

**HOUSE SUBSTITUTE FOR
SENATE BILL NO. 897**

A bill to amend 1998 PA 58, entitled
"Michigan liquor control code of 1998,"
by amending section 536 (MCL 436.1536), as amended by 2020 PA 126.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 536. (1) Except as provided in section 105(13), the
2 commission shall allow a person to be licensed as more than 1 type
3 of manufacturer in this state.

4 (2) A person that holds more than 1 type of manufacturing
5 license in this state shall meet all applicable provisions of this
6 act for each type of manufacturing license the person holds.

7 (3) Subject to the requirements of this section and section
8 537, the commission may approve a licensed manufacturer to operate
9 1 or more tasting rooms.

1 (4) Brewers and micro brewers shall not have more approved
2 tasting rooms than allowed in section 411.

3 (5) A tasting room may be jointly operated by 2 or more
4 manufacturers if either of the following conditions is met:

5 (a) The manufacturers are owned by the same person and their
6 manufacturing premises share the same address.

7 (b) The manufacturers are not owned by the same person and
8 their manufacturing premises do not share the same address.

9 (6) A tasting room is treated as licensed premises for
10 purposes of this act.

11 (7) An approved tasting room located on the manufacturing
12 premises of 1 or more manufacturers that are owned by the same
13 person and whose manufacturing premises share the same address must
14 comply with all of the following:

15 (a) The commission must approve and issue an on-premises
16 tasting room permit to the manufacturer or manufacturers.

17 (b) The manufacturer or manufacturers must pay the \$100.00
18 initial permit fee, which is renewable annually.

19 (c) The manufacturer or manufacturers must be approved for the
20 on-premises tasting room permit by the local legislative body in
21 which the proposed licensed premises will be located, except in a
22 city having a population of 600,000 or more or as provided in
23 subsection ~~(17)~~-(18) .

24 (d) The manufacturer or manufacturers must comply with the
25 server training requirements of section 906.

26 (e) The manufacturer or manufacturers must file with the
27 commission proof of financial responsibility providing security for
28 liability under section 801(2) of not less than \$50,000.00 as
29 provided in section 803.

1 (f) A separate on-premises tasting room permit is not required
2 for each license type for a person licensed by the commission under
3 any combination of brewer, micro brewer, wine maker, small wine
4 maker, distiller, small distiller, brandy manufacturer, or ~~mixed~~
5 ~~spirit drink~~ manufacturer licenses issued to that person at the
6 same manufacturing premises.

7 (g) The commission shall not issue to a manufacturer or
8 manufacturers a Sunday sales permit, catering permit, dance permit,
9 entertainment permit, specific purpose permit, extended hours
10 permit, or authorization for outdoor service unless the commission
11 has issued an on-premises tasting room permit to the manufacturer
12 or manufacturers. A Sunday sales permit, catering permit, dance
13 permit, entertainment permit, specific purpose permit, extended
14 hours permit, or authorization for outdoor service may be issued
15 concurrently with the issuance of an on-premises tasting room
16 permit.

17 (h) A brewer, micro brewer, wine maker, small wine maker,
18 distiller, small distiller, **or** brandy manufacturer ~~, or mixed~~
19 ~~spirit drink manufacturer~~ may own and operate a restaurant or allow
20 another person to operate a restaurant as part of the on-premises
21 tasting room on the manufacturing premises. If the brewer, micro
22 brewer, wine maker, small wine maker, distiller, small distiller,
23 **or** brandy manufacturer ~~, or mixed spirit drink manufacturer~~ allows
24 another person to operate a restaurant on the manufacturing
25 premises, the brewer, micro brewer, wine maker, small wine maker,
26 distiller, small distiller, **or** brandy manufacturer ~~, or mixed~~
27 ~~spirit drink manufacturer~~ must hold a participation permit naming
28 as a participant the other person. The other person must meet the
29 requirements for a participant in R 436.1041(3) of the Michigan

1 Administrative Code.

2 (8) Subject to subsection (10), an approved tasting room
3 located off the manufacturing premises of 1 or more manufacturers,
4 other than a brewer ~~, or~~ micro brewer ~~, or mixed spirit drink~~
5 ~~manufacturer,~~ that are owned by the same person and whose
6 manufacturing premises share the same address must comply with all
7 of the following:

8 (a) The commission must approve and issue an off-premises
9 tasting room license to the manufacturer or manufacturers.

