

**SUBSTITUTE FOR  
HOUSE BILL NO. 5427**

A bill to amend 1998 PA 58, entitled  
"Michigan liquor control code of 1998,"  
by amending sections 109 and 537 (MCL 436.1109 and 436.1537),  
section 109 as amended by 2014 PA 42 and section 537 as amended by  
2013 PA 101.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1           Sec. 109. (1) "Manufacturer" means a person engaged in the  
2 manufacture of alcoholic liquor, including, but not limited to, a  
3 distiller, a rectifier, a wine maker, and a brewer.

4           (2) "Master distributor" means a wholesaler that acts in the  
5 same or similar capacity as a brewer, wine maker, outstate seller  
6 of wine, or outstate seller of beer for a brand or brands of beer  
7 or wine to other wholesalers on a regular basis in the normal  
8 course of business.

9           (3) "Micro brewer" means a brewer that produces in total less  
10 than 60,000 barrels of beer per year and that may sell the beer

1 produced to consumers at the licensed brewery premises for  
2 consumption on or off the licensed brewery premises ~~and to~~  
3 retailers as provided in section 203, **AND AT A FARMER'S MARKET**  
4 **PURSUANT TO A FARMER'S MARKET PERMIT.** In determining the 60,000-  
5 barrel threshold, all brands and labels of a brewer, whether brewed  
6 in this state or outside this state, shall be combined and all  
7 facilities for the production of beer that are owned or controlled  
8 by the same person shall be treated as a single facility.

9 (4) "Minor" means an individual less than 21 years of age.

10 (5) "Mixed spirit drink" means a drink produced and packaged  
11 or sold by a mixed spirit drink manufacturer or an outstate seller  
12 of mixed spirit drink that contains 10% or less alcohol by volume  
13 consisting of spirits mixed with nonalcoholic beverages or  
14 flavoring or coloring materials and that may also contain 1 or more  
15 of the following:

16 (a) Water.

17 (b) Fruit juices.

18 (c) Fruit adjuncts.

19 (d) Sugar.

20 (e) Carbon dioxide.

21 (f) Preservatives.

22 (6) "Mixed spirit drink manufacturer" means any person  
23 licensed under this act to manufacture mixed spirit drink in this  
24 state and to sell mixed spirit drink to a wholesaler. For purposes  
25 of rules promulgated by the commission, a mixed spirit drink  
26 manufacturer shall be treated as a wine manufacturer but is subject  
27 to the rules applicable to spirits for manufacturing and labeling.

1           (7) "Mixed wine drink" means a drink or similar product  
2 marketed as a wine cooler that contains less than 7% alcohol by  
3 volume, consists of wine and plain, sparkling, or carbonated water,  
4 and contains any 1 or more of the following:

5           (a) Nonalcoholic beverages.

6           (b) Flavoring.

7           (c) Coloring materials.

8           (d) Fruit juices.

9           (e) Fruit adjuncts.

10          (f) Sugar.

11          (g) Carbon dioxide.

12          (h) Preservatives.

13           (8) "Outstate seller of beer" means a person licensed by the  
14 commission to sell beer that has not been manufactured in this  
15 state to a wholesaler in this state in accordance with rules  
16 promulgated by the commission.

17           (9) "Outstate seller of mixed spirit drink" means a person  
18 licensed by the commission to sell mixed spirit drink that has not  
19 been manufactured in this state to a wholesaler in this state in  
20 accordance with rules promulgated by the commission. For purposes  
21 of rules promulgated by the commission, an outstate seller of mixed  
22 spirit drink shall be treated as an outstate seller of wine but is  
23 subject to the rules applicable to spirits for manufacturing and  
24 labeling.

25           (10) "Outstate seller of wine" means a person licensed by the  
26 commission to sell wine that has not been manufactured in this  
27 state to a wholesaler in this state in accordance with rules

1 promulgated by the commission and to sell sacramental wine as  
2 provided in section 301.

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

5 (a) Taverns, where beer and wine may be sold for consumption  
6 on the premises only.

