



Senate Bill 470 (as enacted)

**PUBLIC ACT 344 of 2010**

Sponsor: Senator Alan Sanborn

Senate Committee: Economic Development and Regulatory Reform

House Committee: Regulatory Reform

Date Completed: 1-5-11

**CONTENT****The bill added Section 1030 to the Michigan Liquor Control Code to do the following:**

- **Require retailers selling beer in a keg to: attach an identification tag to the keg, require the purchaser to sign a receipt, and refuse to return the keg deposit if the tag is not attached when the keg is returned.**
  - **Require the Liquor Control Commission (LCC) to make ID tags available to retailers selling beer in a keg.**
  - **Prescribe information that must be on a receipt, and require retailers to retain receipts for at least 30 days.**
  - **Set an administrative fine for retailers who commit certain violations.**
  - **Prescribe a misdemeanor penalty for people who are not retailers or wholesalers for certain violations.**
- Attach an ID tag, as prescribed by the LCC, on the keg before or at the time of selling the beer.
  - Require the purchaser of the beer to complete and sign a receipt after presenting a driver license or State of Michigan identification card.
  - Refuse to return the keg deposit if the ID tag is not attached when the keg is returned.
  - Retain a deposit as specified in R 436.1629 of the Michigan Administrative Code.

(Rule 436.1629 requires manufacturers, outstate sellers of beer, and wholesalers of beer to collect a barrel deposit of \$30 for a barrel, half-barrel, and quarter-barrel of beer. A cash refund of \$30 for a barrel, half-barrel, and quarter-barrel of beer must be made to a licensee who has made the deposit, and returned barrels for refund.)

A retailer may not sell beer in a keg to a customer who does not possess a driver license or State of Michigan ID card.

The bill took effect on December 21, 2010.

The bill defines "keg" as any brewery-sealed individual container having liquid capacity of five gallons or more.

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

The LCC must prescribe the receipt for use in the sale of beer by the keg. The receipt must contain at least a place for the purchaser's printed name, address, telephone number, and driver license or State ID card number, and the beer keg tag number. A retailer may not sell beer in a keg unless the purchaser completes and signs the receipt.

A notice must be printed on the receipt in boldfaced type the same size as that used on other parts of the receipt. The notice must 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 or 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 LCC must make ID tags available to retailers selling beer in a keg. The tags must be of such size and materials as to make them easily removable for the purpose of the keg's cleaning and reuse by its owner. Upon request, the Commission must distribute the tags and make them available in numbered lots to retailers selling beer in a keg.

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

A retailer who fails to apply an ID tag on a keg, intentionally fails to complete the receipt, or fails to obtain the purchaser's signature on the receipt, will be liable for an administrative fine of up to \$50.

A person who is not a retailer or a wholesaler licensed by the LCC will be guilty of a misdemeanor punishable by up to 93 days' imprisonment and/or a maximum fine of \$500, for any of the following:

- Removing an ID tag from a keg containing beer.
- Allowing the removal of an ID tag from a keg of beer purchased by that individual.
- Providing false information in the purchase of beer in a keg.

The bill specifies that 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 the catering service.

The bill also states that Section 1030 does not prohibit an LCC agent or a law enforcement agent from returning an untagged keg and receiving the keg deposit on behalf of the Commission or the law enforcement agency.

MCL 436.1030

### **FISCAL IMPACT**

The bill will increase the costs of the Liquor Control Commission within the Department of Energy, Labor, and Economic Growth. The bill requires the LCC to provide retailers with identification tags for beer kegs. The LCC also is required to develop receipts to document keg sales. The cost of the keg tags is estimated at \$10,000. The LCC will incur additional costs to administer the keg tag program. The LCC's revenue in excess of administrative costs is deposited annually in the General Fund. To the extent that the bill increases the LCC's costs, the General Fund contribution will be reduced.

The bill also provides for administrative fines against retailers who are not in compliance with the keg tag and receipt requirements. Any revenue from administrative fines will be deposited into the General Fund.

The bill will have an indeterminate fiscal impact on local government. There are no data to indicate how many people will be convicted of the new misdemeanor involving kegs of beer. Local governments will incur the costs of misdemeanor probation and incarceration in local facilities, which vary by county. Additional penal fine revenue will benefit public libraries.

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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.