10 (b) The manufacturer or manufacturers must pay the \$100.00
11 initial license fee, which is renewable annually.

12 (c) The manufacturer or manufacturers must be approved for the
13 off-premises tasting room license by the local legislative body in
14 which the proposed licensed premises will be located, except in a
15 city having a population of 600,000 or more or as provided in
16 subsection ~~(17)~~. **(18)**.

17 (d) The manufacturer or manufacturers must comply with the
18 server training requirements of section 906 at the off-premises
19 tasting room.

20 (e) The manufacturer or manufacturers must file with the
21 commission proof of financial responsibility providing security for
22 liability under section 801(2) of not less than \$50,000.00 as
23 provided in section 803 for the off-premises tasting room.

24 (f) A separate off-premises tasting room license is not
25 required for each license type for a person licensed by the
26 commission under any combination of wine maker, small wine maker,
27 distiller, small distiller, or brandy manufacturer licenses issued
28 to that person at the same manufacturing premises.

29 (g) The commission shall not issue to a manufacturer or

1 manufacturers a Sunday sales permit, catering permit, dance permit,
2 entertainment permit, specific purpose permit, extended hours
3 permit, authorization for outdoor service, or permission to
4 maintain a direct connection to unlicensed premises unless the
5 commission has issued an off-premises tasting room license to the
6 manufacturer or manufacturers. A Sunday sales permit, catering
7 permit, dance permit, entertainment permit, specific purpose
8 permit, extended hours permit, authorization for outdoor service,
9 or permission to maintain a direct connection to unlicensed
10 premises may be issued concurrently with the issuance of an off-
11 premises tasting room license.

12 (9) Subject to subsection (10), an approved jointly operated
13 tasting room located off the manufacturing premises of 2 or more
14 manufacturers, other than a brewer, ~~or~~ micro brewer, ~~or mixed~~
15 ~~spirit drink manufacturer,~~ that are not owned by the same person
16 and whose manufacturing premises do not share the same address must
17 comply with all of the following:

18 (a) The commission must approve and issue a joint off-premises
19 tasting room license to each of the manufacturers.

20 (b) Each manufacturer must pay the \$100.00 initial license
21 fee, which is renewable annually.

22 (c) Each manufacturer must be approved for a joint off-
23 premises tasting room license by the local legislative body in
24 which the proposed licensed premises will be located, except in a
25 city having a population of 600,000 or more or as provided in
26 subsection ~~(17)~~. **(18)**.

27 (d) Each manufacturer must comply with the server training
28 requirements of section 906 at the jointly operated off-premises
29 tasting room.

1 (e) Each manufacturer must file with the commission proof of
2 financial responsibility providing security for liability under
3 section 801(2) of not less than \$50,000.00 as provided in section
4 803 for the jointly operated off-premises tasting room.

5 (f) Any management agreements with an unlicensed manager of
6 the jointly operated off-premises tasting room must comply with the
7 requirements of R 436.1041 of the Michigan Administrative Code and
8 all the manufacturers must hold a participation permit naming as a
9 participant the unlicensed manager. The unlicensed manager must
10 meet the requirements for a participant in R 436.1041(3) of the
11 Michigan Administrative Code.

12 (g) A Sunday sales permit, dance permit, entertainment permit,
13 specific purpose permit, extended hours permit, authorization for
14 outdoor service, or permission to maintain a direct connection to
15 unlicensed premises may be issued in conjunction with a jointly
16 operated off-premises tasting room. All manufacturers licensed at
17 the jointly operated off-premises tasting room location must hold
18 the same permits, permissions, and authorizations at the location.

19 (h) A violation of this act or the administrative rules by any
20 manufacturer on the premises of the jointly operated off-premises
21 tasting room is a violation by all the manufacturers licensed at
22 the jointly operated off-premises tasting room.