7 (b) Class C licensee, where beer, wine, mixed spirit drink,  
8 and spirits may be sold for consumption on the premises.

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

13 (d) Direct shippers, where wine may be sold and shipped  
14 directly to the consumer.

15 (e) Hotels of class A, where beer and wine may be sold for  
16 consumption on the premises and in the rooms of bona fide  
17 registered guests. Hotels of class B where beer, wine, mixed spirit  
18 drink, and spirits may be sold for consumption on the premises and  
19 in the rooms of bona fide registered guests.

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

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

24 (h) Special licensee, where beer and wine or beer, wine, mixed  
25 spirit drink, and spirits may be sold for consumption on the  
26 premises only.

27 (i) Dining cars or other railroad or Pullman cars, watercraft,

1 or aircraft, where alcoholic liquor may be sold for consumption on  
2 the premises only, subject to rules promulgated by the commission.

3 (j) Brewpubs, where beer manufactured on the premises by the  
4 licensee may be sold for consumption on or off the premises by any  
5 of the following licensees:

6 (i) Class C.

7 (ii) Tavern.

8 (iii) Class A hotel.

9 (iv) Class B hotel.

10 (k) Micro brewers and brewers, where beer produced by the  
11 micro brewer or brewer may be sold to a consumer for consumption on  
12 or off the brewery premises.

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

17 (m) Class G-2 licensee, where beer and wine may be sold for  
18 consumption on the premises only to members required to pay an  
19 annual membership fee and consumption is limited to these members  
20 and their bona fide guests.

21 (n) Motorsports event licensee, where beer and wine may be  
22 sold for consumption on the premises during sanctioned motorsports  
23 events only.

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

27 (p) Small distiller selling not more than 60,000 gallons of

1 spirits manufactured by that licensee to the consumer at retail for  
2 consumption on or off the licensed premises in the manner provided  
3 for in section 534.

4 (q) Nonpublic continuing care retirement center license, where  
5 beer, wine, mixed spirit drink, mixed wine drink, and spirits may  
6 be sold at retail and served on the licensed premises to residents  
7 and bona fide guests accompanying the resident for consumption only  
8 on the licensed premises.

9 (r) A small wine maker or an out-of-state entity that is the  
10 substantial equivalent of a small wine maker, that holds a farmer's  
11 market permit, where wine may be sampled and sold at a farmer's  
12 market for consumption off the licensed premises.

13 **(S) A MICRO BREWER OR AN OUT-OF-STATE ENTITY THAT IS THE**  
14 **SUBSTANTIAL EQUIVALENT OF A MICRO BREWER, THAT HOLDS A FARMER'S**  
15 **MARKET PERMIT, WHERE BEER MAY BE SAMPLED AND SOLD AT A FARMER'S**  
16 **MARKET FOR CONSUMPTION OFF THE LICENSED PREMISES.**

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

22 (3) A wine maker, with the prior written approval of the  
23 commission, may conduct wine tastings of wines made by that wine  
24 maker on the premises where the wine maker is licensed to  
25 manufacture wine. The wine maker may charge for the samples.

26 (4) A wine maker, with the prior written approval of the  
27 commission, may conduct wine tastings of wines made by that wine

1 maker and may sell the wine made by that wine maker for consumption  
2 off the premises at a location other than the premises where the  
3 wine maker is licensed to manufacture wine, under the following  
4 conditions:

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

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

9 (c) The wine tasting locations are considered licensed  
10 premises, and the wine maker may include a charge for the samples.

11 (d) The wine tasting takes place during the legal hours for  
12 the sale of alcoholic liquor by the licensee.

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

15 (5) Notwithstanding section 1025(1), an outstate seller of  
16 beer, an outstate seller of wine, a wine maker, a brewer, a micro  
17 brewer, or a specially designated merchant, or an agent of any of  
18 those persons, who does not hold a license allowing the consumption  
19 of alcoholic liquor on the premises at the same licensed address,  
20 may conduct beer and wine tastings on the licensed premises of a  
21 specially designated merchant under the following conditions:

22 (a) A customer is not charged for the tasting of beer or wine.

