

SENATE BILL NO. 559

June 17, 2021, Introduced by Senator NESBITT and referred to the Committee on Regulatory Reform.

A bill to amend 1998 PA 58, entitled
"Michigan liquor control code of 1998,"
by amending sections 233, 537a, and 551 (MCL 436.1233, 436.1537a,
and 436.1551), section 233 as amended by 2020 PA 126, section 537a
as added by 2020 PA 125, and section 551 as added by 2020 PA 124.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 233. (1) The commission shall establish uniform prices
2 for the sale of alcoholic liquor by specially designated
3 distributors. The prices must return a gross profit to the
4 commission of not less than 51% and not greater than 65%. If

1 alcoholic liquor purchased by the commission has not met sales
2 standards established by the commission for 6 months, the
3 commission may sell the alcoholic liquor at a price to be approved
4 by the state administrative board.

5 (2) Notwithstanding subsection (1), the commission may
6 establish by rule prices for the sale of alcoholic liquor to
7 hospitals, charitable institutions, and military establishments
8 located in this state.

9 (3) Except as otherwise provided in this subsection, specially
10 designated distributors and on-premises licensees are entitled to a
11 17% discount from the uniform prices described in subsection (1) on
12 alcoholic liquor purchased from this state. Beginning ~~with the~~
13 ~~enactment date of the amendatory act that added this sentence until~~
14 ~~12 months after the enactment date,~~ **July 1, 2020 through July 1,**
15 **2021,** on-premises licensees are entitled to a 23% discount from the
16 uniform prices described in subsection (1) on alcoholic liquor
17 purchased from this state.

18 Sec. 537a. (1) Notwithstanding anything in this act to the
19 contrary, a qualified licensee may fill and sell qualified
20 containers with alcoholic liquor for consumption off the premises
21 under the following conditions:

22 (a) The qualified licensee or his or her agent or employee
23 does not fill the qualified container in advance of the sale.

24 (b) The qualified licensee complies with all applicable rules
25 promulgated by the commission.

26 (c) The qualified licensee or his or her agent seals the
27 qualified container.

28 (2) Notwithstanding anything in this act to the contrary, a
29 qualified licensee may deliver alcoholic liquor to a consumer in

1 this state if all of the following conditions are met:

2 (a) The qualified licensee complies with all laws of this
3 state, including, but not limited to, the prohibition on sales to
4 minors.

5 (b) The qualified licensee stamps, prints, or labels on the
6 outside of the qualified container "Contains Alcohol. Must be
7 delivered to a person 21 years of age or older.". The recipient at
8 the time of the delivery shall provide identification verifying his
9 or her age.

10 (c) The qualified licensee or his or her agent seals the
11 qualified container.

12 (d) If the qualified licensee is a retailer, the alcoholic
13 liquor is delivered by the qualified licensee's employee or a third
14 party facilitator service, as that term is defined in section 203.

15 (e) If the qualified licensee is a manufacturer, the alcoholic
16 liquor is delivered by the qualified licensee's employee.

17 (3) Except as otherwise allowed under this act, a qualified
18 licensee shall not sell alcoholic liquor in its original package
19 under this section.

20 ~~(4) This section does not apply after December 31, 2025.~~

21 ~~(4) (5)~~ As used in this section:

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

23 (b) "Qualified container" means a clean, sealable container
24 that is for the sale of alcoholic liquor for consumption off the
25 premises, that has a liquid capacity that does not exceed 1 gallon,
26 and that, after it is filled, is sealed with a device or material
27 that is used to fully close off the container securely with no
28 perforations or straw holes.

29 (c) "Qualified licensee" means any of the following:

1 (i) A retailer that holds a license, other than a special
2 license, to sell alcoholic liquor for consumption on the licensed
3 premises.

4 (ii) A manufacturer with an on-premises tasting room permit
5 issued under section 536.

6 (iii) A manufacturer that holds an off-premises tasting room
7 license issued under section 536.

8 (iv) A manufacturer that holds a joint off-premises tasting
9 room license issued under section 536.