23 (10) Approved off-premises tasting rooms or jointly operated
24 off-premises tasting rooms described in subsections (8) and (9)
25 must comply with all of the following:

26 (a) A wine maker, small wine maker, distiller, small
27 distiller, or brandy manufacturer may have 1 of the following:

28 (i) No more than 5 off-premises tasting room licenses issued
29 under subsection (8) under which alcoholic liquor manufactured by

1 the wine maker, small wine maker, distiller, small distiller, or
2 brandy manufacturer may be sold by the glass for consumption on the
3 premises or samples may be sold or given away for consumption on
4 the premises as provided in subsection (14)(b) and (c).

5 (ii) No more than 5 joint off-premises tasting room licenses
6 issued under subsection (9) under which alcoholic liquor
7 manufactured by the wine maker, small wine maker, distiller, small
8 distiller, or brandy manufacturer may be sold by the glass for
9 consumption on the premises or samples may be sold or given away
10 for consumption on the premises as provided in subsection (14)(b)
11 and (c).

12 (iii) A combination of no more than 5 off-premises tasting room
13 licenses issued under subsection (8) and joint off-premises tasting
14 room licenses issued under subsection (9) under which alcoholic
15 liquor manufactured by the wine maker, small wine maker, distiller,
16 small distiller, or brandy manufacturer may be sold by the glass
17 for consumption on the premises or samples may be sold or given
18 away for consumption on the premises as provided in subsection
19 (14)(b) and (c).

20 (iv) No more than the equivalent number of off-premises tasting
21 room licenses issued under subsection (8), joint off-premises
22 tasting room licenses issued under subsection (9), or a combination
23 of off-premises tasting room licenses issued under subsection (8)
24 and joint off-premises tasting room licenses issued under
25 subsection (9) that were issued before October 1, 2018 under which
26 alcoholic liquor manufactured by the wine maker, small wine maker,
27 distiller, small distiller, or brandy manufacturer may be sold by
28 the glass for consumption on the premises or samples may be sold or
29 given away for consumption on the premises as provided in

1 subsection (14) (b) and (c).

2 (b) Notwithstanding the limitation in subdivision (a), a wine
3 maker, small wine maker, distiller, small distiller, or brandy
4 manufacturer may have any number of off-premises tasting room
5 licenses or joint off-premises tasting room licenses under which
6 alcoholic liquor manufactured by the wine maker, small wine maker,
7 distiller, small distiller, or brandy manufacturer may only be sold
8 or given away as samples for consumption on the premises as
9 provided in subsection (14) (d).

10 (c) A wine maker, small wine maker, distiller, small
11 distiller, or brandy manufacturer must designate at the time of
12 application whether the tasting room location for which the off-
13 premises tasting room license or the joint off-premises tasting
14 room license application is being made will sell by the glass as
15 provided in subdivision (a) or provide only samples as provided in
16 subdivision (b). The designation made for the off-premises tasting
17 room license or the joint off-premises tasting room license must
18 not be changed after the license has been issued.

19 (d) All wine makers, small wine makers, distillers, small
20 distillers, or brandy manufacturers licensed at the same approved
21 jointly operated off-premises tasting room must have an identical
22 designation under subdivision (c).

23 (e) A wine maker, small wine maker, distiller, small
24 distiller, or brandy manufacturer that has an off-premises tasting
25 room or jointly operated off-premises tasting room location that
26 was approved by the commission before December 19, 2018 must submit
27 to the commission in writing a designation as required under
28 subdivision (c) by April 1, 2019.

29 (11) A wine maker, small wine maker, brewer, micro brewer,

1 distiller, small distiller, **or** brandy manufacturer ~~, or mixed~~
2 ~~spirit drink manufacturer~~ may add a nonalcoholic mixing ingredient
3 or an alcoholic mixing ingredient manufactured by the wine maker,
4 small wine maker, brewer, micro brewer, distiller, small distiller,
5 **or** brandy manufacturer ~~, or mixed spirit drink manufacturer~~ to
6 sampled or purchased alcoholic liquor if the sampled or purchased
7 alcoholic liquor is consumed on the premises of the approved
8 tasting room.

9 (12) A manufacturer is not a retailer under this act merely
10 because the manufacturer has a tasting room.

11 (13) A manufacturer with an approved tasting room may sample
12 and sell alcoholic liquor only as specifically allowed in this act.

