

SENATE BILL No. 427

April 1, 2009, Introduced by Senators ALLEN, BARCIA and PRUSI and referred to the Committee on Economic Development and Regulatory Reform.

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

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

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

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

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

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

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

3 (e) Hotels of class A where beer and wine may be sold for
4 consumption on the premises and in the rooms of bona fide
5 registered guests. Hotels of class B where beer, wine, mixed spirit
6 drink, and spirits may be sold for consumption on the premises and
7 in the rooms of bona fide registered guests.

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

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

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

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

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

21 (i) Class C.

22 (ii) Tavern.

23 (iii) Class A hotel.

24 (iv) Class B hotel.

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

1 brewery premises.

2 (l) Class G-1 license where beer, wine, mixed spirit drink, and
3 spirits may be sold for consumption on the premises only to members
4 required to pay an annual membership fee and consumption is limited
5 to these members and their bona fide guests.

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

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

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

16 (p) Small distiller selling not more than 60,000 gallons of
17 spirits manufactured by that licensee to the consumer at retail for
18 consumption on or off the licensed premises in the manner provided
19 for in section 534.

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

25 (3) A wine maker, with the prior written approval of the
26 commission, may conduct wine tastings of wines made by that wine
27 maker and may sell the wine made by that wine maker for consumption

1 off the premises at a location other than the premises where the
2 wine maker is licensed to manufacture wine, under the following
3 conditions:

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

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

8 (c) The wine tasting locations shall be considered licensed
9 premises.

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

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

15 (4) A BRANDY MANUFACTURER OR SMALL DISTILLER, WITH THE PRIOR
16 WRITTEN APPROVAL OF THE COMMISSION, MAY CONDUCT TASTINGS OF BRANDY
17 AND SPIRITS MADE BY THAT BRANDY MANUFACTURER OR SMALL DISTILLER AND
18 MAY SELL THE BRANDY AND SPIRITS MADE BY THAT BRANDY MANUFACTURER OR
19 SMALL DISTILLER FOR CONSUMPTION OFF THE LICENSED PREMISES AT A
20 LOCATION OTHER THAN THE LICENSED PREMISES WHERE THE BRANDY
21 MANUFACTURER OR SMALL DISTILLER IS LICENSED TO MANUFACTURE BRANDY
22 OR SPIRITS UNDER THE FOLLOWING CONDITIONS:

23 (A) THE PREMISES UPON WHICH THE BRANDY AND SPIRITS TASTINGS
24 OCCUR CONFORM TO LOCAL AND STATE SANITATION REQUIREMENTS.

25 (B) PAYMENT OF A \$100.00 FEE PER LOCATION IS MADE TO THE
26 COMMISSION.

27 (C) THE BRANDY AND SPIRITS TASTING LOCATIONS SHALL BE

1 CONSIDERED LICENSED PREMISES.

2 (D) BRANDY AND SPIRITS TASTING DOES NOT TAKE PLACE BETWEEN THE
3 HOURS OF 2 A.M. AND 7 A.M. MONDAY THROUGH SATURDAY OR BETWEEN 2
4 A.M. AND 12 NOON ON SUNDAY.

5 (E) THE PREMISES AND THE LICENSE COMPLY WITH AND ARE SUBJECT
6 TO ALL APPLICABLE RULES PROMULGATED BY THE COMMISSION.

7 Sec. 603. (1) Except as provided in subsection (6) and section
8 605, a manufacturer, mixed spirit drink manufacturer, warehouse, a
9 wholesaler, outstate seller of beer, outstate seller of wine,
10 outstate seller of mixed spirit drink, or vendor of spirits shall
11 not have any financial interest, directly or indirectly, in the
12 establishment, maintenance, operation, or promotion of the business
13 of any other vendor.

14 (2) Except as provided in subsection (6) and section 605, a
15 manufacturer, mixed spirit drink manufacturer, warehouse, a
16 wholesaler, outstate seller of beer, outstate seller of wine,
17 outstate seller of mixed spirit drink, or vendor of spirits or a
18 stockholder of a manufacturer, mixed spirit drink manufacturer,
19 warehouse, wholesaler, outstate seller of beer, outstate seller of
20 wine, outstate seller of mixed spirit drink, or vendor of spirits
21 shall not have an interest by ownership in fee, leasehold,
22 mortgage, or otherwise, directly or indirectly, in the
23 establishment, maintenance, operation, or promotion of the business
24 of any other vendor.

25 (3) Except as provided in subsection (6) and section 605, a
26 manufacturer, mixed spirit drink manufacturer, warehouse, a
27 wholesaler, outstate seller of beer, outstate seller of wine,

1 outstate seller of mixed spirit drink, or vendor of spirits shall
2 not have an interest directly or indirectly by interlocking
3 directors in a corporation or by interlocking stock ownership in a
4 corporation in the establishment, maintenance, operation, or
5 promotion of the business of any other vendor.

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

15 (5) The commission may approve a brandy manufacturer **OR SMALL**
16 **DISTILLER** to sell brandy **AND SPIRITS** made by that brandy
17 manufacturer **OR SMALL DISTILLER** in a restaurant for consumption on
18 or off the premises if the restaurant is owned by the brandy
19 manufacturer **OR SMALL DISTILLER** or operated by another person under
20 an agreement approved by the commission and is located on ~~the~~**A**
21 premises where the brandy manufacturer **OR SMALL DISTILLER** is
22 licensed. Brandy **AND SPIRITS** sold for consumption off the premises
23 under this subsection shall be sold at the uniform price
24 established by the commission.

25 (6) The commission shall allow a small distiller to sell
26 brands of spirits it manufactures for consumption on the licensed
27 premises at that distillery.

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

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

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

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

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

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

27 (3) A sampling or tasting of any alcoholic liquor in a home or

1 domicile for other than a commercial purpose is not subject to this
2 section.

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