensed by the commission to distribute spirits in the original package for the commission for consumption off the premises.

(15) “Specially designated merchant” means a person to whom the commission grants a license to sell beer, or wine, or both, at retail for consumption off the licensed premises.

(16) “Spirits” means a beverage that contains alcohol obtained by distillation, mixed with potable water or other substances, or both, in solution, and includes wine containing an alcoholic content of more than 21% by volume, except sacramental wine and mixed spirit drink.

(17) “State liquor store” means a store established by the commission under this act for the sale of spirits in the original package for consumption off the premises.

(18) “Successor to a supplier that continues in business” means a supplier that acquires a brand or brands from another supplier and remains in business after it acquires that brand or brands. As used in this subsection, “supplier” means any of the following:

- (a) Brewer.
 - (b) Outstate seller of beer.
 - (c) Master distributor.
 - (d) Wine maker.
 - (e) Outstate seller of wine.
- (19) “Supplier of spirits” means a vendor of spirits, a manufacturer of spirits, or a primary source of supply.

Sec. 113. (1) “Tasting room” means any of the following locations:

(a) A location on the manufacturing premises of a brewer or micro brewer where the brewer or micro brewer may provide samples of or sell at retail for consumption on or off the premises, or both, beer it manufactures.

(b) A location on or off the manufacturing premises of a wine maker or small wine maker where the wine maker or small wine maker may provide samples of or sell at retail for consumption on or off the premises, or both, shiners, wine it manufactured, or, for a small wine maker only, wine it bottled.

(c) A location on or off the manufacturing premises of a distiller or small distiller where the distiller or small distiller may provide samples of or sell at retail for consumption on or off the premises, or both, spirits it manufactured.

(d) A location on or off the manufacturing premises of a brandy manufacturer where the brandy manufacturer may provide samples of or sell at retail for consumption on or off the premises, or both, brandy it manufactured.

(2) “Tavern” means any place licensed to sell at retail beer and wine for consumption on the premises only.

(3) “Vehicle” means any means of transportation by land, by water, or by air.

(4) “Vendor” means a person licensed by the commission to sell alcoholic liquor.

(5) “Vendor of spirits” means a person selling spirits to the commission.

(6) “Warehouse” means a premises or place primarily constructed, used, or provided with facilities for the storage in transit or other temporary storage of perishable goods or for the conduct of a warehousing business, or for both.

(7) “Warehouser” means a licensee authorized by the commission to store alcoholic beverages, but prohibited from making sales or deliveries to retailers unless the licensee is also the holder of a wholesaler or manufacturer license issued by the commission.

(8) “Wholesaler” means a person that is licensed by the commission and sells beer or wine only to retailers or other licensees, and that sells sacramental wine as provided in section 301. A wholesaler includes a person that may also act as a master distributor unless prohibited from doing so by its supplier or manufacturer in a written agreement required by either section 305(3)(i) or 403(3)(i) and, by mutual agreement with an outstate seller of beer or wine, can be authorized by the outstate seller of beer or wine to do, in the manner prescribed by the commission, either or both of the following:

(a) Register with this state the labels of the outstate seller of beer or wine.

(b) On behalf of the outstate seller of beer or wine, collect excise taxes levied by this state and remit the taxes to the commission.

(9) “Wine” means either of the following:

(a) A product manufactured by the normal alcoholic fermentation of the juice of sound, ripe grapes, or any other fruit with the usual cellar treatment, and containing not more than 21% of alcohol by volume, including cider made from apples or pears, or both, that contains at least 1/2 of 1% of alcohol by volume, or mead or honey wine made from honey, fermented fruit juices other than grapes, and mixed wine drinks.

(b) A product that contains 16% or less alcohol by volume consisting of spirits mixed with nonalcoholic beverages or flavoring or coloring materials and that may also contain 1 or more of the following:

(i) Water.

(ii) Fruit juices.

(iii) Fruit adjuncts.

(iv) Sugar.

(v) Carbon dioxide.

(vi) Preservatives.

(10) “Wine maker” means a person licensed by the commission to manufacture wine and to sell that wine to a wholesaler, to a consumer by direct shipment other than wine as defined in subsection (9)(b), at retail at an approved tasting room under section 536, to sell that wine other than wine as defined in subsection (9)(b) to a retailer, and as provided for in section 537. A wine maker is subject to the administrative rules applicable to wine manufacturing and labeling for wine as defined in subsection (9)(a). A wine maker is subject to the administrative rules applicable to spirits manufacturing and labeling for wine as defined in subsection (9)(b).

Sec. 113a. (1) “Tasting room” means any of the following locations:

(a) A location on the manufacturing premises of a brewer or micro brewer where the brewer or micro brewer may provide samples of or sell at retail for consumption on or off the premises, or both, beer it manufactures.

(b) A location on or off the manufacturing premises of a wine maker or small wine maker where the wine maker or small wine maker may provide samples of or sell at retail for consumption on or off the premises, or both, shiners, wine it manufactured, or, for a small wine maker only, wine it bottled.

(c) A location on or off the manufacturing premises of a distiller or small distiller where the distiller or small distiller may provide samples of or sell at retail for consumption on or off the premises, or both, spirits it manufactured.

(d) A location on or off the manufacturing premises of a brandy manufacturer where the brandy manufacturer may provide samples of or sell at retail for consumption on or off the premises, or both, brandy it manufactured.

(2) “Tavern” means any place licensed to sell at retail beer and wine for consumption on the premises only.

(3) “Vehicle” means any means of transportation by land, by water, or by air.

(4) “Vendor” means a person licensed by the commission to sell alcoholic liquor.

(5) “Vendor of spirits” means a person selling spirits to the commission.

(6) “Warehouse” means a premises or place primarily constructed, used, or provided with facilities for the storage in transit or other temporary storage of perishable goods or for the conduct of a warehousing business, or for both.

(7) “Warehouser” means a licensee authorized by the commission to store alcoholic liquor, but prohibited from making sales or deliveries to retailers unless the licensee is also the holder of a wholesaler license issued by the commission.

(8) “Wholesaler” means a person that is licensed by the commission and sells beer or wine only to retailers or other licensees, and that sells sacramental wine as provided in section 301. A wholesaler includes a person that may also act as a master distributor unless prohibited from doing so by its supplier or manufacturer in a written agreement required by either section 305(3)(i) or 403(3)(i) and, by mutual agreement with an outstate seller of beer or wine, can be authorized by the outstate seller of beer or wine to do, in the manner provided by the commission, either or both of the following:

(a) Register with this state the labels of the outstate seller of beer or wine.

(b) On behalf of the outstate seller of beer or wine, collect excise taxes levied by this state and remit the taxes to the commission.

(9) “Wine” means either of the following:

(a) A product manufactured by the normal alcoholic fermentation of the juice of sound, ripe grapes, or any other fruit with the usual cellar treatment, and containing not more than 21% of alcohol by volume, including cider made from apples or pears, or both, that contains at least 1/2 of 1% alcohol by volume, or mead or honey wine made from honey, fermented fruit juices other than grapes, and mixed wine drinks.

(b) A product that contains 16% or less alcohol by volume consisting of spirits mixed with nonalcoholic beverages or flavoring or coloring materials and that may also contain 1 or more of the following:

(i) Water.

(ii) Fruit juices.

(iii) Fruit adjuncts.

(iv) Sugar.

(v) Carbon dioxide.

(vi) Preservatives.

(10) “Wine maker” means a person licensed by the commission to manufacture wine, to sell that wine to a wholesaler, to sell that wine other than wine as defined in subsection (9)(b) by direct shipment to a consumer, at retail at an approved tasting room under section 536, and as provided for in section 537 but not to sell wine to a retailer. A wine maker is subject to the administrative rules applicable to wine manufacturing and labeling for wine as defined in subsection (9)(a). A wine maker is subject to the administrative rules applicable to spirits manufacturing and labeling for wine as defined in subsection (9)(b).

Sec. 204. (1) Except for an individual who brings, transports, ships, or imports alcoholic liquor into this state under section 203(8) or (9), as applicable, for a retailer, or for sacramental wines imported under section 301, a person shall not sell, deliver, or import beer or wine in this state unless the person is 1 of the following:

(a) A supplier as that term is defined in section 603.

(b) A licensed direct shipper described in section 203(10).

(c) A wholesaler.

(2) Except for an individual who brings, transports, ships, or imports alcoholic liquor into this state under section 203(8) or (9), as applicable, for a retailer, or for sacramental wines imported under section 301, a person described in subsection (1) may only sell, deliver, or import beer or wine in this state in 1 of the following ways:

(a) A licensed direct shipper may sell to a consumer under section 203.

(b) An outstate seller of beer or outstate seller of wine may deliver the beer or wine to the licensed premises of the wholesalers designated to sell and deliver the beer or wine to the individual licensed location of the retailer in the wholesaler’s sales territory under section 305 or 403, as applicable.

(c) A wholesaler that picks up the beer or wine from the premises of an outstate seller of beer or outstate seller of wine may deliver the beer or wine to the licensed premises of the wholesaler designated to sell and deliver the beer or wine to the individual licensed location of the retailer in the wholesaler’s sales territory under section 305 or 403, as applicable.

(d) An outstate seller of beer or outstate seller of wine may deliver the beer or wine to its licensed premises in this state. However, the beer or wine must be delivered to the licensed premises of the wholesaler designated to sell and deliver the beer or wine to the individual licensed location of the retailer in the wholesaler’s sales territory under section 305 or 403, as applicable.

(e) A brewer or wine maker that has a manufacturing plant located outside of this state may deliver the beer or wine in the manufacturing plant to its licensed premises in this state. However, the beer or wine must be

delivered to the licensed premises of the wholesaler designated to sell and deliver the beer or wine to the individual licensed location of the retailer in the wholesaler's sales territory under section 305 or 403, as applicable.

(f) Except as otherwise provided in this act, a brewer or wine maker may deliver the beer or wine to the licensed premises of the wholesaler designated to sell and deliver the beer or wine to the individual licensed location of the retailer in the wholesaler's sales territory under section 305 or 403, as applicable.

(3) Except as otherwise provided in subsection (4), both of the following apply to beer or wine that is delivered to a wholesaler under this act:

(a) The wholesaler shall maintain the beer or wine on the wholesaler's licensed premises.

(b) The wholesaler shall make the beer or wine maintained on the wholesaler's licensed premises as required under subdivision (a) available for inspection by the commission for at least 24 hours before the wholesaler delivers the beer or wine to a retailer.

(4) For beer or wine that has been delivered to a wholesaler under this act, subsection (3) does not apply and the wholesaler may deliver beer or wine to a retailer if all of the following apply:

(a) Either of the following applies:

(i) The wholesaler cannot fulfill the retailer's order for the beer or wine from the inventory currently available on the wholesaler's licensed premises.

(ii) The wholesaler intends to deliver the beer or wine to a special licensee, including as provided under section 526, before the 24-hour period under subsection (3)(b) has expired.

(b) Either of the following applies:

(i) The beer or wine has been delivered to the address of the wholesaler's licensed premises.

(ii) The wholesaler picked up the beer or wine from the licensed premises of any of the following:

(A) A brewer.

(B) A wine maker.

(C) An outstate seller of beer.

(D) An outstate seller of wine.

(E) A wholesaler.

(c) The wholesaler maintains the invoice of the delivery and attaches documentation to the invoice that details each product and the amount of each product that was not placed on the wholesaler's floor.

(5) This section does not prohibit a brewer, micro brewer, wine maker, small wine maker, or retailer from selling alcoholic liquor or nonalcoholic beverages as provided in this act.

Sec. 301. (1) The commission shall levy and collect on all wine as defined in section 113(9)(a) or 113a(9)(a) containing 16% or less of alcohol by volume sold in this state a tax at the rate of 13.5 cents per liter if sold in bulk and in a like ratio if sold in smaller quantities.

(2) The commission shall levy and collect on all wine as defined in section 113(9)(a) or 113a(9)(a) containing more than 16% of alcohol by volume sold in this state a tax at the rate of 20 cents per liter if sold in bulk and in a like ratio if sold in smaller quantities. The commission shall levy and collect on all wine as defined in section 113(9)(b) or 113a(9)(b) sold in this state a tax at the rate of 20 cents per liter if sold in bulk and in a like ratio if sold in smaller quantities.

(3) Sacramental wine is nontaxable when used by churches. A person may import sacramental wines. The commission shall not impose restrictions on importations of wine for sacramental purposes but may promulgate rules to prevent any abuses that result from the importations. A wholesaler or an outstate seller of wine may sell sacramental wine directly to a church for sacramental purposes.

(4) After January 31, 2015, if the wine is manufactured in this state the tax must be paid by the wine maker who manufactured the wine or if the wine is manufactured outside this state the tax must be paid by the wholesaler assigned to distribute that wine.

