

SUBSTITUTE FOR
HOUSE BILL NO. 4996

A bill to amend 1998 PA 58, entitled "Michigan liquor control code of 1998," by amending sections 534, 537, 603, and 1027 (MCL 436.1534, 436.1537, 436.1603, and 436.2027), sections 537 and 1027 as amended and section 534 as added by 2008 PA 218 and section 603 as amended by 2009 PA 2.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 534. (1) Upon application in a manner acceptable to the
2 commission and payment of the appropriate license fee, the
3 commission shall issue a small distiller license to a person
4 annually manufacturing in Michigan spirits in an amount not
5 exceeding 60,000 gallons, of all brands combined.

6 (2) A small distiller may only sell at retail from the
7 licensed premises **OR AT AN OFF-SITE TASTING FACILITY OPERATED BY**
8 **THAT SMALL DISTILLER** either or both of the following:

1 (a) Brands it manufactures on the licensed premises for
2 consumption off the licensed premises, at a price posted by the
3 commission under section 233.

4 (b) Brands it manufactures on the licensed premises for
5 consumption on the licensed premises **OR ON AN OFF-SITE TASTING**
6 **FACILITY OPERATED BY THAT SMALL DISTILLER.**

7 (3) A small distiller may give samplings or tastings of brands
8 it manufactures on the licensed premises.

9 (4) A small distiller shall comply with the server training
10 requirements of section 906.

11 (5) This section does not allow the sale of spirits transacted
12 or caused to be transacted by means of any mail order, internet,
13 telephone, computer, device, or other electronic means.

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

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

18 (b) Class C license where beer, wine, mixed spirit drink, and
19 spirits may be sold for consumption on the premises.

20 (c) Clubs where beer, wine, mixed spirit drink, and spirits
21 may be sold for consumption on the premises only to bona fide
22 members where consumption is limited to these members and their
23 bona fide guests, who have attained the age of 21 years.

24 (d) Direct shippers where wine may be sold and shipped
25 directly to the consumer.

26 (e) Hotels of class A where beer and wine may be sold for
27 consumption on the premises and in the rooms of bona fide

1 registered guests. Hotels of class B where beer, wine, mixed spirit
2 drink, and spirits may be sold for consumption on the premises and
3 in the rooms of bona fide registered guests.

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

6 (g) Specially designated distributors where spirits and mixed
7 spirit drink may be sold for consumption off the premises only.

8 (h) Special licenses where beer and wine or beer, wine, mixed
9 spirit drink, and spirits may be sold for consumption on the
10 premises only.

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

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

17 (i) Class C.

18 (ii) Tavern.

19 (iii) Class A hotel.

20 (iv) Class B hotel.

21 (k) Micro brewers and brewers selling less than 200,000
22 barrels of beer per year where beer produced by the micro brewer or
23 brewer may be sold to a consumer for consumption on or off the
24 brewery premises.

25 (l) Class G-1 license where beer, wine, mixed spirit drink, and
26 spirits may be sold for consumption on the premises only to members
27 required to pay an annual membership fee and consumption is limited

1 to these members and their bona fide guests.

2 (m) Class G-2 license where beer and wine may be sold for
3 consumption on the premises only to members required to pay an
4 annual membership fee and consumption is limited to these members
5 and their bona fide guests.

6 (n) Motorsports event license where beer and wine may be sold
7 for consumption on the premises during sanctioned motorsports
8 events only.

9 (o) Wine maker where wine may be sold by direct shipment, at
10 retail on the licensed premises, and as provided for in subsections
11 (2) and (3).

12 (p) Small distiller selling not more than 60,000 gallons of
13 spirits manufactured by that licensee to the consumer at retail for
14 consumption on or off the licensed premises **OR ON AN OFF-SITE**
15 **TASTING FACILITY OPERATED BY THAT SMALL DISTILLER** in the manner
16 provided for in section 534.

17 (2) A wine maker may sell wine made by that wine maker in a
18 restaurant for consumption on or off the premises if the restaurant
19 is owned by the wine maker or operated by another person under an
20 agreement approved by the commission and located on the premises
21 where the wine maker is licensed.

22 (3) A wine maker, with the prior written approval of the
23 commission, may conduct wine tastings of wines made by that wine
24 maker and may sell the wine made by that wine maker for consumption
25 off the premises at a location other than the premises where the
26 wine maker is licensed to manufacture wine, under the following
27 conditions:

1 (a) The premises upon which the wine tasting occurs conforms
2 to local and state sanitation requirements.

3 (b) Payment of a \$100.00 fee per location is made to the
4 commission.

5 (c) The wine tasting locations shall be considered licensed
6 premises.

7 (d) Wine tasting does not take place between the hours of 2
8 a.m. and 7 a.m. Monday through Saturday, or between 2 a.m. and 12
9 noon on Sunday.

10 (e) The premises and the licensee comply with and are subject
11 to all applicable rules promulgated by the commission.

