

# Legislative Analysis



## LIQUOR CODE AMENDMENTS

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<http://www.house.mi.gov/hfa>

**House Bill 4823 as introduced**  
**Sponsor: Rep. Joseph A. Aragona**  
**Committee: Regulatory Reform**  
**Complete to 9-17-25**

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

## SUMMARY:

House Bill 4823 would amend the Michigan Liquor Control Code to make changes related to beer samples, the sale for consumption of nonalcoholic beer under certain circumstances, the composition of the Craft Beverage Council, and other matters as described below.

### Nonalcoholic beer

The code now defines *beer* as a beverage obtained by alcoholic fermentation of an infusion or decoction of barley, malt, hops, sugar, or other cereal in potable water. Under this definition, which centers on the process used to manufacture the beverage and makes no reference to the alcoholic content of the resulting product, nonalcoholic beer is considered *beer* for purposes of the code.<sup>1</sup> Among other things, this means that nonalcoholic beer is subject to the requirements of Michigan's three-tier distribution system for alcohol, under which (broadly speaking) manufacturers sell products to wholesalers, which sell them to retailers, which sell them to consumers.

The bill would create an exception to allow a wholesaler to sell nonalcoholic beer (beer that contains less than 0.5% alcohol by volume) to a brewer or a micro brewer to sell at their approved tasting room for consumption on or off the licensed premises. A brewer or micro brewer that purchases nonalcoholic beer under these provisions could not do either of the following:

- Sell or transfer the beer to another licensee.
- If the brewer or micro brewer has multiple licensed locations with approved tasting rooms, transfer the beer to any of their licensed locations.

### Beer samples

The bill also would allow a brewer or a micro brewer to give samples of beer to an employee of another brewer or micro brewer if all of the following conditions are met:

- The sampling is for research or to educate the employee about the beer.
- The employee is at least 21 years of age.
- The sampling takes place on the licensed premises of the other brewer or micro brewer.

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<sup>1</sup> The bill would amend the definition of *beer*, but it would not change its meaning or scope. It would simply split the current definition into two parts, which would make it easier to refer separately to nonalcoholic beer or higher alcohol beer in other provisions of the code (such as those described above). The two parts would consist of beverages obtained by alcoholic fermentation of an infusion or decoction of barley, malt, hops, sugar, or other cereal in potable water that contain 0.5% or more alcohol by volume, and those that contain less than 0.5% alcohol by volume (including 0.0%). As is the case currently, the term *beer* would encompass all such fermented beverages, regardless of their alcohol content.

### Michigan Craft Beverage Council

The Michigan Craft Beverage Council now consists of nine voting members appointed by the governor and, as a nonvoting member, the director of the Department of Agriculture and Rural Development (MDARD) or their designee.

The bill would add the business manager of the Michigan Liquor Control Commission (MLCC) or their designee to the council as a nonvoting member.

In addition, the bill would change a current requirement that a voting member be appointed to represent large brewers to instead require a voting member who is a representative of a micro brewer or of a brewer that is not a micro brewer.

### Sale or delivery of alcohol to certain entities

Currently, the act allows a wholesaler to sell or deliver beer and alcoholic liquor to hospitals, military establishments, governments of federal Indian reservations, and churches requiring sacramental wines.

The bill would expand these provisions to allow wholesalers to sell or deliver beer, wine, mixed wine drink, and mixed spirit drink to any of the following:

- Hospitals.
- Military establishments.
- Governments of federal Indian reservations.
- Churches requiring sacramental wines.
- Border or airport stores as defined in federal law.<sup>2</sup>
- Trade associations exempt from taxation under section 501(c)(6) of the federal Internal Revenue Code, whose members are licensed under the Liquor Control Code and where the alcoholic beverage is for on-premises consumption and not for resale.<sup>3</sup>

In addition, a wholesaler may sell either of the following per week to its own employees:

- Up to two cases of 24 12-ounce units (or its equivalent) of malt beverage.
- Up to one case of 12 one-liter units (or its equivalent) of wine or mixed spirit drink.

The bill would add mixed wine drink to the second bulleted item above.

### Other amendments

Finally, the bill would add mixed spirit drink manufacturers, outstate sellers of mixed spirit drinks, and mixed wine drink wholesalers to the following provisions of the code (which currently apply to other specified entities):

- A requirement to maintain accurate records of expenditures for four years. (The bill would not specifically add mixed wine wholesalers to this provision, which already includes wholesalers generally.)
- A provision allowing purchase, for promotional purposes, of one drink for each customer at an on-premises retail licensee (up to a maximum of \$100 spending per day), no more than twice per month at the same location.

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<sup>2</sup> <https://www.govinfo.gov/content/pkg/USCODE-2023-title19/pdf/USCODE-2023-title19-chap4-subtitleIII-partIV-sec1555.pdf>

<sup>3</sup> <https://www.irs.gov/charities-non-profits/other-non-profits/types-of-organizations-exempt-under-section-501c6>

The bill cannot take effect unless House Bill 4824 and 4825 are both also enacted. Generally speaking, House Bill 4824 would amend the Michigan Liquor Control Code's definitions for the terms *brand* and *brand extension*,<sup>4</sup> and House Bill 4825 would amend the Income Tax Act to create individual and corporate income tax credits for distributors that originate deposits on beverage containers.<sup>5</sup>

MCL 436.1105 et seq. and proposed MCL 436.1412

#### **FISCAL IMPACT:**

House Bill 4823 would have minimal to no fiscal impact on the Michigan Liquor Control Commission, housed within the Department of Licensing and Regulatory Affairs. Under current law, a beer manufacturer may only sell in a tasting room beer that the manufacturer produced. This bill would allow brewer and micro brewer tasting rooms to purchase alcoholic and nonalcoholic beer, which the MLCC indicated could result in an increase in beer excise tax revenue, though any potential increase would be minimal.

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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.

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<sup>4</sup> <https://www.legislature.mi.gov/Bills/Bill?ObjectName=2025-HB-4824>

<sup>5</sup> <https://www.legislature.mi.gov/Bills/Bill?ObjectName=2025-HB-4825>