(5) On approval by the commission, the department of licensing and regulatory affairs shall incorporate a limited number of farm mutual cooperative wineries as the commission determines to be beneficial to the Michigan grape and fruit industry. These wineries must be licensed under this act and the payment of 1 license fee annually by the corporation authorizes wine making on the premises of the corporation and also on the premises of the grape and fruit growing farmers who are members of or stockholders in the corporation. Upon incorporation of a farmers' cooperative corporation as provided for in this section, the members of or the stockholders in the corporation are certified to be Michigan grape and fruit growing farmers. Wine making by cooperative corporations on farm premises is allowed, but all sales of the wine must be made by the corporation and from the corporation premises.

(6) A wine maker may designate a wholesaler to pay the tax on behalf of the wine maker or manufacturer, respectively. If a wine maker or manufacturer designates a wholesaler to pay the tax on its behalf, that wine maker or manufacturer shall notify the commission of the designation and provide the commission with a copy of its report of wine premises operations that it filed with the Alcohol and Tobacco Tax and Trade Bureau of the United States Department of Treasury for each calendar year. A wholesaler that is responsible for the payment of the tax under this section or that is designated to pay the tax under this section on behalf of the wine maker is only required to pay the tax on the number of liters actually sold by the wholesaler to licensed retailers.

(7) The commission shall establish by rule a method for the collection of the tax levied in this section and reporting requirements for wholesalers, wine makers, and outstate sellers of wine to verify the remission of taxes to this state. Except as otherwise provided in this subsection, the commission shall not require that the tax be paid in less than monthly intervals. Beginning March 15, 2020, the commission shall not require that the tax be paid in less than quarterly intervals. The rules under this subsection must be promulgated pursuant to the administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328.

Sec. 303. (1) The grape and wine industry council created under Executive Reorganization Order No. 2014-2, MCL 333.26253, shall be housed within the department of agriculture and rural development. Beginning on October 1, 2018, the council shall be known as the Michigan craft beverage council and shall consist of the following members:

(a) As a nonvoting member, the director of the department of agriculture and rural development or his or her designee.

(b) Subject to subsection (2), the following voting members, appointed by the governor:

(i) A representative of retail food establishments that hold a specially designated merchant license and sell Michigan wines or beer.

(ii) A representative of restaurants that hold a class C license and serve Michigan wines, beer, or spirits.

(iii) Two representatives of wine makers.

(iv) A representative of wine makers that primarily manufacture cider.

(v) A representative of large brewers.

(vi) One of the following:

(A) A representative of micro brewers.

(B) A representative of brewpub license holders.

(vii) A representative of small distillers.

(viii) A representative of distillers that manufacture more than 60,000 gallons of spirits per year.

(2) The following apply to a member of the council appointed under subsection (1)(b):

(a) The member's principal place of business must be located in this state.

(b) The member must not be a lobbyist or a lobbyist agent as those terms are defined in section 5 of 1978 PA 472, MCL 4.415.

(3) Voting members of the council appointed by the governor under subsection (1) shall serve for terms of 3 years or until a successor is appointed, whichever is later, except that of the voting members first appointed, 3 shall serve for 1 year, 3 shall serve for 2 years, and 3 shall serve for 3 years. A voting member shall not serve more than 2 consecutive terms. A vacancy on the board shall be filled in the same manner as the original appointment. The director of the department of agriculture and rural development is the chairperson of the council.

(4) The council may employ personnel and incur expenses that are necessary to carry out the responsibilities of the council under this act. A member of the council or an employee or agent of the council is not personally liable on the contracts of the council.

(5) A nongovernmental member of the council may receive \$50.00 per day for each day spent in actual attendance at meetings of the council and traveling expenses while on council business in accordance with standard travel regulations of the department of technology, management, and budget.

(6) The council shall maintain accurate books and records, and all money received by the council shall be used to implement and enforce this section. The council may accept money from any source for the purpose of carrying out this section. All money received by the council shall be forwarded to the state treasurer for deposit into the Michigan craft beverage council fund created in section 303a.

(7) Subject to an appropriation, the council shall direct the department of agriculture and rural development to award grants for the following:

(a) Research into both of the following:

(i) Fruits used in winemaking and wines, including, but not limited to, methods of planting, growing, controlling insects and diseases, charting microclimates and locations for growing desirable varieties of fruits

used in winemaking and wines, marketing, processing, distribution, advertising, sales production, and product development.

(ii) Hops, barley, beer, and spirits, including, but not limited to, methods of planting, growing, controlling insects and diseases, marketing, processing, distribution, advertising, sales production, and product development.

(b) Projects that do 1 or more of the following:

(i) Provide the wine industry, including growers, wineries, distributors, and retailers, with information relative to proper methods of handling and selling fruits used in winemaking and wines.

(ii) Provide the brewing and distilling industries, including growers, brewers, distillers, distributors, and retailers, with information relative to proper methods of handling and selling hops, barley, beer, and spirits.

(iii) Provide for market surveys and analyses for purposes of expanding existing markets and creating new and larger markets for Michigan agricultural products such as fruits, hops, and barley, that are used in the production of wine, cider, beer, and spirits.

(iv) Provide for the promotion of the sale of Michigan agricultural products such as fruits, hops, and barley, that are used in the production of wine, cider, beer, and spirits for the purpose of maintaining or expanding present markets and creating new and larger domestic and foreign markets.

(v) Develop and administer financial aid programs to growers of fruits used in winemaking to encourage the increased planting in this state of desirable fruit varieties in microclimates determined to provide the best conditions for producing quality wines.

(vi) Develop and administer financial aid programs to hops growers to encourage increased planting in this state of desirable hops varieties in microclimates determined to provide the best conditions for producing quality beer.

(vii) Develop and administer financial aid programs to barley growers to encourage increased planting in this state of desirable barley varieties in microclimates determined to provide the best conditions for producing quality beer.

(viii) Establish educational partnerships to benefit the beer, wine, cider, and spirits industries.

(8) The department of agriculture and rural development shall administer the grants awarded under subsection (7).

(9) The council shall do all of the following:

(a) Apply for and accept grants or contributions from the federal government or any of its agencies, the state, or other public or private agencies to be used for any of the purposes of this section and to do any and all things within its express or implied powers necessary or desirable to secure that financial or other aid or cooperation in the carrying out of any of the purposes of this section.

(b) Invite the chief executive officer of the Michigan economic development corporation or his or her designee to attend at least 1 council meeting annually to inform the council about partnership activities and opportunities related to the marketing and promotion of Michigan agricultural products such as fruits, hops, and barley that are used in the production of wine, cider, beer, and spirits.

(c) Invite the director of the department of licensing and regulatory affairs to attend at least 1 council meeting annually to inform the council about funding activities affecting the council.

(d) Prepare and adopt an annual budget.

(10) Based on the information provided to the council under subsection (9)(b) and (c), the council may do either or both of the following:

(a) Take actions that will enhance the marketing and promotion of Michigan agricultural products, such as fruits, hops, and barley that are used in the production of wine, cider, beer, and spirits.

(b) Annually review and adopt strategies for marketing and promotion of Michigan agricultural products, such as fruits, hops, and barley that are used in the production of wine, cider, beer, and spirits.

(11) The council may promulgate rules pursuant to the administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328, for the purposes of implementing and enforcing this section. However, the council shall not promulgate a rule that conflicts with a rule promulgated by the commission under section 215.

(12) Except as otherwise provided in this subsection, the council shall not engage in lobbying. This subsection does not prohibit the council or a council member or council employee from providing technical information to the legislature or to the department of agriculture and rural development, regardless of whether the council, council member, or council employee is appearing before an officially convened legislative committee or department of agriculture and rural development hearing panel, if the technical information is related to the council's duties under this section.

(13) This section does not prevent the council from establishing a commodity committee under the agriculture commodities marketing act, 1965 PA 232, MCL 290.651 to 290.674.

(14) As used in this section:

(a) “Cider” means an alcoholic beverage made from the fermentation of juice from primarily apples or pears, or both, that contains not less than 1/2 of 1% and not more than 8.5% of alcohol by volume. Cider may be still or carbonated and may contain other fruits, spices, botanicals, or other flavors.

(b) “Council” means the Michigan craft beverage council described in subsection (1).

(c) “Large brewer” means a brewer that produces in total at least 60,000 barrels of beer and not more than 1,000,000 barrels of beer per year. In determining the barrel threshold under this subdivision, all brands and labels of a brewer, whether brewed in this state or outside this state, must be combined and all facilities for the production of beer that are owned or controlled by the same person are treated as a single facility.

(d) “Lobbying” means that term as defined in section 5 of 1978 PA 472, MCL 4.415.

(e) “Technical information” means that term as defined in section 5 of 1978 PA 472, MCL 4.415.

Sec. 307. (1) A manufacturer, an outstate seller of wine, and a master distributor shall grant to each of its wholesalers a sales territory within which the wholesaler is a distributor of the specified brand or brands of the manufacturer, outstate seller of wine, or master distributor under an agreement as required under this act. The territory is the territory agreed on between the wholesaler and manufacturer, outstate seller of wine, or master distributor. Except as provided for in subsection (9) and beginning June 1, 2010, a manufacturer, outstate seller of wine, or master distributor shall not grant the right to sell a specified brand or brands of wine in a sales territory to more than 1 wine wholesaler. A master distributor shall not itself distribute a specified brand or brands of wine in the same sales territory where that master distributor has granted the right to distribute that specified brand or brands of wine in that sales territory to another wine wholesaler.

(2) Notwithstanding subsection (1), a brand extension is not a new or different brand. A manufacturer or outstate seller of wine shall assign a brand extension to the wholesaler that was granted the sales territory for the brand from which the brand extension resulted.

(3) Subsection (2) does not apply if, before January 1, 1994, a manufacturer or outstate seller of wine had assigned a brand extension to a wholesaler that was not the appointed wholesaler for the brand from which the brand extension was made.

(4) Subsection (2) does not apply if, before October 1, 2019, a successor manufacturer or successor outstate seller of wine had assigned a brand extension to a wholesaler that was not the appointed wholesaler for the brand from which the extension was made.

(5) A manufacturer of a mixed wine drink and outstate seller of a mixed wine drink shall grant to each of its wholesalers an exclusive sales territory in which the wholesaler is a distributor of the specified brand or brands of the manufacturer or outstate seller. The territory is the territory agreed on between the wholesaler and the manufacturer of a mixed wine drink or outstate seller of mixed wine drinks.

(6) Notwithstanding subsection (5), a brand extension is not a new or different brand. A manufacturer of a mixed wine drink or outstate seller of a mixed wine drink shall assign a brand extension to the wholesaler that was granted the exclusive sales territory for the brand from which the brand extension resulted.

(7) Subsection (6) does not apply if, before January 1, 1994, a manufacturer of a mixed wine drink or outstate seller of a mixed wine drink had assigned a brand extension to a wholesaler that was not the appointed wholesaler for the brand from which the brand extension was made.

(8) Subsection (6) does not apply if, before October 1, 2019, a successor manufacturer or successor outstate seller of mixed wine drink had assigned a brand extension to a wholesaler that was not the appointed wholesaler for the brand from which the brand extension was made.

(9) Subsection (1) does not prohibit any of the following:

(a) A manufacturer of wine, an outstate seller of wine, or a master distributor from continuing or renewing an agreement under this act with a wholesaler for a specified brand or brands for any county or part of a county where more than 1 wholesaler has an agreement with the manufacturer of wine, outstate seller of wine, or master distributor in effect on June 1, 2010 if the wholesaler had an agreement to distribute that specified brand or brands in that county or that part of a county and was a master distributor or was actively selling that brand or brands of wine to a retailer in that county or that part of a county on June 1, 2010.

(b) A wholesaler from selling or transferring the wholesaler’s distribution rights or a manufacturer of wine, outstate seller of wine, or master distributor from approving the sale or transfer of a wholesaler’s distribution rights to a specified brand or brands of wine for any county or part of a county to another wholesaler if the selling or transferring wholesaler, or any of its predecessors, had the right to distribute that brand or brands of wine in that county or part of that county and was actively selling that brand or brands to a retailer in that county or that part of a county on June 1, 2010 or was acting as a master distributor for that county or part of that county on June 1, 2010.

(10) As used in this section, “master distributor” means, notwithstanding section 109(4), a wholesaler that acts in the same or similar capacity as a wine maker, wine manufacturer, or outstate seller of wine for a brand or brands of wine to other wholesalers on a regular basis in the normal course of business.

Sec. 502. (1) Subject to subsection (3), the commission shall issue a salesperson license to an individual who is a designated employee of any of the following persons:

- (a) A manufacturer of beer.
- (b) A manufacturer of wine.
- (c) An outstate seller of beer.
- (d) An outstate seller of wine.
- (e) A wholesaler.
- (f) A broker that represents 1 or more persons described in subdivisions (a) to (e).
- (g) A broker described in subdivision (f) that also represents 1 or more of the following persons:
 - (i) A vendor of spirits.
 - (ii) A manufacturer of spirits.
- (h) A vendor of spirits.
- (i) A manufacturer of spirits.
- (j) A broker that represents only 1 or more of the following:
 - (i) A vendor of spirits.
 - (ii) A manufacturer of spirits.

