

HOUSE BILL No. 4996

May 26, 2009, Introduced by Reps. Scripps, Mayes, Kandrevas, Valentine and Robert Jones 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 534, 537, 603, and 1027 (MCL 436.1534, 436.1537, 436.1603, and 436.2027), sections 537, 603, and 1027 as amended and section 534 as added by 2008 PA 218.

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**

1 **THAT SMALL DISTILLER** either or both of the following:

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

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

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

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

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

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

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

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

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

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

27 (e) Hotels of class A where beer and wine may be sold for

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

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

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

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

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

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

18 (i) Class C.

19 (ii) Tavern.

20 (iii) Class A hotel.

21 (iv) Class B hotel.

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

26 (l) Class G-1 license where beer, wine, mixed spirit drink, and
27 spirits may be sold for consumption on the premises only to members

1 required to pay an annual membership fee and consumption is limited
2 to these members and their bona fide guests.

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

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

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

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

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

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

1 conditions:

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

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

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

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

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

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

20 (2) Except as provided in subsection (6) and section 605, a
21 manufacturer, mixed spirit drink manufacturer, warehouse,
22 wholesaler, outstate seller of beer, outstate seller of wine,
23 outstate seller of mixed spirit drink, or vendor of spirits or a
24 stockholder of a manufacturer, mixed spirit drink manufacturer,
25 warehouse, wholesaler, outstate seller of beer, outstate seller of
26 wine, outstate seller of mixed spirit drink, or vendor of spirits
27 shall not have an interest by ownership in fee, leasehold,

1 mortgage, or otherwise, directly or indirectly, in the
2 establishment, maintenance, operation, or promotion of the business
3 of any other vendor.

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

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

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

1 the uniform price established by the commission.

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

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

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

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

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

24 (b) An on-premises licensee from giving a sampling or tasting
25 of alcoholic liquor to an employee of the licensee during the legal
26 hours for consumption for the purpose of educating the employee
27 regarding 1 or more types of alcoholic liquor so long as the

1 employee is at least 21 years of age.

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

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

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