



Senate Fiscal Agency  
P.O. Box 30036  
Lansing, Michigan 48909-7536



Telephone: (517) 373-5383  
Fax: (517) 373-1986

Senate Bill 656 (as enacted)  
Sponsor: Senator Jim Runestad  
Senate Committee: Regulatory Reform  
House Committee: Regulatory Reform

**PUBLIC ACT 136 of 2022**

Date Completed: 1-6-23

**CONTENT**

**The bill amended the Michigan Liquor Control Code to prohibit an on-premises licensee from allowing, on the licensed premise, a machine that dispenses alcoholic liquor directly to a customer, except as otherwise provided by the bill.**

The bill took effect on July 11, 2022.

"On-premises license" means any of the following:

- A retailer that holds a license, other than a special license, to sell alcoholic liquor for consumption on the licensed premises.
- A manufacturer with an on-premises tasting room permit.
- A manufacturer that holds an off-premises tasting room license.
- A manufacturer that holds a joint off-premises tasting room license.

The prohibition does not apply to a dispensing machine located in a bedroom or a hotel suite of a class A or class B hotel licensee. The prohibition does not apply to a dispensing machine located at an on-premises licensed establishment if all of the following conditions are met:

- The machine is located at a customer's booth or table.
- The dispensing machine does not dispense more than 96 ounces of beer, wine, or mixed spirit drink in a single order.
- The machine does not dispense spirits.
- The customer orders the beer, wine, or mixed spirit drink from a licensee's clerk, servant, agent, or employee.
- The licensee does not sell, offer to sell, or advertise the sale of an unlimited quantity of beer, wine, or mixed spirit drink from the machine.

Alternatively, the prohibition does apply to a dispensing machine located at an on-premises licensed establishment if all of the following conditions are met:

- The machine is not located at a customer's booth or table.
- The customer activates the machine with a secure key card supplied by the licensee or its clerk, servant, agent, or employee.
- The key card is attached to the customer at all times.
- The machine does dispense more than 16 ounces of beer, 12 ounces of wine, or 12 ounces of mixed spirit drink.
- The machine does not dispense more than 32 ounces of any alcoholic liquor before the secure key card is reactivated by the licensee or its clerk, servant, agent, or employee.

- The machine does dispense spirits.
- The on-premises licensee or its clerk, servant, agent, or employee monitors the sale, service, and consumption of beer, wine, or mixed spirit drink from the machine to ensure compliance with the Code and applicable rules.

The bill requires a licensee or a clerk, servant, agent, or employee of the licensee who supplies or reactivates a secure key card to comply with Section 801(1) of the Code, which prohibits a licensee from selling, furnishing, or giving alcoholic liquor to minors or visibly intoxicated individuals, and prescribes penalties for a violation.

Under the bill, if an off-premises licensee has a dispensing machine located at the on-premises licensed establishment, the Liquor Control Commission or any Commissioner-authorized agent of the Commission may assess a penalty of up to \$2,000 on the on-premises licensee for each violation of Section 801(1) instead of assessing the penalty under Section 903(1) (which prescribes the penalties for violations of the Act and applicable rules) if the licensee, or its clerk, servant, or employee violates Section 801(1) regardless of whether the violation is associated with the dispensing machine. If the Commission assesses a penalty, it also may suspend or revoke the on-premises licensee's license.

The bill also rescinds R 436.1045 of the Michigan Administrative Code, which regulates dispensing equipment, furniture, and fixtures.

MCL 436.1552

Legislative Analyst: Eleni Lionas

### **FISCAL IMPACT**

This bill will have an indeterminate, but positive fiscal impact on the State. The extent of this impact will depend upon the number of fees assessed under the bill.

Fiscal Analyst: Jonah Houtz

SAS\S2122\s656es

This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.