(2) A salesperson license issued under this section after April 15, 2018 but before April 30, 2020 expires on April 30, 2020. A salesperson license issued under this section is renewable every 3 years with the first triennial renewal cycle beginning May 1, 2020. The commission may charge a reasonable initial license fee and triennial renewal fee. The commission shall establish a fee under this section by written order. The nonrefundable inspection fee under section 529(4) is not required for an application for a new salesperson license or transfer of a salesperson license. A salesperson license issued or renewed under R 436.1853 of the Michigan Administrative Code expires on the earlier of the following dates:

- (a) Three years after the date of the issuance or renewal.
- (b) April 30, 2020.

(3) The commission shall not impose any other requirement or consider any other factor beyond the accreditation required in this section for issuance or renewal of a salesperson license. Except as otherwise provided in this subsection, the commission shall not issue a salesperson license under this section unless the applicant submits with his or her application written documentation that the applicant has successfully completed a salesperson accreditation program. Except as otherwise provided in this subsection, the commission shall not renew a salesperson license issued under this section or under R 436.1853 of the Michigan Administrative Code unless the licensee submits with his or her application proof acceptable to the commission that the licensee has successfully completed a salesperson accreditation program no more than 120 days before the date the licensee submits his or her renewal application. An applicant’s completion of a salesperson accreditation program is not a condition for issuance or renewal of a salesperson license for any of the following applicants:

- (a) A designated employee of a manufacturer of spirits.
- (b) A designated employee of a vendor of spirits.
- (c) A designated employee of a broker described in subsection (1)(j).

(4) Except as provided in subsection (5), an individual shall not sell, deliver, promote, or otherwise assist in the sale of alcoholic liquor in any manner to a retailer in this state unless licensed under this section or under R 436.1853 of the Michigan Administrative Code. An individual licensed as a salesperson under R 436.1853 of the Michigan Administrative Code before April 15, 2018 shall comply with the requirements of this section on renewal of his or her salesperson license, application for a subsequent salesperson license under a different employer, or a request to transfer his or her salesperson license to a different employer.

(5) This section does not require an individual who is at least 18 years of age and who only does any of the following to be licensed as a salesperson:

- (a) Builds a display of those brands that are represented or sold by the individual’s employer for an off-premises retailer.
- (b) Marks the price on those brands that are represented or sold by the individual’s employer for an off-premises retailer.

- (c) Rotates brands that are represented or sold by the individual's employer for an off-premises retailer.
- (d) Places brands that are represented or sold by the individual's employer on shelves for an off-premises retailer.
- (e) For an individual who holds a Michigan commercial driver license or chauffeur's license, transports, in a vehicle licensed by the commission under section 525, and delivers alcoholic liquor to a retailer.
- (6) The commission shall approve a salesperson accreditation program designed for salesperson licensees if the commission determines that the program's curriculum includes an understanding of all of the following:
 - (a) Section 609.
 - (b) Section 609a.
 - (c) Section 609b.
 - (d) Section 610d.
 - (e) The provisions of section 1013 that require the sale or purchase of alcoholic liquor by a licensee for cash only.
 - (f) R 436.1315 of the Michigan Administrative Code.
 - (g) R 436.1726 of the Michigan Administrative Code.
 - (h) The commission's order for on-premises brand promotions issued October 27, 1999.
 - (i) Product adjustments as provided for in this act.
- (7) A person described in subsection (1)(a) to (e) or a qualified trade association may apply to the commission for qualification as an administrator for the offering of a salesperson accreditation program.
- (8) On approval of a salesperson accreditation program under subsection (6), the commission shall appoint the person or qualified trade association sponsoring the salesperson accreditation program as administrator of that program.
- (9) As used in this section:
 - (a) "Administrator" means a person described in subsection (1)(a) to (e) or a qualified trade association authorized by the commission to offer salesperson accreditation programs.
 - (b) "Broker" means that term as defined in R 436.1001 of the Michigan Administrative Code.
 - (c) "Designated employee" means an individual who sells, delivers, promotes, or otherwise assists in the sale of alcoholic liquor.
 - (d) "Qualified trade association" means a trade association that represents a person described in subsection (1)(a) to (e) that employs individuals to act as salespersons.
 - (e) "Salesperson accreditation program" means a program that the commission approves under subsection (6) and that is offered by an administrator.

Sec. 504. (1) The commission may issue a limited production manufacturer license to a person that purchases beer from another brewer, micro brewer, or out-of-state equivalent of a brewer or micro brewer for purposes of taking ownership of the beer and performing any of the manufacturing process as described in section 109(1).

- (2) The commission shall charge an initial and renewal license fee for a license under this section of \$1,000.00.
- (3) Notwithstanding section 204, a brewer, micro brewer, or out-of-state equivalent of a brewer or micro brewer may sell beer to a limited production manufacturer and a limited production manufacturer may buy beer from a brewer, micro brewer, or an out-of-state equivalent of a brewer or micro brewer if all of the following conditions are met:
 - (a) The brewer, micro brewer, or out-of-state equivalent of a brewer or micro brewer relinquishes ownership of the beer to the purchasing limited production manufacturer.
 - (b) The limited production manufacturer modifies the beer by performing all or part of the manufacturing process as described in section 109(1).
 - (c) The brewer, micro brewer, or out-of-state equivalent of a brewer or micro brewer notifies the commission in writing of the sale and the amount of beer being sold to a purchasing limited production manufacturer before each sale. The notification must be in the form required by the commission.
 - (d) The brewer, micro brewer, or out-of-state equivalent of a brewer or micro brewer and the limited production manufacturer maintain records of the sale, in the manner required by the commission, for 3 years.
 - (4) A limited production manufacturer may only sell beer to a wholesaler or a person located outside of this state regardless of whether the person is licensed under this act. Notwithstanding section 109(9) or R 436.1609(2) of the Michigan Administrative Code, beer sold by a limited production manufacturer to a person located outside of this state that holds an outstate seller of beer license may be sold to a wholesaler in this state by the outstate seller of beer.

(5) A limited production manufacturer must not be licensed as or hold a financial interest in another licensed supplier except for purposes of purchasing beer in the manner allowed in this section.

(6) A limited production manufacturer shall not hold a license in the wholesaler tier or retailer tier as provided in section 603(13).

(7) Except as otherwise provided in this section, a limited production manufacturer shall comply with all provisions of this act that apply to the activities of a brewer, including, but not limited to, sections 401, 403, 409, 603, and 609.

(8) A limited production manufacturer shall not self-distribute.

(9) Before selling beer in this state to a wholesaler, a limited production manufacturer shall register the beer and receive a registration number of approval under R 436.1611 of the Michigan Administrative Code.

(10) A limited production manufacturer must be the holder of a federal brewer's notice issued by the United States Department of Treasury, Alcohol and Tobacco Tax and Trade Bureau in accordance with 27 CFR 25.61 to 25.85.

(11) As used in this section:

(a) "Limited production manufacturer" means a person licensed under this section.

(b) "Supplier" means that term as defined in section 603.

Sec. 518. (1) Notwithstanding the quota provisions of section 531, the commission may issue motorsports event licenses for the sale of beer and wine or beer, wine, and spirits for consumption on the premises to the owner of a motorsports entertainment complex for use during sanctioned motorsports events only. The sale of beer, wine, and spirits at concession outlets or additional locations within the motorsports entertainment complex during motorsports sanctioned events are not considered additional bars for the purpose of determining a license fee under section 525(1)(n). An applicant for a license under this section that elects to sell beer and wine only shall pay to the commission a license fee of \$250.00. An applicant for a license under this section that elects to sell beer, wine, and spirits shall pay to the commission a license fee of \$600.00.

(2) For a period of time not to exceed 7 consecutive days during which public access is permitted to a motorsports entertainment complex in connection with a motorsports event, members of the general public at least 21 years or older may bring beer and wine not purchased at the licensed motorsports entertainment complex into the motorsports entertainment complex and possess and consume that beer and wine. Possession and consumption of beer and wine under this section are allowed only in portions of the motorsports entertainment complex open to the general public that are also part of the licensed premises of a retail licensee under both of the following circumstances:

(a) The licensed premises are located within the motorsports entertainment complex.

(b) The retail licensee holds a license for consumption on the licensed premises of the motorsports entertainment complex.

(3) A person holding a license for the sale of alcoholic liquor for consumption on the premises at a motorsports entertainment complex is subject to the civil liability provisions of section 801 if the civil action is brought by or on behalf of an individual who suffers damage or is personally injured by a minor or visibly intoxicated person by reason of the unlawful consumption of alcoholic liquor on the licensed premises by that minor or visibly intoxicated person if the unlawful consumption is proven to be a proximate cause of the damage, injury, or death of the individual, whether the alcoholic liquor was sold or furnished by the licensee or was brought onto the licensed premises under subsection (2).

(4) As used in this section:

(a) "Motorsports entertainment complex" means a closed-course motorsports facility and its ancillary grounds that comply with all of the following:

(i) Has at least 1,500 fixed seats for race patrons.

(ii) Has at least 7 scheduled days of motorsports events each calendar year.

(iii) Serves food and beverages at the facility during sanctioned motorsports events each calendar year through concession outlets, which may be staffed by individuals who represent or are members of 1 or more nonprofit civic or charitable organizations that directly financially benefit from the concession outlets' sales.

(iv) Engages in tourism promotion.

(b) "Motorsports event" means a motorsports race and its ancillary activities that have been sanctioned by a sanctioning body.

(c) "Owner" means a person who owns and operates a motorsports entertainment complex.

(d) "Sanctioning body" means the American Motorcycle Association (AMA); Auto Racing Club of America (ARCA); Championship Auto Racing Teams (CART); Grand American Road Racing Association (GRAND AM); Indy Racing League (IRL); National Association for Stock Car Auto Racing (NASCAR); National Hot Rod Association (NHRA); Professional Sportscar Racing (PSR); Sports Car Club of America (SCCA); United States Auto Club (USAC); Michigan State Promoters Association; or any successor organization or any other nationally or internationally recognized governing body of motorsports that establishes an annual schedule of motorsports events and grants rights to conduct the events, that has established and administers rules and regulations governing all participants involved in the events and all persons conducting the events, and that requires certain liability assurances, including insurance.

Sec. 521. (1) Beginning December 29, 2006, the commission shall not issue a tavern or class C licenses under this section. However, those licenses issued under this section before December 29, 2006 remain valid and may be renewed if in compliance with this section. The commission shall renew licenses issued under this section before December 29, 2006 for persons who operate businesses that meet all of the following conditions:

- (a) The business is a full service restaurant, is open to the public, and prepares food on the premises.
 - (b) The business is open for food service not less than 10 hours per day, 5 days a week.
 - (c) At least 50% of the gross receipts of the business are derived from the sale of food for consumption on the premises. For purposes of this subdivision, food does not include beer and wine.
 - (d) The business has dining facilities to seat not less than 25 persons.
 - (e) The business is located in a development district with a population of not more than 50,000, in which the district, after a public hearing, has found that the issuance of the license would prevent further deterioration within the development district and promote economic growth within the development district.
- (2) If in any licensing year the sale of food for consumption on the premises of the business represents less than 50% of the gross receipts for the business, the commission, after due notice and proper hearing, shall revoke the license issued under subsection (1).
- (3) A license issued under this section is transferable as to ownership or location only within the development district.
- (4) As used in this section, "development district" means any of the following:
- (a) An authority district established under part 3 of the recodified tax increment financing act, 2018 PA 57, MCL 125.4301 to 125.4329.
 - (b) An authority district established under part 4 of the recodified tax increment financing act, 2018 PA 57, MCL 125.4401 to 125.4420.
 - (c) A downtown district established under part 2 of the recodified tax increment financing act, 2018 PA 57, MCL 125.4201 to 125.4230.
 - (d) A principal shopping district established under 1961 PA 120, MCL 125.981 to 125.990n, before January 1, 1996.

Sec. 525. (1) Except as otherwise provided in this section, the following license fees must be paid at the time of filing applications or as otherwise provided in this act and are subject to allocation under section 543:

- (a) Manufacturers of spirits, not including makers, blenders, and rectifiers of wines containing 21% or less alcohol by volume, \$1,000.00.
- (b) Manufacturers of beer, \$50.00 per 1,000 barrels, or fraction of a barrel, production annually with a maximum fee of \$1,000.00, and in addition \$50.00 for each motor vehicle used in delivery to retail licensees. A fee increase does not apply to a manufacturer of less than 15,000 barrels production per year.
- (c) Outstate seller of beer, delivering or selling beer in this state, \$1,000.00.
- (d) Wine makers, blenders, and rectifiers of wine, including makers, blenders, and rectifiers of wines containing 21% or less alcohol by volume, \$100.00. The small wine maker license fee is \$25.00. A small wine maker must pay \$50.00 for each motor vehicle used for delivery of wine as defined in section 113(9)(b) or 113a(9)(b) to retailers under section 203b.
- (e) Outstate seller of wine, delivering or selling wine in this state, \$300.00.
- (f) Dining cars or other railroad or Pullman cars selling alcoholic liquor, \$100.00 per train.
- (g) Wholesale vendors other than manufacturers of beer, \$300.00 for the first motor vehicle used in delivery to retail licensees and \$50.00 for each additional motor vehicle used in delivery to retail licensees.
- (h) Watercraft, licensed to carry passengers, selling alcoholic liquor, a minimum fee of \$100.00 and a maximum fee of \$500.00 per year computed on the basis of \$1.00 per person per passenger capacity.