12 Sec. 603. (1) Except as provided in subsections (6) to (12)
13 and section 605, a manufacturer, mixed spirit drink manufacturer,
14 warehouser, wholesaler, outstate seller of beer, outstate seller of
15 wine, outstate seller of mixed spirit drink, or vendor of spirits
16 shall not have any financial interest, directly or indirectly, in
17 the establishment, maintenance, operation, or promotion of the
18 business of any other vendor.

19 (2) Except as provided in subsections (6) to (12) and section
20 605, a manufacturer, mixed spirit drink manufacturer, warehouser,
21 wholesaler, outstate seller of beer, outstate seller of wine,
22 outstate seller of mixed spirit drink, or vendor of spirits or a
23 stockholder of a manufacturer, mixed spirit drink manufacturer,
24 warehouser, wholesaler, outstate seller of beer, outstate seller of
25 wine, outstate seller of mixed spirit drink, or vendor of spirits
26 shall not have an interest by ownership in fee, leasehold,
27 mortgage, or otherwise, directly or indirectly, in the

1 establishment, maintenance, operation, or promotion of the business
2 of any other vendor.

3 (3) Except as provided in subsections (6) to (12) and section
4 605, a manufacturer, mixed spirit drink manufacturer, warehouser,
5 wholesaler, outstate seller of beer, outstate seller of wine,
6 outstate seller of mixed spirit drink, or vendor of spirits shall
7 not have an interest directly or indirectly by interlocking
8 directors in a corporation or by interlocking stock ownership in a
9 corporation in the establishment, maintenance, operation, or
10 promotion of the business of any other vendor.

11 (4) Except as provided in subsections (6) to (12) and section
12 605, a person shall not buy the stocks of a manufacturer, mixed
13 spirit drink manufacturer, warehouser, wholesaler, outstate seller
14 of beer, outstate seller of wine, outstate seller of mixed spirit
15 drink, or vendor of spirits and place the stock in any portfolio
16 under an arrangement, written trust agreement, or form of
17 investment trust agreement and issue participating shares based
18 upon the portfolio, trust agreement, or investment trust agreement,
19 and sell the participating shares within this state.

20 (5) The commission may approve a brandy manufacturer to sell
21 brandy made by that brandy manufacturer in a restaurant for
22 consumption on or off the premises if the restaurant is owned by
23 the brandy manufacturer or operated by another person under an
24 agreement approved by the commission and is located on the premises
25 where the brandy manufacturer is licensed. Brandy sold for
26 consumption off the premises under this subsection shall be sold at
27 the uniform price established by the commission.

1 (6) The commission shall allow a small distiller to sell
2 brands of spirits it manufactures for consumption on the licensed
3 premises at that distillery **OR ON AN OFF-SITE TASTING FACILITY**
4 **OPERATED BY THAT SMALL DISTILLER.**

5 (7) A brewpub may have an interest in up to 2 other brewpubs
6 so long as the combined production of all the locations in which
7 the brewpub has an interest does not exceed 5,000 barrels of beer
8 per calendar year.

9 (8) This section does not prohibit a supplier from having any
10 interest, directly or indirectly, in any other supplier.

11 (9) The commission may approve the following pursuant to R
12 436.1023(3) of the Michigan administrative code, subject to the
13 written approval of the United States department of treasury,
14 bureau of alcohol and tobacco tax and trade:

15 (a) A wine maker participating with 1 or more wine makers in
16 an alternating proprietor operation in accordance with 27 CFR part
17 24, subpart D, section 24.136.

18 (b) A brewer participating with 1 or more brewers in an
19 alternating proprietor operation in accordance with 27 CFR part 25,
20 subpart F, section 25.52.

21 (10) A manufacturer is prohibited from having any interest,
22 directly or indirectly, in a wholesaler.

23 (11) A wine maker is prohibited from collectively delivering
24 wine, with any other wine maker, to retail licensees.

25 (12) As used in this section:

26 (a) "Manufacturer" means, notwithstanding section 109(1), a
27 wine maker, small wine maker, brewer, micro brewer, manufacturer of

1 spirits, small distiller, brandy manufacturer, and mixed spirit
2 drink manufacturer.

3 (b) "Supplier" means a manufacturer, mixed spirit drink
4 manufacturer, outstate seller of beer, outstate seller of wine,
5 outstate seller of mixed spirit drink, and vendor of spirits.

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

11 (2) This section does not prevent either of the following:

12 (a) A vendor of spirits, brewer, wine maker, mixed spirit
13 drink manufacturer, small wine maker, outstate seller of beer,
14 outstate seller of wine, or outstate seller of mixed spirit drink,
15 or a bona fide market research organization retained by 1 of the
16 persons named in this subsection, from conducting samplings or
17 tastings of an alcoholic liquor product before it is approved for
18 sale in this state if the sampling or tasting is conducted pursuant
19 to prior written approval of the commission.

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

25 (c) A small distiller licensee from giving a sampling or
26 tasting of brands it manufactures on the licensed premises **OR ON AN**
27 **OFF-SITE TASTING FACILITY OPERATED BY THAT SMALL DISTILLER.**

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

4 (4) For purposes of this section, "commercial purpose" means a
5 purpose for which monetary gain or other remuneration could
6 reasonably be expected.