13 (14) A manufacturer may do all of the following:

14 (a) Sell alcoholic liquor it manufactured for consumption off
15 the premises in an approved tasting room under subsections (7) to
16 (9).

17 (b) Subject to subsection (10)(a), sell alcoholic liquor it
18 manufactured by the glass for consumption on the premises of an
19 approved tasting room under subsections (7) to (9).

20 (c) Subject to subsection (10)(a), sell or give away samples
21 of any size of alcoholic liquor it manufactured for consumption on
22 the premises of an approved tasting room under subsections (7) to
23 (9).

24 (d) Subject to subsection (10)(b), sell or give away samples
25 of alcoholic liquor it manufactured for consumption on the premises
26 of an approved tasting room under subsections (8) and (9) under all
27 of the following conditions:

28 (i) A wine maker or small wine maker may offer samples of wine
29 that do not exceed 3 ounces per sample.

1 (ii) A brandy manufacturer may offer samples of brandy that do
2 not exceed 1/2 ounce per sample.

3 (iii) A distiller or small distiller may offer samples of
4 spirits or mixed drinks that do not exceed 1/2 ounce per sample.

5 **(15) An on-premises tasting room permit issued under**
6 **subsection (7) and an off-premises tasting room license issued**
7 **under subsection (8) may be held in conjunction at the same**
8 **location by the same person if either of the following conditions**
9 **is met:**

10 **(a) The person holds the on-premises tasting room permit**
11 **issued under subsection (7) in conjunction with a brewer or micro**
12 **brewer license only and no other manufacturing license, and the**
13 **off-premises tasting room license issued under subsection (8) at**
14 **the same location.**

15 **(b) Both of the following conditions are met:**

16 **(i) The person holds an on-premises tasting room permit issued**
17 **under subsection (7) in conjunction with a micro brewer, small**
18 **distiller, or small wine maker license, or any combination of micro**
19 **brewer, small distiller, or small wine maker licenses, and the off-**
20 **premises tasting room license issued under subsection (8) at the**
21 **same location.**

22 **(ii) The commission issued to the person both the permit and**
23 **applicable licenses described in subparagraph (i), or their**
24 **equivalent at the time of issuance, before October 1, 2018.**

25 **(16) ~~(15)~~**A manufacturer issued a license before December 19,
26 2018 that intends to sell for consumption off its licensed premises
27 or sell, serve, and allow consumption on its licensed premises of
28 alcoholic liquor as allowed under this section and section 537 must
29 comply with this section by April 1, 2019.

1 **(17)** ~~(16)~~—The revenue received from subsection (7) must be
2 deposited into the liquor control enforcement and license
3 investigation revolving fund under section 543(9).

4 **(18)** ~~(17)~~—Local approval under subsection (7)(c), (8)(c), or
5 (9)(c) is not required for a tasting room that was in existence
6 before December 19, 2018.

7 ~~(18) A small distiller or distiller that also holds a mixed~~
8 ~~spirit drink manufacturer license may do all of the following:~~

9 ~~(a) Sell mixed spirit drink it manufactured for consumption~~
10 ~~off the licensed premises of an approved tasting room under~~
11 ~~subsections (8) and (9).~~

12 ~~(b) Subject to subsection (10)(a), sell mixed spirit drink it~~
13 ~~manufactured for consumption on the premises of an approved tasting~~
14 ~~room under subsections (8) and (9).~~

15 ~~(c) Subject to subsection (10)(a), sell or give away samples~~
16 ~~of any size of mixed spirit drink it manufactured for consumption~~
17 ~~on the premises of an approved tasting room under subsections (8)~~
18 ~~and (9).~~

19 ~~(d) Subject to subsection (10)(b), sell or give away samples~~
20 ~~that do not exceed 3 ounces per sample of mixed spirit drink it~~
21 ~~manufactured for consumption on the premises of an approved tasting~~
22 ~~room under subsections (8) and (9).~~

23 Enacting section 1. This amendatory act does not take effect
24 unless all of the following bills of the 100th Legislature are
25 enacted into law:

26 (a) Senate Bill No. 1138.

27 (b) Senate Bill No. 1139.

28 (c) Senate Bill No. 1140.