(i) Specially designated merchants, for selling beer or wine for consumption off the premises only but not at wholesale, \$100.00 for each location regardless of whether the location is part of a system or chain of merchandising.

(j) Specially designated distributors licensed by the commission to distribute spirits in the original package for the commission for consumption off the premises, \$150.00 per year, and an additional fee of \$3.00 for each \$1,000.00 or major fraction of that amount in excess of \$25,000.00 of the total retail value of merchandise purchased under each license from the commission during the previous calendar year.

(k) Hotels of class A selling beer and wine, a minimum fee of \$250.00 and \$1.00 for each bedroom in excess of 20, but not more than \$500.00 total.

(l) Hotels of class B selling beer, wine, and spirits, a minimum fee of \$600.00 and \$3.00 for each bedroom in excess of 20. If a hotel of class B sells beer, wine, mixed spirit drink, and spirits in more than 1 public bar, a fee of \$350.00 must be paid for each additional public bar, other than a bedroom.

(m) Taverns, selling beer and wine, \$250.00.

(n) Class C license selling beer, wine, and spirits, \$600.00. Subject to section 518(1), if a class C licensee sells beer, wine, and spirits in more than 1 bar, a fee of \$350.00 must be paid for each additional bar. In municipally owned or supported facilities in which nonprofit organizations operate concession stands, a fee of \$100.00 must be paid for each additional bar.

(o) Clubs selling beer, wine, and spirits, \$300.00 for clubs having 150 or fewer accredited members and \$1.00 for each member in excess of 150. Clubs shall submit a list of members by an affidavit 30 days before the closing of the license year. The affidavit must be used only for determining the license fees to be paid under this subdivision. This subdivision does not prevent the commission from checking a membership list and making its own determination from the list or otherwise. The list of members and additional members is not required of a club paying the maximum fee. The maximum fee must not exceed \$750.00 for any 1 club.

(p) Warehouse, to be fixed by the commission with a minimum fee for each warehouse of \$50.00.

(q) Special licenses, a fee of \$50.00 per day, except that the fee for the license or permit issued to a bona fide nonprofit association, organized and in continuous existence for 1 year before the filing of its application, is \$25.00. The commission shall not grant more than 12 special licenses to any organization, including an auxiliary of the organization, in a calendar year.

(r) Airlines licensed to carry passengers in this state that sell, offer for sale, provide, or transport alcoholic liquor, \$600.00.

(s) Brandy manufacturer, \$100.00.

(t) Brewpub, \$100.00.

(u) Class G-1, \$1,000.00.

(v) Class G-2, \$500.00.

(w) Motorsports event license, the amount as described and determined under section 518(1).

(x) Small distiller, \$100.00. A qualified small distiller must pay \$50.00 for each motor vehicle used for delivery to retailers under section 203(20).

(y) Wine auction license, \$50,000.00.

(z) Nonpublic continuing care retirement center license, \$600.00.

(aa) Conditional license approved under subsection (6) and issued under subsection (7), \$300.00.

(bb) Outstate self-distributor license, \$300.00. An outstate self-distributor must pay \$50.00 for each motor vehicle used for delivery of alcoholic liquor to retailers under sections 203(20), 203a, or 203b.

(2) The fees provided in this act for the various types of licenses must not be prorated for a portion of the effective period of the license. Notwithstanding subsection (1), the initial license fee for a license issued under section 531(3) or (4) is \$20,000.00. The renewal license fee is the amount described in subsection (1). However, the commission shall not impose the \$20,000.00 initial license fee for applicants whose license eligibility was already approved on July 20, 2005.

(3) If the commission requires an applicant to submit fingerprints, the applicant shall have the fingerprints taken by a local law enforcement agency, the department of state police, or any other person qualified to take fingerprints as determined by the department of state police. The applicant shall submit the fingerprints and the appropriate state and federal fees, which shall be borne by the applicant, to the department of state police and the Federal Bureau of Investigation for a criminal history check. After conducting the criminal history check, the department of state police shall provide the commission with a report of the criminal history check. The report must include criminal history record information concerning the person who is the subject of the criminal history check that is maintained by the department of state police. If a criminal arrest fingerprint card is subsequently submitted to the department of state police and matches against a fingerprint that was submitted under this act

and stored in its automated fingerprint identification system (AFIS) database, the department of state police shall notify the commission.

(4) Except for a resort or resort economic development license issued under section 531(2), (3), (4), or (5) or a license issued under section 521a, the commission shall issue an initial or renewal license not later than 90 days after the applicant files a completed application. The application is considered to be received the date the application is received by an agency or department of this state. If the commission determines that an application is incomplete, the commission shall notify the applicant in writing, or make the information electronically available, within 30 days after receipt of the incomplete application, describing the deficiency and requesting the additional information. The determination of the completeness of an application is not an approval of the application for the license and does not confer eligibility on an applicant determined otherwise ineligible for issuance of a license. The 90-day period is tolled for the following periods under any of the following circumstances:

(a) If notice is sent by the commission of a deficiency in the application, until the date all of the requested information is received by the commission.

(b) For the time required to complete actions required by a person, other than the applicant or the commission, including, but not limited to, completion of construction or renovation of the licensed premises; mandated inspections by the commission or by any state, local, or federal agency; approval by the legislative body of a local unit of government; criminal history or criminal record checks; financial or court record checks; or other actions mandated by this act or rule or as otherwise mandated by law or local ordinance.

(5) If the commission fails to issue or deny a license within the time required by this section, the commission shall return the license fee and shall reduce the license fee for the applicant's next renewal application, if any, by 15%. The failure to issue a license within the time required under this section does not allow the commission to otherwise delay the processing of the application, and the application, on completion, must be placed in sequence with other completed applications received at that same time. The commission shall not discriminate against an applicant in the processing of the application because the license fee was refunded or discounted under this subsection.

(6) If, in addition to a completed application under this section, an applicant submits a separate form requesting a conditional license with an acceptable proof of financial responsibility form under section 803, an executed property document, and, for an application to transfer the location of an existing retailer license other than specially designated distributor license, a church or school proximity affidavit on a form prescribed by the commission attesting that the proposed location is not within 500 feet of a church or school building using the method of measurement required under section 503, the commission shall, after considering the arrest and conviction records or previous violation history in the management, operation, or ownership of a licensed business, approve or deny a conditional license. A conditional license issued under subsection (7) must only include any existing permits and approvals held in connection with the license, other than permits or approvals for which the conditional applicant does not meet the requirements in this act or rules promulgated under this act, or permits or approvals that the conditional applicant has requested to cancel as part of the application that serves as the basis for the conditional license. The commission shall not issue a new permit with a conditional license issued under subsection (7). The following applicants may request a conditional license:

(a) An applicant seeking to transfer ownership of an existing retailer license at the same location to sell alcoholic liquor for consumption on or off the premises.

(b) An applicant seeking to transfer the ownership and location of an existing retailer license, other than a specially designated distributor license, to sell alcoholic liquor for consumption on or off the premises.

(c) An applicant seeking a new specially designated merchant license, other than a specially designated merchant license issued under section 533(6), not to be held in conjunction with a license for the sale of alcoholic liquor for consumption on the premises.

(7) The commission shall issue a conditional license to applicants approved under subsection (6) within 20 business days after receipt of a completed application and a completed conditional license request form and documentation for a conditional license at a single location. The commission may take up to 30 business days to issue conditional licenses to approved applicants seeking conditional licenses at multiple locations. However, for an applicant described under this subsection that is seeking a specially designated merchant license under section 533(7), the commission may take up to 45 business days to issue a conditional license. Notwithstanding the applicant's submission of a church or school proximity affidavit under subsection (6), if the commission determines that a conditional license in conjunction with an application to transfer the location of an existing retailer license has been issued under this subsection at a proposed location that is within 500 feet of a church or school building, the commission shall suspend the conditional license and notify the church or school of the proposed location under the rules promulgated under this act. If the commission issues a conditional license under this subsection based on a church or school proximity affidavit under subsection (6) without knowledge that the representations included in the affidavit are incorrect, this state is not liable to any person for the commission's

issuance of the conditional license. The commission may assume without inquiry the existence of the facts contained in the affidavit.

(8) A conditional license approved under subsection (6) and issued under subsection (7) is nontransferable and nonrenewable. A conditional licensee is required to comply with the server training requirements in section 501(1) beginning on the date a conditional license is issued under subsection (7) regardless of whether the conditional licensee is actively operating under the conditional license.

(9) A conditional license approved under subsection (6) and issued under subsection (7) expires when the first of the following occurs:

(a) The commission issues an order of denial of the license application that serves as the basis for the conditional license and all administrative remedies before the commission have been exhausted.

(b) The commission issues the license under subsection (4) for which the applicant submitted the license application that serves as the basis for the conditional license.

(c) The licensee or conditional licensee notifies the commission in writing that the initial or conditional application should be canceled.

(d) One year passes after the date the conditional license was issued, notwithstanding any suspension of the conditional license by the commission.

(10) If a conditional licensee fails to maintain acceptable proof of its financial responsibility as required under section 803, the commission shall summarily suspend the conditional license under section 92(2) of the administrative procedures act of 1969, 1969 PA 306, MCL 24.292, until the conditional licensee files an acceptable proof of financial responsibility form under section 803. If a conditional license is revoked, the conditional licensee shall not recover from this state or a unit of local government any compensation for property, future income, or future economic loss because of the revocation.

(11) On issuing a conditional license under subsection (7), the commission shall, until the conditional license expires under subsection (9), place the existing license under subsection (4) for which the applicant submitted the application that serves as the basis for the conditional license in escrow in compliance with R 436.1107 of the Michigan Administrative Code. If the conditional license expires under subsection (9), an existing licensee may do 1 of the following:

(a) Request that the commission release the license from escrow.

(b) Keep the license in escrow. The escrow date for compliance with R 436.1107 of the Michigan Administrative Code is the date the conditional license expires.

(12) The chair of the commission shall submit a report by December 1 of each year to the standing committees and appropriations subcommittees of the senate and house of representatives concerned with liquor license issues. The chair of the commission shall include all of the following information in the report concerning the preceding fiscal year:

(a) The number of initial and renewal applications the commission received and completed within the 90-day time period described in subsection (4).

(b) The number of applications denied.

(c) The number of applicants not issued a license within the 90-day time period and the amount of money returned to licensees under subsection (5).

(13) As used in this section, "completed application" means an application complete on its face and submitted with any applicable licensing fees as well as any other information, records, approval, security, or similar item required by law or rule from a local unit of government, a federal agency, or a private entity but not from another department or agency of this state.

Sec. 532. (1) A club license allows the licensee to sell, for consumption on the licensed premises, beer, wine, and spirits only to bona fide members of the club who have attained the age of 21 years. As used in this subsection, "bona fide member" means an individual admitted as a charter member or admitted in accordance with the bylaws of the club, who maintains current membership by the payment of annual dues, whose name and address is entered on the list of members, and who has voting rights to regularly elect the board of directors, officers, executive committee, or similar body that conducts the affairs and management of the club. For an incorporated or unincorporated nonprofit veterans' organization that is a branch or chapter of a national organization or an organization chartered by the United States Congress, a bona fide member includes a member of another branch or chapter who possesses an identification card indicating current membership in the same national or congressionally chartered veterans' organization. For a branch, chapter, lodge, aerie, or other local unit of a national fraternal nonprofit association that is exempt from federal income taxes under section 501(c)(8) or 501(c)(10) of the internal revenue code of 1986, 26 USC 501, a bona fide member includes a member of another

branch, chapter, lodge, aerie, or local unit who possesses an identification card indicating current membership in the same national fraternal nonprofit association.

(2) Except as otherwise provided in subsection (3), the commission shall not issue a license to a club unless the club has been in existence for 2 or more years before the application for the license.

(3) A club shall give public notice of the intent of the commission to issue the club a club license by publication in a newspaper published or in general circulation within the local governmental unit at least 10 days before the commission issues the license. A club that is a chapter of a national organization that has had a license for 10 or more years may apply for a license without a waiting period. Public notice of the commission's intent to renew the club license is not required.

(4) Except for a club paying a maximum fee, within 10 days after February 1 of each year the club shall file with the commission a list of names and residences of its members and make a similar filing of the name and residence with the commission within 10 days after the election of an additional member. The annual filing must also include a statement that the club's annual aggregate membership fees or dues and other income, exclusive of the proceeds from the sale of alcoholic liquor, are sufficient to defray the annual rental of its leased or rented premises or, if the premises are owned by the club, are sufficient to meet the taxes, insurance, repairs, and interest on a mortgage on the premises.

