

Legislative Analysis



ALLOW MINORS TO WORK FOR CERTAIN LIQUOR LICENSEES

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

House Bill 5695 as enacted
Public Act 161 of 2022
Sponsor: Rep. Pauline Wendzel

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

House Bill 5696 as enacted
Public Act 122 of 2022
Sponsor: Rep. Stephanie A. Young

House Bill 5726 as enacted
Public Act 123 of 2022
Sponsor: Rep. Pat Outman

House Committee: Regulatory Reform
Senate Committee: Regulatory Reform
Complete to 2-7-23

BRIEF SUMMARY: House Bills 5695 and 5696 amend the Michigan Liquor Control Code to allow a minor employee who is at least 16 years old to build a display of certain brands of alcohol, mark the price on those brands, rotate them, and place them on shelves under certain conditions and to do so without having to be licensed as a salesperson. House Bill 5726 amends the Youth Employment Standards Act to allow a minor to be issued a work permit for employment with an establishment where alcoholic beverages are distributed.

FISCAL IMPACT: The bills would not have a fiscal impact on any unit of state or local government.

THE APPARENT PROBLEM:

Michigan wholesalers, who deliver beer, wine, and mixed spirit drink to licensed retail establishments, have reported difficulty in hiring enough people to sufficiently staff their businesses. One problem cited by some in the liquor industry is that the state liquor law makes it illegal for persons under 18 years of age to engage in the sale of alcohol, even if that constitutes a small part of their work duties. As the law defines the sale of alcohol very broadly, even activities such as refilling the beer cooler, stocking shelves with alcoholic beverages, or building a promotional display for a product containing alcohol are considered to be “selling alcohol.” If the law were amended to narrowly restrict the types of alcohol-related work duties that 16- and 17-year-olds can perform, it could ease the burden faced by many wholesalers.

THE CONTENT OF THE BILLS:

House Bill 5695 amends section 707 of the Michigan Liquor Control Code, which generally prohibits an off-premises liquor licensee from allowing an individual who is less than 18 years old to sell or serve alcohol and also prohibits a license from allowing an individual who is less than 18 years old to work or entertain on a paid or voluntary basis on the licensed premises unless the individual is employed in compliance with the Youth Employment Standards Act.

The bill provides that the above prohibitions do not prohibit a *wholesaler's employee* who is 16 years of age or older from doing any of the following regarding brands that are represented or sold by the wholesaler for an off-premises retailer:

- Building a display for those brands.
- Marking the price on those brands.
- Rotating those brands.
- Placing those brands on shelves.

The bill also adds that a provision allowing an on-premises licensee to allow an individual who is at least 17 years old to sell or serve alcohol under certain conditions is subject to section 15 of the Youth Employment Standards Act (see House Bill 5726, below).

MCL 436.1707

House Bill 5696 amends section 502 of the Michigan Liquor Control Code, which prohibits an individual who is a designated employee of certain classes of liquor licensees¹ from selling, delivering, promoting, or otherwise assisting in the sale of alcohol in any manner to a retailer in Michigan unless the individual is licensed as a salesperson. However, licensure as a salesperson is not required for an individual who is a specified age and who, with regard to brands that are represented or sold by the individual's employer for an off-premises retailer, only builds a display of those brands, marks the price on those brands, rotates those brands, or places those brands on shelves.

The bill applies this exemption to an individual who is at least 16 years old. Previously, the individual had to be at least 18 years old.

MCL 436.1502

House Bill 5726 amends section 15 of the Youth Employment Standards Act to allow a minor who is at least 16 years old to be issued a work permit for employment in, about, or in connection with that part of an establishment where alcoholic beverages are *distributed*, regardless of the percentage the sale of food or other goods constitutes of the total gross receipts.

The section prohibits a work permit from being issued that would allow a minor 16 years of age or older to be employed in, about, or in connection with that part of an establishment where alcoholic beverages are distilled, rectified, compounded, brewed, manufactured, bottled, consumed, sold at retail, or sold for consumption on the premises, unless the sale of food or other goods constituted at least 50% of the total gross receipts.

The bill deletes language that previously additionally applied this prohibition to that part of an establishment where alcoholic beverages are *distributed*.

MCL 409.115

¹ Manufacturers of beer, wine, or mixed spirit drink; outstate sellers of beer, wine, or mixed spirit drink; wholesalers; vendors or manufacturers of spirits; and brokers who represent one or more of those licensees.

ARGUMENTS:

For:

Many businesses are facing critical staffing shortages, and the liquor industry is among them. Previously under the law, a 16- or 17-year-old with a driver's license could drive a van to deliver beer, wine, or mixed spirit drink to a package liquor store, but was prohibited from unloading the delivery and placing a six-pack on a store shelf. Under the bills, an employee of certain liquor licensees involved in the delivery of alcoholic beverages who is at least 16 can stock shelves, build a promotional display, put a price sticker on a package or container, or rotate stock. The bills do not apply to servers in a bar or restaurant or allow employees of off-premises retail stores to sell or serve alcohol. Supporters argue that the bills are narrowly crafted so as to provide more young persons access to entry-level positions and enable wholesalers and certain vendors to fill open positions without posing a health or safety threat or leading to increases in underage drinking.

Against:

Although the job tasks that the bills allow appear benign, some may feel that easing any restrictions on the types of activities available to minors under Michigan's liquor laws could lead in the future to the easing of other restrictions put in place in those laws to protect vulnerable teenagers from the negative impacts alcohol can have, when not used responsibly, on individuals, families, and communities.

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