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BILL



ANALYSIS

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Senate Bill 372 (as introduced 5-10-17)
Sponsor: Senator Goeff Hansen
Committee: Regulatory Reform

Date Completed: 5-17-17

CONTENT

The bill would repeal Section 1030 of the Michigan Liquor Control Code, which regulates the retail sale of beer in a keg.

Specifically, Section 1030 requires a retailer selling beer in a keg to do all of the following:

- Attach an identification tag, as prescribed by the Michigan Liquor Control Commission, on the keg before or at the time of the sale.
- Require the purchaser to complete and sign a receipt after presenting a driver license or State of Michigan identification card.
- Prohibit the retailer from selling beer in a keg to a customer who does not possess a driver license or State of Michigan identification card.
- Refuse to return the keg deposit if the identification tag is not attached when returned.
- Retain a keg deposit as described under the Michigan Administrative Code.

A notice containing the information described above must be printed on the receipt and state all of the following:

- That the retailer will not return the keg deposit to the purchaser of the beer if the tag is not attached to the keg upon its return.
- That the individual signing the receipt does so with the understanding that he or she agrees not to damage the keg and not to remove or alter the attached tag.
- That the individual signing the receipt does so with the understanding that he or she is subject to liability for serving the beer to any minor.

The Commission must make identification tags available to retailers selling beer in a keg. Upon request, the Commission must distribute and make available the tags in numbered lots to retailers selling beer in a keg.

Retailers selling beer in a keg must retain a copy of the receipt for at least 30 days after the date the keg was returned and must make the copy available for inspection by the Commission and law enforcement agencies.

A person violating Section 1030 under the following circumstances is subject to the applicable sanctions:

- A retailer who has failed to apply an identification tag on a keg, intentionally failed to complete the receipt as prescribed by the Commission, or failed to obtain the purchaser's signature on the receipt is liable for an administrative fine of not more than \$50.

- A person who is not a retailer or a wholesaler licensed by the Commission is guilty of a misdemeanor punishable by imprisonment for up to 93 days or a fine of not more than \$500, or both, for removing an identification tag from a keg containing beer; allowing the removal of an identification tag from a keg of beer purchased by that individual; or providing false information in the purchase of beer in a keg.

Section 1030 requires the attaching of a tag to a beer keg sold at retail for use by a member of the general public and does not require a retailer or licensee to attach a tag to a keg that is being used for on-premises consumption only, being stored, being transported, or being used by a caterer providing catering service.

"Keg" means any brewery-sealed individual container having liquid capacity of five gallons or more.

The bill would take effect 90 days after its enactment.

MCL 436.2030

Legislative Analyst: Drew Krogulecki

FISCAL IMPACT

The bill would have a small positive fiscal impact on the Michigan Liquor Control Commission (MLCC) and no fiscal impact on local units of government. According to the MLCC, the annual cost to administer the beer keg tag program is about \$23,000. The bill would repeal the requirement for these tags, so the MLCC would presumably save on those costs each year. It is not clear whether liquor license fee revenue or revenue from the Liquor Purchase Revolving Fund (LPRF) is currently used to cover these costs, but if it is the latter, then the cost savings would directly benefit the State General Fund, as the LPRF's profits lapse to the General Fund each year.

Fiscal Analyst: Josh Sefton

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