(5) The affairs and management of the club must be conducted by a board of directors, executive committee, or similar body chosen by the members. A member, officer, agent, or employee of the club must not be paid, or directly or indirectly receive in the form of salary or other compensation, profits from the disposition of alcoholic liquor to the club or to the members of the club, beyond the amount of salary fixed and voted at meetings by the members or by its directors or other governing body and as reported by the club to the commission, within 3 months after the meeting.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(g) The commission shall not issue to a manufacturer or manufacturers a Sunday sales permit, catering permit, dance permit, entertainment permit, specific purpose permit, extended hours permit, or authorization for outdoor service unless the commission has issued an on-premises tasting room permit to the manufacturer or

manufacturers. A Sunday sales permit, catering permit, dance permit, entertainment permit, specific purpose permit, extended hours permit, or authorization for outdoor service may be issued concurrently with the issuance of an on-premises tasting room permit.

(h) A brewer, micro brewer, wine maker, small wine maker, distiller, small distiller, or brandy manufacturer may own and operate a restaurant or allow another person to operate a restaurant as part of the on-premises tasting room on the manufacturing premises. If the brewer, micro brewer, wine maker, small wine maker, distiller, small distiller, or brandy manufacturer allows another person to operate a restaurant on the manufacturing premises, the brewer, micro brewer, wine maker, small wine maker, distiller, small distiller, or brandy manufacturer must hold a participation permit naming as a participant the other person. The other person must meet the requirements for a participant in R 436.1041(3) of the Michigan Administrative Code.

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

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

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

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

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

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

(f) A separate off-premises tasting room license is not required for each license type for a person licensed by the commission under any combination of wine maker, small wine maker, distiller, small distiller, or brandy manufacturer licenses issued to that person at the same manufacturing premises.

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

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

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

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

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

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

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

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

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

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

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

(a) A wine maker, small wine maker, distiller, small distiller, or brandy manufacturer may have 1 of the following:

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

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

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

(iv) No more than the equivalent number of off-premises tasting room licenses issued under subsection (8), joint off-premises tasting room licenses issued under subsection (9), or a combination of off-premises tasting room licenses issued under subsection (8) and joint off-premises tasting room licenses issued under subsection (9) that were issued before October 1, 2018 under which alcoholic liquor manufactured by the wine maker, small wine maker, distiller, small distiller, or brandy manufacturer may be sold by the glass for consumption on the premises or samples may be sold or given away for consumption on the premises as provided in subsection (14)(b) and (c).

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

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

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

(e) A wine maker, small wine maker, distiller, small distiller, or brandy manufacturer that has an off-premises tasting room or jointly operated off-premises tasting room location that was approved by the commission before December 19, 2018 must submit to the commission in writing a designation as required under subdivision (c) by April 1, 2019.

(11) A wine maker, small wine maker, brewer, micro brewer, distiller, small distiller, or brandy manufacturer may add a nonalcoholic mixing ingredient or an alcoholic mixing ingredient manufactured by the wine maker, small wine maker, brewer, micro brewer, distiller, small distiller, or brandy manufacturer to sampled or purchased alcoholic liquor if the sampled or purchased alcoholic liquor is consumed on the premises of the approved tasting room.

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

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

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

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

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

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

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

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

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

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

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

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

(b) Both of the following conditions are met:

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

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

(16) A manufacturer issued a license before December 19, 2018 that intends to sell for consumption off its licensed premises or sell, serve, and allow consumption on its licensed premises of alcoholic liquor as allowed under this section and section 537 must comply with this section by April 1, 2019.

(17) The revenue received from subsection (7) must be deposited into the liquor control enforcement and license investigation revolving fund under section 543(9).

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

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

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

(b) Class C licensee, where beer, wine, and spirits may be sold for consumption on the premises.

(c) Clubs, where beer, wine, and spirits may be sold for consumption on the premises only to bona fide members if consumption is limited to these members and their bona fide guests, who are 21 years of age or older.

(d) Direct shippers, where wine other than wine as defined in section 113(9)(b) or 113a(9)(b) may be sold and shipped directly to the consumer.

(e) Hotels of class A, where beer and wine may be sold for consumption on the premises and in the rooms of bona fide registered guests. Hotels of class B where beer, wine, and spirits may be sold for consumption on the premises and in the rooms of bona fide registered guests.

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

(g) Specially designated distributors, where spirits may be sold for consumption off the premises only.

(h) Special licensee, where beer and wine or beer, wine, and spirits may be sold for consumption on the premises only.

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

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

(i) Class C.

(ii) Tavern.

(iii) Class A hotel.

(iv) Class B hotel.

(k) Micro brewers and brewers, where beer manufactured by the micro brewer or brewer may be sold in an approved tasting room under section 536 to a consumer for consumption on or off the manufacturing premises.

(l) Class G-1 licensee, where beer, wine, 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 in any of the following ways:

(i) By direct shipment as provided in section 203 other than wine as defined in section 113(9)(b) or 113a(9)(b).

(ii) At retail for consumption on or off the premises in an approved tasting room under section 536.

(iii) As otherwise provided for in this act.

(p) Small wine maker, where wine bottled by the small wine maker may be sold in any of the following ways:

(i) By direct shipment as provided in section 203 other than wine as defined in section 113(9)(b) or 113a(9)(b).

(ii) At retail for consumption on or off the premises in an approved tasting room under section 536.

(iii) As otherwise provided for in this act.

(q) Wine maker or small wine maker, where shiners may be sold in any of the following ways:

(i) By direct shipment as provided in section 203 other than wine as defined in section 113(9)(b) or 113a(9)(b).

(ii) At retail for consumption on or off the premises in an approved tasting room under section 536.

(iii) As otherwise provided for in this act.

(r) Distiller or small distiller, where spirits manufactured by the distiller or small distiller may be sold to the consumer at retail for consumption on or off the premises in an approved tasting room under section 536.

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

(t) A small wine maker or an out-of-state entity that is the substantial equivalent of a small wine maker, that holds a farmer's market permit, where wine manufactured or bottled by the small wine maker and shiners may be sampled and sold at a farmers' market for consumption off the licensed premises.

(u) A brandy manufacturer where brandy manufactured by the brandy manufacturer may be sold at retail for consumption on or off the premises in an approved tasting room under section 536 located on the manufacturing premises of the brandy manufacturer.

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

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

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

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

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

(3) While a beer or wine tasting is conducted under subsection (2), a specially designated merchant, outstate seller of beer, outstate seller of wine, wine maker, micro brewer, or brewer, or its agent or employee who has successfully completed a server training program as provided for in section 906, shall devote full time to the beer and wine tasting activity and shall not perform other duties, including the sale of alcoholic liquor for consumption off the licensed premises. Beer and wine used for the tasting must come from the specially designated merchant's inventory, and all open bottles must be removed from the premises on the same business day or resealed and stored in a locked, separate storage compartment on the licensed premises when not being used for the activities allowed by the permit.

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

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

(6) An eligible merchant may fill and sell growlers with beer for consumption off the premises under the following conditions:

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

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

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

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

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

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

(e) The beer to be dispensed has received a registration number from the commission and has been approved for sale by the commission. The registration condition described in this subdivision does not apply to either of the following:

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

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

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

(7) A wine maker, brandy manufacturer, small distiller, micro brewer, brewer, or brewpub shall provide water, and may, in the sole discretion of the wine maker, brandy manufacturer, small distiller, micro brewer, brewer, or brewpub, sell or provide other nonalcoholic beverages, for consumption on or off the premises where the wine maker, brandy manufacturer, small distiller, micro brewer, brewer, or brewpub is licensed.

(8) As used in this section:

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

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

Sec. 545. (1) The commission, on submission of a completed application, shall grant a nonpublic continuing care retirement center license to an applicant complying with this section. Subject to subsection (3), the commission shall not issue more than 25 licenses under this section. If the holder of a license issued under this section goes out of business, the license must be surrendered to the commission. The commission may allow the transfer of a surrendered license to a new business owner on transfer of the owner's interest in the business if the new business owner meets the same condition under subsection (4)(b) as the previous business owner.

(2) The holder of a nonpublic continuing care retirement center license may sell at retail and serve on the licensed premises beer, wine, mixed wine drink, and spirits, for consumption by a resident or the bona fide guests accompanying the resident, only on the licensed premises.

(3) The commission shall not issue more than 20 licenses under this section to facilities described in subsection (4)(b)(i). The commission shall not issue more than 5 licenses under this section to homes for the aged described in subsection (4)(b)(ii).

(4) As used in this section, "nonpublic continuing care retirement center" means a residential community that, as determined by the commission, meets both of the following conditions:

(a) Provides full-time residential housing predominantly for individuals over the age of 62.

(b) Meets 1 of the following conditions:

(i) Is registered as a facility under former 1976 PA 440 or the continuing care community disclosure act, 2014 PA 448, MCL 554.901 to 554.993.

(ii) Is a home for the aged licensed under part 213 of the public health code, 1978 PA 368, MCL 333.21301 to 333.21335.

Sec. 601. (1) Pursuant to section 2 of Amendment XXI of the Constitution of the United States, this state has an interest in ensuring the safety of beer, wine, and mixed wine drink that is intended to be sold or is sold by wholesalers to retailers for purposes of human consumption. In order to protect the public health and safety, the commission must be able to inspect and seize beer, wine, and mixed wine drink that is in the possession of a

wholesaler being offered for sale in this state. The purpose of the inspection described in this subsection is to ensure that the beer, wine, or mixed wine drink meets all of the following conditions:

- (a) The beer, wine, or mixed wine drink has been registered for sale with the commission.
 - (b) The beer, wine, or mixed wine drink is not subject to a government mandated or supplier initiated recall.
 - (c) The beer, wine, or mixed wine drink is not counterfeit.
 - (d) The beer, wine, or mixed wine drink is labeled in conformance with applicable laws, rules, and regulations.
 - (e) The beer, wine, or mixed wine drink can be tested by the commission or an agent assigned by the commission.
 - (f) The beer, wine, or mixed wine drink is not prohibited by this state.
- (2) The commission may seize or destroy beer, wine, and mixed wine drink that does not meet the conditions of subsection (1).
- (3) To enable the commission to carry out the functions described in subsections (1) and (2) and to randomly inspect records required to be maintained by a wholesaler under section 217 and R 436.1641 of the Michigan Administrative Code, a wholesaler or an applicant for a wholesaler license must have a warehouse located in this state and licensed by the commission for the storage, sale, and distribution of beer, wine, and mixed wine drink before operating as a wholesaler in this state. This subsection does not require a wholesaler to hold a warehouse license for the wholesaler's licensed premises.
- (4) To ensure that all beer, wine, and mixed wine drink sold in this state is subject to this section, the importation, sale, transportation, and delivery of all beer, and mixed wine drink offered for sale by a wholesaler must meet the requirements of section 204.

Sec. 603. (1) Except as provided in subsections (6) to (14) and section 605, a supplier, warehouse, or wholesaler shall not have any direct or indirect financial interest in the establishment, maintenance, operation, or promotion of the business of any other vendor.

(2) Except as provided in subsections (6) to (14) and section 605, a supplier, warehouse, or wholesaler or a stockholder of a supplier, warehouse, or wholesaler shall not have any direct or indirect interest by ownership in fee, leasehold, mortgage, or otherwise in the establishment, maintenance, operation, or promotion of the business of any other vendor.

(3) Except as provided in subsections (6) to (14) and section 605, a supplier, warehouse, or wholesaler shall not have any direct or indirect interest by interlocking directors in a corporation or by interlocking stock ownership in a corporation in the establishment, maintenance, operation, or promotion of the business of any other vendor.

(4) Except as provided in subsections (6) to (14) and section 605, a person shall not buy the stocks of a supplier, warehouse, or wholesaler and place the stock in any portfolio under an arrangement, written trust agreement, or form of investment trust agreement, issue participating shares based upon the portfolio, trust agreement, or investment trust agreement, and sell the participating shares within this state.

(5) The commission may approve a brandy manufacturer or small distiller to sell brandy and spirits made by that brandy manufacturer or small distiller in a restaurant for consumption on or off the premises if the restaurant is owned by the brandy manufacturer or small distiller or operated by another person under an agreement approved by the commission and is located on premises where the brandy manufacturer or small distiller is licensed. Brandy and spirits sold for consumption off the premises under this subsection must be sold at the uniform price established by the commission.

(6) The commission shall allow a small distiller to sell brands of spirits it manufactures for consumption on the licensed premises at that distillery.

(7) A brewpub may have an interest in up to 5 other brewpubs if the combined production of all the locations in which the brewpub has an interest does not exceed 18,000 barrels of beer per calendar year.

(8) This section does not prohibit a supplier from having any direct or indirect interest in any other supplier.

(9) The commission may approve the following under R 436.1023(3) of the Michigan Administrative Code, subject to the written approval of the United States Department of Treasury Alcohol and Tobacco Tax and Trade Bureau:

(a) A wine maker participating with 1 or more wine makers in an alternating proprietor operation for manufacturing wine as defined in section 113(9)(a) or 113a(9)(a) in accordance with 27 CFR 24.136.