23 (b) The tasting samples provided to a customer do not exceed 3  
24 servings at up to 3 ounces per serving of beer or 3 servings at up  
25 to 2 ounces of wine. A customer shall not be provided more than a  
26 total of 3 samples of beer or wine within a 24-hour period per  
27 licensed premises.

1 (c) The specially designated merchant, outstate seller of  
2 beer, outstate seller of wine, wine maker, micro brewer, or brewer  
3 has first obtained an annual beer and wine tasting permit approved  
4 by the commission.

5 (d) The commission is notified, in writing, a minimum of 10  
6 working days before the event, regarding the date, time, and  
7 location of the event.

8 (6) During the time a beer or wine tasting is conducted under  
9 subsection (5), a specially designated merchant, outstate seller of  
10 beer, outstate seller of wine, wine maker, micro brewer, or brewer,  
11 or its agent or employee who has successfully completed a server  
12 training program as provided for in section 906, shall devote full  
13 time to the beer and wine tasting activity and shall perform no  
14 other duties, including the sale of alcoholic liquor for  
15 consumption off the licensed premises. Beer and wine used for the  
16 tasting must come from the specially designated merchant's  
17 inventory, and all open bottles must be removed from the premises  
18 on the same business day or resealed and stored in a locked,  
19 separate storage compartment on the licensed premises when not  
20 being used for the activities allowed by the permit.

21 (7) A wholesaler shall not conduct or participate in beer and  
22 wine tastings allowed under a permit issued under subsection (5).

23 (8) A beer and wine tasting under subsection (5) may only be  
24 conducted during the legal hours for the sale of alcoholic liquor  
25 by the licensee.

26 (9) A brandy manufacturer or small distiller, with the prior  
27 written approval of the commission, may conduct tastings of brandy



1 and spirits made by that brandy manufacturer or small distiller and  
2 may sell the brandy and spirits made by that brandy manufacturer or  
3 small distiller for consumption off the licensed premises at a  
4 location other than the licensed premises where the brandy  
5 manufacturer or small distiller is licensed to manufacture brandy  
6 or spirits under the following conditions:

7 (a) The premises upon which the brandy and spirits tastings  
8 occur conform to local and state sanitation requirements.

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

11 (c) The brandy and spirits tasting locations are considered  
12 licensed premises.

13 (d) The brandy and spirits tasting takes place during the  
14 legal hours for the sale of alcoholic liquor by the licensee.

15 (e) The premises and the license comply with and are subject  
16 to all applicable rules promulgated by the commission.

17 (10) An eligible merchant may fill and sell growlers with beer  
18 for consumption off the premises under the following conditions:

19 (a) The premises where the filling of growlers takes place  
20 comply with the requirements for food service establishments under  
21 the food law, 2000 PA 92, MCL 289.1101 to 289.8111.

22 (b) The growler is sealed and has a label affixed to it that  
23 includes at least the brand name of the beer, the class of the  
24 beer, the net contents of the container, and the name of the  
25 retailer filling the growler.

26 (c) The eligible merchant or his or her agent or employee  
27 shall not fill a growler in advance of the sale.

1 (d) The eligible merchant or his or her agent or employee  
2 shall only utilize containers that have a capacity of 5 gallons or  
3 more to fill a growler.

4 (e) The beer to be dispensed has received a registration  
5 number from the commission and has been approved for sale by the  
6 commission.

7 (f) The eligible merchant complies with all applicable rules  
8 promulgated by the commission.

9 (11) As used in this section:

10 (a) "Eligible merchant" means a person that holds a specially  
11 designated merchant license and a class C, tavern, class A hotel,  
12 class B hotel, club, class G-1, or class G-2 license.

13 (b) "Growler" means any clean, refillable, resealable  
14 container that is exclusively intended, and used only, for the sale  
15 of beer for consumption off the premises and that has a liquid  
16 capacity that does not exceed 1 gallon.

17 Enacting section 1. This amendatory act does not take effect  
18 unless House Bill No. 5426 of the 97th Legislature is enacted into  
19 law.