10 Sec. 551. (1) The governing body of a local governmental unit
11 may designate a social district that contains a commons area that
12 may be used by qualified licensees that obtain a social district
13 permit. A governing body of a local governmental unit shall not
14 designate a social district that would close a road unless the
15 governing body receives prior approval from the road authority with
16 jurisdiction over the road. If the governing body of a local
17 governmental unit designates a social district that contains a
18 commons area under this section, the governing body must define and
19 clearly mark the commons area with signs. The governing body shall
20 establish local management and maintenance plans, including, but
21 not limited to, hours of operation, for a commons area and submit
22 those plans to the commission. The governing body shall maintain
23 the commons area in a manner that protects the health and safety of
24 the community. Subject to this subsection, the governing body may
25 revoke the designation if it determines that the commons area
26 threatens the health, safety, or welfare of the public or has
27 become a public nuisance. Before revoking the designation, the
28 governing body must hold at least 1 public hearing on the proposed
29 revocation. The governing body shall give notice as required under

1 the open meetings act, 1976 PA 267, MCL 15.261 to 15.275, of the
2 time and place of the public hearing before the public hearing. The
3 governing body shall file the designation or the revocation of the
4 designation with the commission. As used in this subsection:

5 (a) "Local road agency" means a county road commission or
6 designated county road agency or city or village that is
7 responsible for the construction or maintenance of public roads
8 within this state.

9 (b) "Road authority" means a local road agency or the state
10 transportation department.

11 (2) Subject to subsection (3), the holder of a social district
12 permit may sell alcoholic liquor for consumption within the
13 confines of a commons area if both of the following requirements
14 are met:

15 (a) The holder of the social district permit ~~only~~ sells and
16 serves alcoholic liquor **only** on the holder's licensed premises.

17 (b) The holder of the social district permit ~~only~~ serves
18 alcoholic liquor to be consumed in the commons area **only** in a
19 container to which all of the following apply:

20 (i) The container prominently displays the social district
21 permittee's trade name or logo or some other mark that is unique to
22 the social district permittee under the social district permittee's
23 on-premises license.

24 (ii) The container prominently displays a logo or some other
25 mark that is unique to the commons area.

26 (iii) The container is not glass.

27 (iv) The container has a liquid capacity that does not exceed
28 16 ounces.

29 (3) If the commission issues a special license to a special

1 licensee located in a social district, the holder of a social
2 district permit shall not sell and serve alcoholic liquor under
3 subsection (2) during the effective period of the special license.

4 (4) A purchaser may remove a container of alcoholic liquor
5 sold by a holder of a social district permit under subsection (2)
6 from the social district permittee's licensed premises if both of
7 the following conditions are met:

8 (a) Except as otherwise provided in subdivision (b), the
9 purchaser does not remove the container from the commons area.

10 (b) While possessing the container, the purchaser does not
11 enter the licensed premises of a social district permittee other
12 than the social district permittee from which the purchaser
13 purchased the container.

14 (5) The consumption of alcoholic liquor from a container
15 described in subsection (2)(b) in the commons area as allowed under
16 this section may ~~only~~ occur **only** during the legal hours for the
17 sale of alcoholic liquor by the social district permittee.

18 (6) A qualified licensee whose licensed premises is shared by
19 and contiguous to a commons area in a social district designated by
20 the governing body of a local governmental unit under this section
21 may obtain from the commission an annual social district permit as
22 provided in this section. The social district permit must be issued
23 for the same period and may be renewed in the same manner as the
24 license held by the applicant. The commission shall develop an
25 application for a social district permit and shall charge a fee of
26 \$250.00 for a social district permit. An application for a social
27 district permit must be approved by the governing body of the local
28 governmental unit in which the applicant's place of business is
29 located before the application is submitted to the commission and

1 before the permit is granted by the commission. The \$250.00 permit
2 fee under this subsection must be deposited into the liquor control
3 enforcement and license investigation revolving fund under section
4 543(9).

5 ~~(7) This section does not apply after December 31, 2024.~~

6 **(7)** ~~(8)~~ As used in this section:

7 (a) "Commons area" means an area within a social district
8 clearly designated and clearly marked by the governing body of the
9 local governmental unit that is shared by and contiguous to the
10 premises of at least 2 other qualified licensees. Commons area does
11 not include the licensed premises of any qualified licensee.

12 (b) "Local governmental unit" means a city, township, village,
13 or charter authority.

14 (c) "Qualified licensee" means any of the following:

15 (i) A retailer that holds a license, other than a special
16 license, to sell alcoholic liquor for consumption on the licensed
17 premises.

18 (ii) A manufacturer with an on-premises tasting room permit
19 issued under section 536.

20 (iii) A manufacturer that holds an off-premises tasting room
21 license issued under section 536.

22 (iv) A manufacturer that holds a joint off-premises tasting
23 room license issued under section 536.