(b) A brewer participating with 1 or more brewers in an alternating proprietor operation in accordance with 27 CFR 25.52.

(10) A manufacturer shall not have any direct or indirect interest in a wholesaler.

(11) A wine maker shall not collectively deliver wine, with any other wine maker, to retail licensees.

(12) Except for a licensed warehouser, all licensees in this state must be separated into 3 distinct and independent tiers composed of the following:

- (a) Supplier tier, comprising suppliers.
- (b) Wholesaler tier, comprising wholesalers.
- (c) Retailer tier, comprising retailers.

(13) Except as otherwise provided in subsection (14), beginning April 30, 2011, the commission shall not allow any of the following:

- (a) A retailer to hold, directly or indirectly, a license in the wholesaler or supplier tier.
- (b) A wholesaler to hold, directly or indirectly, a license in the retailer or supplier tier.
- (c) A supplier to hold, directly or indirectly, a license in the wholesaler or retailer tier.

(14) Subsection (13) does not prohibit a class C, tavern, class A hotel, or class B hotel licensee from receiving a brewpub license or a micro brewer or brewer from having an on-site restaurant.

(15) As used in this section:

(a) "Manufacturer" means, notwithstanding section 109(2), a wine maker, small wine maker, brewer, micro brewer, manufacturer of spirits, distiller, small distiller, brandy manufacturer, direct shipper, or a person licensed by the commission to perform substantially similar functions.

(b) "Supplier" means a manufacturer, outstate seller of beer, outstate seller of wine, and vendor of spirits or a person licensed by the commission to perform substantially similar functions but does not include a master distributor.

Sec. 605. (1) A brewer, wine maker, distiller, brandy manufacturer, or the parent company, a subsidiary or an affiliate of a brewer, wine maker, distiller, or brandy manufacturer which parent company, subsidiary, or affiliate is located in this state may acquire, develop, sell, lease, finance, maintain, operate, or promote real property occupied or to be occupied by another vendor, except a wholesaler, if all of the following exist:

(a) The brewer, wine maker, distiller, or brandy manufacturer has received written approval of the commission before entering into any arrangement or contract between the parties regarding the real property.

(b) The legislative body of the city, village, or township where the property is located certifies to the commission that the real property is in an urban, commercial, or community redevelopment area.

(c) Any arrangement or contract entered into between the brewer, wine maker, distiller, brandy manufacturer, its parent company, subsidiary, or affiliate and another vendor does not directly or indirectly influence or control the brand of alcoholic liquor sold or to be sold by the vendor and is only concerned with real property.

(d) The brewer, wine maker, distiller, brandy manufacturer, its parent company, subsidiary, or affiliate has not acquired, developed, sold, leased, financed, or maintained, operated, or promoted more than 7 real properties that are occupied or to be occupied by another vendor, except a wholesaler.

(2) The commission may deny or approve an arrangement or contract to be entered into under this section. In denying or approving an arrangement or contract, the commission shall consider all of the following:

- (a) That the arrangement or contract to be entered into is concerned only with real property.
- (b) That the certification required under subsection (1)(b) has been received by the commission.
- (c) That the arrangement or contract does not violate this act or the rules promulgated under this act.

(3) The commission may review any arrangement or contract under this section at the time that 1 of the parties to the arrangement or contract applies for or renews a license. The commission may deny, revoke, or suspend the license of a party to the arrangement or contract if the commission finds that the party to the arrangement or contract has violated this act or the rules promulgated under this act.

(4) Except as otherwise provided in subsection (5), a wholesaler shall not be a party to, directly or indirectly, an arrangement or contract under this section.

(5) Subject to subsection (6), a manufacturer, warehouser, wholesaler, authorized distribution agent, outstate seller of beer, outstate seller of wine, or vendor of spirits may acquire, develop, sell, lease, finance, maintain, operate, or promote a condominium project or own a condominium unit as its sole property, under the condominium act, 1978 PA 59, MCL 559.101 to 559.276, if that condominium unit is not the licensed premises owned separately by a retailer and if all of the following apply:

(a) Condominium assessments in the condominium project are based on the proportional area each condominium unit has to the total area.

(b) A condominium unit operating as a licensed premises operates under a separate name from the condominium project except that cooperative advertising is permitted among owners of condominium units for the purpose of promoting the condominium project if the name of a brand or brands of an alcoholic liquor is not mentioned in the advertising.

(c) Ownership of a condominium unit and participation in a condominium association under this section is not considered a financial interest, interest by ownership, or interest by interlocking directors on stock ownership prohibited by section 603.

(d) A retailer separately owning a separate condominium unit as sole property does not directly purchase alcoholic liquor from the manufacturer, warehouse, wholesaler, or vendor of spirits who owns, leases, maintains, finances, or operates the condominium project.

(e) A wholesaler that has a direct or indirect interest in a condominium unit in which a retailer is located does not sell alcoholic liquor to any licensed retail business in which that retailer, or any person having an ownership interest in that retailer, has an ownership interest; and, a retail licensed business in which that retailer, or any person having an ownership interest in that retailer, has an ownership interest does not purchase alcoholic liquor from a wholesaler that has a direct or indirect interest in a condominium or condominium unit in which that retailer is located.

(f) A retailer acquiring a separate condominium unit as sole property pays the fair market value for the unit.

(6) Subsection (5) does not apply to a manufacturer, warehouse, wholesaler, authorized distribution agent, outstate seller of beer, outstate seller of wine, or vendor of spirits with a direct or indirect interest in a license under the Michigan Gaming Control and Revenue Act, 1996 IL 1, MCL 432.201 to 432.226. Subsection (5) does not prohibit a direct physical connection between a condominium unit that is the licensed premises and a condominium unit that is not the licensed premises.

Sec. 607. (1) Except as provided in section 536(7)(h), a warehouse, wholesaler, outstate seller of beer, outstate seller of wine, or vendor of spirits must not be licensed as a specially designated merchant or a specially designated distributor. A person licensed as a small distiller is not considered to be a specially designated distributor. Beginning December 23, 2007 and in addition to the persons described in this subsection, a wine maker and a small wine maker must also not be licensed as a specially designated merchant or a specially designated distributor. Any wine maker or small wine maker holding a specially designated merchant or specially designated distributor license on December 23, 2007 may continue to hold a specially designated merchant or specially designated distributor license.

(2) A specially designated distributor or specially designated merchant or any other retailer shall not hold a wholesale, warehouse, outstate seller of beer, or outstate seller of wine license. Beginning December 23, 2007, a specially designated distributor or specially designated merchant shall not hold a wine maker or small wine maker license in addition to being prohibited from holding any other license described in this subsection. Any specially designated distributor or specially designated merchant holding a wine maker or small wine maker license on December 23, 2007 may continue to hold a wine maker or small wine maker license.

(3) A brewer, warehouse, or wholesaler must not be licensed as a specially designated merchant. This subsection does not affect the operation of a brewery hospitality room.

(4) A wholesaler may sell or deliver beer and alcoholic liquor to hospitals, military establishments, governments of federal Indian reservations, and churches requiring sacramental wines and may sell to the wholesaler's own employees a limit of 2 cases of 24 12-ounce units or its equivalent of malt beverage per week, or 1 case of 12 1-liter units or its equivalent of wine per week.

Sec. 608. (1) The purpose of this section is to exercise this state's authority under section 2 of Amendment XXI of the Constitution of the United States to ensure an orderly market for the distribution and sale of alcoholic beverages.

(2) It is the intent of this state to provide access to this state's alcoholic beverage market to all licensed manufacturers of alcoholic beverages by ensuring the independence of wholesalers to distribute the brands of beer, wine, and mixed wine drinks of multiple manufacturers free from the interference or control of any 1 manufacturer.

(3) A manufacturer shall not do any of the following:

(a) Subject to subsection (5), require a wholesaler to provide financial records directly or indirectly related to any of the following:

(i) The wholesaler's distribution of the brands manufactured or sold to the wholesaler by another manufacturer.

- (ii) The compensation of a wholesaler's employees.
- (iii) The wholesaler's business operations not directly related to the distribution of the brands manufactured or sold to the wholesaler by the manufacturer.
- (b) Request a wholesaler to submit any of the wholesaler's financial records as a requirement for renewing or retaining an agreement.
- (c) Require a wholesaler to spend a set amount of resources marketing or promoting the brands manufactured or sold by the manufacturer to the wholesaler that is based on the sales revenue derived by the wholesaler's distribution of the brands manufactured or sold to the wholesaler by the manufacturer.
- (d) Intentionally ship beer, wine, or mixed wine drink to a wholesaler that exceeds the order placed by the wholesaler or the forecast submitted by the wholesaler. For purposes of this subdivision, a manufacturer is considered to have intentionally taken an action described in this subdivision if the manufacturer has invoiced or initiated an electronic funds transfer for the amount shipped in excess.
- (e) Prohibit a wholesaler from distributing the brands the manufacturer manufactured or sold to the wholesaler in licensed vehicles that have markings or logos of brands manufactured or sold to the wholesaler by other manufacturers.
- (f) Prohibit a wholesaler from distributing the brands manufactured or sold to the wholesaler by another manufacturer on a licensed vehicle that has the marking or logos of brands manufactured or sold to the wholesaler by the manufacturer.
- (g) Require a distributor to pay for the development, installation, or use of reporting software owned or mandated by the manufacturer. This subdivision does not prohibit a manufacturer from requiring a distributor to maintain electronic information systems that are compatible with systems and standards adopted by the manufacturer.
- (h) Require a wholesaler to pay a fee or penalty, of any description, for noncompliance with a manufacturer requirement. This subdivision does not prohibit a wholesaler from paying damages to a supplier as provided in section 305 or 403.
- (i) Set or attempt to set the rates of compensation for wholesaler employees, including incentives.
- (j) Prohibit a wholesaler from utilizing any wholesaler-owned, leased, or controlled property or equipment to market, promote, deliver, or distribute the brands manufactured or sold by another manufacturer to the wholesaler.
- (4) A manufacturer that violates this section may be ordered to pay a civil fine as follows:
 - (a) For a first violation, a civil fine of not more than \$1,000.00.
 - (b) For a second violation, a civil fine of not more than \$2,000.00.
 - (c) For a third or subsequent violation, a civil fine of not more than \$5,000.00.
- (5) A manufacturer may request and a wholesaler may provide financial records if any of the following circumstances apply:
 - (a) The wholesaler is attempting to purchase the manufacturer's brands from another wholesaler.
 - (b) The wholesaler and manufacturer are entering into an initial distribution agreement.
 - (c) The financial records are solely related to the brands sold by the manufacturer to the wholesaler.
- (6) As used in this section, "manufacturer" includes a brewer, micro brewer, wine maker, small wine maker, outstate seller of beer, or outstate seller of wine.

Sec. 610. (1) Notwithstanding section 609, a wholesaler, manufacturer, outstate seller of beer, outstate seller of wine, vendor of spirits, broker, or retailer may use unpaid social media to advertise any of the following in accordance with all applicable laws and regulations:

- (a) An on-premises brand promotion.
- (b) Beer, wine, or spirits tastings under section 537.
- (c) A product location communication.
- (2) Notwithstanding section 609, and subject to subsection (3), a supplier may take any of the following actions to assist a consumer seeking to have an alcoholic beverage sold by the supplier delivered or direct shipped to the consumer's home or designated location by a retailer as allowed under section 203:
 - (a) Advertise the name and location of all retailers that deliver or direct ship to a consumer the alcoholic beverages sold by the supplier.
 - (b) Provide a link to the website of each retailer that delivers or direct ships to a consumer the alcoholic beverages sold by the supplier.

(c) Transmit the consumer's order and payment information to the retailer that the consumer chooses to fulfill the customer's purchase and perform the delivery or direct shipment.

(3) A supplier shall not take any action described in subsection (2) unless both of the following conditions are met:

(a) The supplier and retailer do not provide or receive any other valuable thing in consideration for any action described in subsection (2) taken by the supplier. As used in this subdivision, "other valuable thing" means that term as defined in section 609.

(b) The supplier provides the consumer a list of retailers, from which the consumer selects, that will sell, deliver, or direct ship the alcoholic beverage to the consumer. The supplier may satisfy the condition under this subdivision by providing the consumer with a list of retailers located in the zip code or nearest zip codes to the consumer's location.

(4) As used in this section:

(a) "Broker" means that term as defined in section 609.

(b) "Consumer" means that term as defined in section 203.

(c) "On-premises brand promotion" means a promotion in the manner provided by the order of the commission issued on October 27, 1999. That order's prohibition against advertising an on-premises promotion by a party off the licensed premises does not apply to this section.

(d) "Product location communication" means a listing or program that allows an individual to determine the availability of a specific product at licensed retailers in a certain geographic area.

(e) "Social media" means a service, platform, or website where users communicate with one another and share media, such as pictures, videos, music, and blogs, with other users free of charge. Social media includes the website of a wholesaler, manufacturer, outstate seller of beer, outstate seller of wine, vendor of spirits, broker, or retailer.

(f) "Supplier" means that term as defined in section 603.

Sec. 610a. (1) Subject to subsection (2), a manufacturer, warehouse, wholesaler, outstate seller of beer, or vendor of spirits may provide to a retailer signs that promote the brands and prices of alcoholic liquor, including special event pricing.

(2) All of the following apply to a sign allowed under subsection (1):

(a) The sign must not be illuminated.

(b) The sign must not have any use beyond the actual advertising of brands, prices, and events related to the alcoholic liquor.

(c) The sign must not include the name of the retailer.

(d) For a sign that is located inside the retailer's licensed premises, the sign must not be more than 3,500 square inches in dimension.

(3) A retailer may use an illuminated sign to promote the brand but not the price of alcoholic liquor. A manufacturer, warehouse, wholesaler, outstate seller of beer, outstate seller of wine, or vendor of spirits shall not provide to a retailer a sign described in this subsection.

(4) The signs allowed under this section are in addition to the advertising items that a manufacturer, warehouse, wholesaler, outstate seller of beer, outstate seller of wine, or vendor of spirits may provide another licensee under section 609(2).

Sec. 611. (1) A refund or credit of the tax on wine paid under section 301 and of the tax on beer paid under section 409 must be made by the commission to a brewer, wine maker, outstate seller of beer, outstate seller of wine, wholesaler, or retail licensee that paid the tax if the wine or beer was sold to a military installation or Indian reservation in this state or, subject to subsection (2), if the wine or beer is lost, made unmarketable, or condemned by order of the commission as the result of a fire, flood, casualty, or other occurrence. A refund or credit must not be made as the result of theft.

(2) A refund or credit of taxes as provided in subsection (1) must be made for damaged wine or beer only if all of the following circumstances exist:

(a) At the time of the fire, flood, casualty, or other occurrence, the wine or beer was being held for sale by the vendor claiming the refund or credit.

(b) The refund or credit of the amount claimed or any part of the amount claimed has not been and will not be claimed for the same wine or beer under any other law or rule.

(c) The vendor claiming the refund or credit is not indemnifiable by any valid claim of insurance or otherwise for the tax on the wine or beer covered by the claim.

(d) The amount claimed for a refund or credit is more than \$250.00 or the refund or credit is claimed for defective wine or beer for which the commission has authorized a manufacturer, outstate seller of beer, outstate seller of wine, or wholesaler to make an exchange, have replaced, or be reimbursed.

(e) The occurrence was not caused by an intentional act of the vendor claiming the refund or credit or an agent of that vendor.

(3) A claim for a refund or credit of the tax as provided in subsection (1) must be made not later than 3 months after either of the following:

(a) The date on which the damage occurred or was first discovered.

(b) The date of the sale to a military installation or Indian reservation in this state.

(4) A claim for a refund or credit of the tax as provided in subsection (1) must be submitted to the commission on a form approved by the commission. The claim must contain the following information, as applicable:

(a) The name and business address of the vendor claiming the refund or credit.

(b) The address where the wine or beer was lost, made unmarketable, or condemned, if different from the business address.

(c) The address of the military installation or Indian reservation to which the wine or beer was sold.

(d) The kind of wine or beer.

(e) The size of bottles or containers.

(f) The number of bottles or containers.

(g) The total amount of wine or beer that was sold or damaged. The amount must be stated in liters or portions of liters for wine and barrels or portions of barrels for beer.

(h) A statement that other claims for a refund or credit of the amount claimed or for any part of the amount claimed have not been and will not be made.

(i) A statement that the vendor has not been indemnified by a valid claim of insurance or otherwise for the tax on the wine or beer covered by the claim.

(j) Evidence that the tax on the wine or beer has been paid.

(k) Evidence that the wine or beer was lost, made unmarketable, or condemned by reason of damage sustained as the result of a fire, flood, casualty, or other occurrence.

(l) A statement as to the type and date of the occurrence.

(m) A statement that the occurrence was not caused by an intentional act of the vendor claiming the refund or credit or an agent of that vendor.

(5) The vendor claiming the refund or credit for damaged wine or beer shall support a claim with any evidence, such as an inventory, statement, invoice, bill, record, or label, relating to the quantity of wine or beer on hand at the time of the fire, flood, casualty, or other disaster and alleged to have been lost, made unmarketable, or condemned as a result of the damage.

(6) Before or after a tax refund or credit has been made for damaged wine or beer, the wine or beer on which the refund or credit is based must be removed from this state or destroyed under the supervision of the commission.

(7) In addition to the provisions of this section, the tax paid on wine under section 301 must be rebated to the person who paid the tax on the presentation of satisfactory proof to the commission that the wine was shipped outside of this state for sale and consumption outside of this state.

Sec. 914b. (1) Except as otherwise provided in subsection (2), a person shall not use or offer for use, possess, sell, or offer for sale marihuana-infused beer, wine, mixed wine drink, or spirits. A person that violates this section is guilty of a misdemeanor punishable as provided in section 909.

(2) This section does not apply to a hospital that operates primarily for the purpose of conducting scientific research, a state institution conducting bona fide research, a private college or university conducting bona fide research, or a pharmaceutical company or biotechnology company conducting bona fide research.

(3) As used in this section:

(a) "Marihuana" means that term as defined in section 7106 of the public health code, 1978 PA 368, MCL 333.7106.

(b) "Marihuana-infused beer, wine, mixed wine drink, or spirits" means beer, wine, mixed wine drink, or spirits that contain any amount of marihuana.

Sec. 1019. (1) Alcoholic liquor may be served by any hotel licensed individually under this act in the room of a bona fide guest.

(2) A person shall not consume or offer for consumption spirits in any place licensed under this act to sell beer or wine and not licensed to sell spirits.

Sec. 1025. (1) Except as otherwise provided in subsection (3), and subject to subsection (2), a vendor shall not give away any alcoholic liquor of any kind or description at any time in connection with his or her business, except a vendor that is a manufacturer for consumption on the premises only.

(2) Subsection (1) does not prevent any of the following:

(a) A vendor of spirits, brewer, wine maker, small wine maker, outstate seller of beer, or outstate seller of wine, or a bona fide market research organization retained by 1 of the persons named in this subdivision, from conducting samplings or tastings of an alcoholic liquor product before it is approved for sale in this state, if the sampling or tasting is conducted pursuant to prior written approval of the commission.

(b) A person from conducting any sampling or tasting authorized by rule of the commission.

(c) The holder of a farmer's market permit from conducting a tasting authorized under section 415.

(d) A person from conducting any sampling or tasting authorized under section 537.

(e) A retailer licensed for consumption on the premises from conducting a sampling authorized under section 1027(2).

(f) A person from conducting a sampling at a consumer sampling event authorized under section 1027(4) and (5).

(g) A class A or B hotel designed to attract and accommodate tourists and visitors in a resort area from giving away alcoholic liquor to an invitee or guest in connection with a business event or as a part of a room special or promotion for overnight accommodations.

(3) A wholesaler or manufacturer may give samples of beer or wine to an employee of the wholesaler if all of the following conditions are met:

(a) The sampling is for the purpose of educating the employee regarding the beer or wine.

(b) The employee is at least 21 years of age.

(c) The sampling takes place on the licensed premises of the wholesaler.

(4) A vendor shall not sell an alcoholic liquor to an individual in an intoxicated condition.

(5) Evidence of any breathalyzer or blood alcohol test results obtained in a licensed establishment, or on property adjacent to the licensed premises and under the control or ownership of the licensee, is not admissible to prove a violation of this section, section 707(1), (2), (3), or (4), or section 801(1). To establish a violation of this section, section 707(1), (2), (3), or (4), or section 801(1), the individual's intoxicated condition at the time of the sale or consumption of alcohol must be proven by direct observation by law enforcement or commission enforcement personnel or through other admissible witness statements or corroborating evidence obtained as part of the standard investigation other than breathalyzer or blood alcohol test results.

Sec. 1027. (1) Unless otherwise provided by rule of the commission, a person shall not conduct samplings or tastings of any alcoholic liquor for a commercial purpose except at premises that are licensed by the commission for the sale and consumption of alcoholic liquor on the premises.

(2) Notwithstanding section 1025(1) or (2), a retailer licensed by the commission for consumption on the premises may allow customers to sample beer, wine, and spirits if the retailer does not charge for the samples provided to customers. Sample serving sizes must not exceed 3 ounces for beer, 2 ounces for wine, and 1/2 ounce for spirits. A customer must not be provided more than 2 samples within a 24-hour period per licensed premises.

(3) This section does not prohibit any of the following:

(a) A vendor of spirits, brewer, wine maker, small wine maker, outstate seller of beer, or outstate seller of wine, or a bona fide market research organization retained by 1 of the persons named in this subsection, from conducting samplings or tastings of an alcoholic liquor product before it is approved for sale in this state if the sampling or tasting is conducted under prior written approval of the commission.

(b) An on-premises licensee from giving a sampling or tasting of alcoholic liquor to an employee of the licensee during the legal hours for consumption for the purpose of educating the employee regarding 1 or more types of alcoholic liquor if the employee is at least 21 years of age.

(c) A small distiller licensee from giving a sampling or tasting of brands it manufactures on the licensed premises or an off-site tasting facility operated by that small distiller.

(d) A micro brewer, brewpub, or on-premises licensee from allowing the sampling and consumption on the licensed premises of beer, wine, mead, honey-based beer, or cider produced by 1 or more home brewers at a meeting of home brewers, or a club composed primarily of home brewers, under the following circumstances:

(i) The sampling or consumption is for the purpose of exhibitions or competitions involving home brewers.

(ii) The beer, honey-based beer, or cider is served in portions that do not exceed 3 ounces. The wine or mead is served in portions that do not exceed 2 ounces.

(iii) The beer, wine, mead, honey-based beer, or cider produced by the home brewer is only consumed by the home brewer, the home brewer's family, a club member, a judge, or a guest speaker and is not sold to members of the general public.

(iv) The participants in the sampling or consumption otherwise comply with applicable state and federal law and applicable regulatory provisions of this act and rules adopted by the commission under this act.

(v) The participants in the sampling or consumption are not charged for the sampling or consumption of the beer, wine, mead, honey-based beer, or cider.

(4) A vendor of spirits or a manufacturer may conduct a consumer sampling event on the premises of a holder of a specially designated distributor license upon submission of a completed application to the commission.

(5) The holder of a consumer sampling event license shall comply with the following:

(a) The commission must be notified in writing a minimum of 10 working days before the event with the date, time, and location of the event.

(b) The consumer sampling event is limited to 3 events per vendor of spirits or manufacturer per specially designated distributor license per month.

(c) The vendor of spirits or manufacturer conducting the consumer sampling event must have a licensed representative present at the specially designated distributor's establishment.

(d) Licensed representatives or an authorized representative may distribute merchandise, not to exceed \$100.00 in value, to consumers 21 years of age or older during the event.

(e) Participating specially designated distributor licensees do not receive any fee or other valuable consideration for participating in the event.

(f) Each consumer is limited to 3 samples, which total no more than 1/3 ounce of spirits per serving.

(g) The consumer is not charged for and does not purchase any sample.

(h) The alcoholic liquor used in the consumer sampling event is provided by the vendor of spirits or manufacturer, and purchased at the minimum retail selling price fixed by the commission from the specially designated distributor on whose premises the event is located. The vendor of spirits or manufacturer shall remove any unfinished product from the premises at which the event is held upon completion of the event.

(i) The consumer sampling event is not allowed if the sale of alcoholic liquor is otherwise prohibited on the premises at which the event is conducted.

(j) Samples are not offered to, or allowed to be consumed by, any person under the legal age for consuming alcoholic liquor.

(k) A consumer sampling event may be advertised in any type of media and the advertisements may include the date, time, location, and other information regarding the event.

(l) The participating vendor of spirits or manufacturer and specially designated distributor licensees comply with this act and commission rules.

(m) The vendor of spirits or manufacturer demonstrates that the individual actually conducting the sampling has successfully completed the server training program in the manner provided for in section 906 and rules promulgated by the commission.

(6) Violation of this section subjects the vendor of spirits or manufacturer to the sanctions and penalties as provided for under this act.

(7) The commission, by rule or issuance of an order, may further define eligibility for licensure and processes for conducting consumer sampling events.

(8) A sampling or tasting of any alcoholic liquor in a home or domicile for other than a commercial purpose is not subject to this section.

(9) Before a micro brewer, brewpub, or on-premises licensee allows an event to be held under subsection (3)(d), the micro brewer, brewpub, or on-premises licensee shall enter into a written agreement with the home brewers or home brewers club stating all of the following:

(a) The date and time the event will be held.

(b) The location of the event.

(c) Either of the following:

(i) A statement that the micro brewer, brewpub, or on-premises licensee acknowledges that it is not in control of an unregulated alcoholic beverage at its establishment and agrees to assume liability under section 801(2) for the event.

(ii) Proof that the home brewers or home brewers club has obtained a bond or liability insurance equal to that required under section 803(1).

(10) As used in this section:

(a) “Commercial purpose” means a purpose for which monetary gain or other remuneration could reasonably be expected.

(b) “Home brewer” means an individual who manufactures beer, wine, mead, honey-based beer, or cider at his or her dwelling.

Sec. 1101. (1) Spirits for consumption on the premises, in addition to beer and wine, may be sold by restaurants, hotels, and establishments approved by the commission under this act in the following cities, villages, or townships, if the legislative body of the city, village, or township by resolution of a majority vote of the members elect, votes in favor of allowing that sale. A petition may be filed with the city, village, or township clerk requesting the submission of the question of sale of spirits for consumption on the premises, in addition to beer and wine. For a city or township, the petition must be signed by a number of the registered and qualified electors that is not less than 35% of the total number of votes cast for all candidates for the office of secretary of state in that city or township at the last general election held for that purpose. For a village, the petition must be signed by a number of the registered and qualified electors that is not less than 35% of the total number of votes cast for all candidates for the office of president of the village at the last village election held for that purpose. The question must not be submitted to the electors of a city, village, or township more often than once in every 2 years. The city, village, or township clerk shall, within 10 days after the petition is filed with the clerk, give notice of the filing by publication of notice setting forth the essential facts of the petition in a newspaper published or in general circulation in the city, village, or township. The city, village, or township clerk shall submit the question at the next regular state election held in the city, village, or township if the petitions are filed at least 60 days before the election. Class C licensees in a newly incorporated city or village continue to be licensed by the commission until the question of the sale of spirits for consumption on the premises, in addition to beer and wine, is submitted to the electors of the city or village as provided in this section. The question of the sale of spirits for consumption on the premises, in addition to beer and wine, must be submitted by ballot in substantially the following form:

“Shall the sale of spirits in addition to beer and wine be permitted for consumption on the premises within the city, village, or township of under the provisions of the law governing same?

Yes

No

(2) All votes on the question submitted by ballot under subsection (1) must be taken, counted, and canvassed in the same manner as votes cast in city, village, or township elections, as applicable, are taken, counted, and canvassed. Ballots must be furnished by the election commission or similar body of the respective city, village, or township. If a majority of the electors voting at an election conducted under this section votes in favor of the question submitted by ballot under subsection (1), spirits may be sold under this act in that city, village, or township for consumption on the premises, in addition to beer and wine.

(3) Within 18 months after an election conducted under this section has resulted in a tie vote, the question must be resubmitted to the electors on the filing of a petition with the legislative body of the city, village, or township. The petition must be signed by a number of electors not less than that required under subsection (1) for the calling of an election on an original petition. The question must be resubmitted to the electors by the city, village, or township clerk at the next regular election if that election occurs not less than 30 days and not more than 60 days after the filing of the petition or at a special election called for that purpose and to be held within not less than 30 days and not more than 60 days after the filing of the petition.

(4) The legislative body of a city, village, or township shall not use this section to nullify the results of a referendum vote of the electors of the city, village, or township.

Sec. 1103. (1) If spirits for consumption on the premises, in addition to beer and wine, may be sold by restaurants, hotels, and establishments approved by the commission in a city, village, or township and all or a part of that city, village, or township becomes annexed to and a part of a city or village that does not, at the time of annexation, permit those sales, class C licensees in that annexed area shall continue to be licensed by the commission until the next regular, city, or village election, at which election, without the need to file a petition, the question of the sale of spirits for consumption on the premises, in addition to beer and wine, must be submitted to the electors of the city or village to which the territory has been annexed.

(2) The form of the ballot, the voting and canvassing of votes, and the effect of the votes must be as provided in section 1101.

(3) The fact that a vote has been taken upon that question either in the annexing municipality or in the annexed area, or in both, within 4 years before the annexation is not a bar to the submission of the question as provided in this section.

Sec. 1105. (1) When the question of the sale of spirits for consumption on the premises is submitted to and approved by the electors of a city, village, or township, and immediately after certification of the results of the election, all currently approved licensed establishments for consumption of beer and wine on the premises in the city, village, or township must be licensed to serve spirits in addition to beer and wine for consumption on the premises on application to and approval by the commission and payment of the applicable license fee as specified in section 525.

(2) A township having incorporated villages within its boundaries may submit to the voters in the unincorporated portion of the township the question of sale of spirits for consumption on the premises and the will of the electors outside of the incorporated villages shall decide the question for the unincorporated portion of the township.

Sec. 1113. (1) Except as provided in subsection (2), (3), or (5) and subject to subsection (6), a licensee enumerated under section 525 may sell at retail, and a person may buy, spirits between the hours of 7 a.m. on Sunday and 2 a.m. on Monday.

(2) Unless the legislative body of a county has prohibited the sale of spirits for consumption on the premises between the hours of 7 a.m. and 12 noon on Sunday or between the hours of 7 a.m. on Sunday and 2 a.m. on Monday, by resolution approved by a majority of the legislative body voting on that resolution, spirits may be sold after 7 a.m. on Sunday, in an establishment licensed under this act in which the gross receipts derived from the sale of food and other goods and services exceed 50% of the total gross receipts. With respect to an action taken by the legislative body or if the legislative body fails to act, a petition may be filed with the county clerk requesting the submission of the question regarding the prohibition of the sale of spirits for consumption on the premises between the hours of 7 a.m. and 12 noon on Sunday or between the hours of 7 a.m. on Sunday and 2 a.m. on Monday. The petition must be signed by a number of the registered and qualified electors of the county that is not less than 8% of the total number of votes cast for all candidates for the office of secretary of state in the county at the last general election held for that purpose. The question must not be submitted to the electors of a county more than once every 4 years. The county clerk shall submit the question at the next regular state election held in the county if the petitions are filed not less than 60 days before the election. The question regarding the prohibition of the sale of spirits and mixed spirit drink for consumption on the premises must be submitted by ballot in substantially the following forms:

(a) For the sale between the hours of 7 a.m. and 12 noon on Sunday:

"Shall the sale of spirits for consumption on the premises be prohibited between the hours of 7 a.m. and 12 noon on Sunday within the county of under the provisions of the law governing the sale of spirits for consumption?

Yes

No".

(b) For the sale between the hours of 7 a.m. on Sunday and 2 a.m. on Monday:

"Shall the sale of spirits for consumption on the premises be prohibited between the hours of 7 a.m. on Sunday and 2 a.m. on Monday within the county of under the provisions of the law governing the sale of spirits for consumption?

Yes

No".

(3) Unless the legislative body of a county has prohibited the sale of spirits for consumption off the premises between the hours of 7 a.m. and 12 noon on Sunday or between the hours of 7 a.m. on Sunday and 2 a.m. on Monday by resolution approved by a majority of the legislative body voting on the resolution, spirits may be sold after 7 a.m., in a retail establishment licensed under this act. With respect to an action taken by the legislative body or if the legislative body fails to act, a petition may be filed with the county clerk requesting the submission of the question regarding the prohibition of the sale of spirits for consumption off the premises, in addition to beer and wine, in a retail establishment licensed under this act between the hours of 7 a.m. and 12 noon on Sunday or between the hours of 7 a.m. on Sunday and 2 a.m. on Monday. The petition must be signed by a number of the registered and qualified electors of the county that is not less than 8% of the total number of votes cast for all

candidates for the office of secretary of state in the county at the last general election held for that purpose. The question must not be submitted to the electors of a county more than once every 4 years. The county clerk shall submit the question at the next regular state election held in the county if the petitions are filed not less than 60 days before the election. The question regarding the prohibition of the sale of spirits for consumption off the premises, in addition to beer and wine, in a retail establishment licensed under this act must be submitted by ballot in substantially the following forms:

(a) For the sale between the hours of 7 a.m. and 12 noon on Sunday:

“Shall the sale of spirits for consumption off the premises be prohibited between the hours of 7 a.m. and 12 noon on Sunday in a retail establishment licensed under the Michigan liquor control code of 1998 within the county of under the provisions of the law governing the sale of spirits for consumption?

Yes

No”.

(b) For the sale between the hours of 7 a.m. on Sunday and 2 a.m. on Monday:

“Shall the sale of spirits for consumption off the premises be prohibited between the hours of 7 a.m. on Sunday and 2 a.m. on Monday in a retail establishment licensed under the Michigan liquor control code of 1998 within the county of under the provisions of the law governing the sale of spirits for consumption?

Yes

No”.

(4) Votes on a question submitted to the electors under this section must be taken, counted, and canvassed in the same manner as votes cast in county elections are taken, counted, and canvassed. A ballot must be furnished by the election commission or similar body of the county. If a majority of the electors voting at an election vote in favor of the proposal, the sale of spirits may be prohibited in the county under this act for consumption on the premises or by a retail establishment for consumption off the premises, in addition to beer and wine, between the hours of 7 a.m. and 12 noon on Sunday or between the hours of 7 a.m. on Sunday and 2 a.m. on Monday. The sale of spirits must not be permitted in a city, village, or township in which the sale of spirits is prohibited under this act. A violation of this section is a misdemeanor. This section does not apply to spirits served to a bona fide guest in the residence of a person or sold or furnished for medicinal purposes as provided for in this act.

(5) A licensee enumerated under section 525 or any other person shall not sell at retail, and a person shall not knowingly and willfully buy, alcoholic liquor between the hours of 11:59 p.m. on December 24 and 12 noon on December 25. The legislative body of a city, village, or township, by resolution or ordinance, may prohibit the sale of alcoholic liquor on a legal holiday, primary election day, general election day, municipal election day, between the hours of 7 a.m. and 12 noon on Sunday, or between the hours of 7 a.m. on Sunday and 2 a.m. on Monday.

(6) The sale of spirits in any county between the hours of 7 a.m. and 12 noon on Sunday or between the hours of 7 a.m. on Sunday and 2 a.m. on Monday must not be prohibited under subsections (1) to (5) as applied to a motorsports entertainment complex located in more than 1 county if a resolution or referendum under this section results in the question's failing to pass in 1 county but passing in another. Under those circumstances, the commission shall determine the issue of the sale of spirits in the motorsports entertainment complex in those counties between the hours of 7 a.m. and 12 noon on Sunday or between the hours of 7 a.m. on Sunday and 2 a.m. on Monday. As used in this section, “motorsports entertainment complex” means a closed-course motorsports facility, and its ancillary grounds and facilities, that satisfies all of the following:

(a) Has at least 70,000 fixed seats for race patrons.

(b) Has at least 4 scheduled days of motorsports events each calendar year.

(c) Serves food and beverages at the motorsports entertainment complex during motorsports events each calendar year through concession outlets that are staffed by individuals who represent or are members of 1 or more nonprofit civic or charitable organizations that directly benefit from the concession outlets' sales.

(d) Engages in tourism promotion.

(e) Has permanent exhibitions of motorsports history, events, or vehicles within the motorsports entertainment complex.

(7) Any prohibitions on the sale of alcoholic liquor between the hours of 7 a.m. and 12 noon on Sunday or between the hours of 7 a.m. on Sunday and 2 a.m. on Monday adopted by a county, city, village, or township before May 16, 2011 remain in effect.

Sec. 1114. (1) Notwithstanding R 436.1403 and R 436.1503 of the Michigan Administrative Code and except as otherwise provided under this act or rule of the commission, an on-premises and an off-premises licensee shall not sell, give away, or furnish alcoholic liquor between the hours of 2 a.m. and 7 a.m. on any day.

(2) Subsection (1) does not prevent any local governmental unit from prohibiting the sale of beer and wine between the hours of 7 a.m. and 12 noon on Sunday or between the hours of 7 a.m. on Sunday and 2 a.m. on Monday under section 1111 and does not prevent any local governmental unit from prohibiting the sale of spirits between the hours of 7 a.m. and 12 noon on Sunday or between the hours of 7 a.m. on Sunday and 2 a.m. on Monday under section 1113. A licensee selling alcoholic liquor between 7 a.m. and 12 noon on Sunday shall obtain a permit and pay to the commission an annual fee of \$160.00.

(3) A reference to the time of day under this act or a rule of the commission includes daylight savings time, when observed.

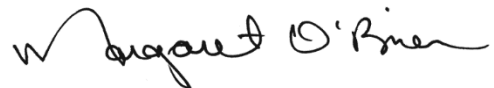
Sec. 1115. (1) A licensee that elects to sell spirits between the hours of 12 noon on Sunday and 2 a.m. on Monday under section 1113 shall not do so until the licensee first obtains a permit and pays to the commission an additional fee in the amount of 15% of the fee charged for the issuance of his or her license.

(2) The revenue received from subsection (1) for the sale of spirits between 12 noon on Sunday and 2 a.m. on Monday must be deposited with the state treasurer in a special fund to be used only by the department of health and human services in programs for the treatment of alcoholics. Any other revenue resulting from the additional \$160.00 license fee as described in section 1114 for sales of alcoholic liquor permitted under sections 1111 and 1113 must be deposited into the general fund.

Enacting section 1. This amendatory act does not take effect unless all of the following bills of the 100th Legislature are enacted into law:

(a) Senate Bill No. 1138.

(b) Senate Bill No. 1140.



Secretary of the Senate



Clerk of the House of Representatives

Approved _____

Governor