

Legislative Analysis



LIQUOR CONTROL CODE: FILLING GROWLERS

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Senate Bill 27 (Substitute S-1 as reported without amendment)

Sponsor: Sen. Dave Hildenbrand

House Committee: Regulatory Reform

Senate Committee: Regulatory Reform

First Analysis (5-28-13)

BRIEF SUMMARY: The bill would expand the kinds of enterprises that are legally allowed to fill growlers so as to include places that do not themselves brew beer. Currently, only establishments with a brewpub, brewer, or microbrewer license can refill growlers.

FISCAL IMPACT: The bill would not have a significant fiscal impact on the state or local units of government.

THE APPARENT PROBLEM:

Michigan is home to a growing craft beer industry with one of its cities (Grand Rapids) being named Beer City USA for the second consecutive year by a national Denver-based website. While the establishments brewing the beer can legally fill growlers for consumption away from the premises, restaurants and bars that serve the craft beers on draught can only do so for on-premises consumption. Under R 436.1611, beer sold in Michigan must meet the packaging and labeling requirements as contained in the promulgated rules and contain a label that truthfully describes the contents of the bottle, in accordance with the promulgated rules and the Federal Alcohol Administration (FAA) Act. Bottling of beer under the federal law is restricted to manufacturers, which includes brewpubs, breweries, and microbreweries.

According to reports, several establishments in west Michigan were filling growlers until they were informed by the Liquor Control Commission that such activity violated the Liquor Control Code and its promulgated rules. In order to allow these establishments to continue their practice of filling growlers, and to allow consumers an additional opportunity to purchase Michigan-made craft beer, it has been proposed to expand the entities that can refill and sell growlers.

THE CONTENT OF THE BILL:

The bill would amend Section 537 of the Liquor Control Code (MCL 436.1537) to allow specified eligible merchants to refill *growlers* with beer for consumption off the premises under certain conditions.

Specifically, an individual holding a specially designated merchant license and a Class C, Tavern, Class A Hotel, Class B Hotel, Club, Class G-1, or Class G-2 license could refill growlers with beer for consumption off the premises under the following conditions:

- The premises where the refilling takes place complies with the requirements for food service establishments under the Food Law of 2000 (MCL 289.1101 to 289.8111).
- The growler is sealed and labeled with a label that includes the brand name of the beer, the class of the beer, the net contents of the container, and the name of the retailer filling the growler.
- The merchant or the merchant's agent or employee does not fill a growler in advance of the sale.
- The beer to be dispensed has received a registration number and been approved for sale by the Liquor Control Commission.
- The growler being refilled is clearly labeled and sealed in compliance with the existing requirements for labeling and sale for consumption off the premises.
- The merchant complies with all of the Liquor Control Commission's applicable promulgated rules.

Under the bill, the term "*growler*" would mean any clean, refillable, resealable container that is exclusively intended and used only for the sale of beer for consumption off the premises and has a liquid capacity that does not exceed one gallon.

ARGUMENTS:

For:

Under current law, only breweries, brewpubs, and microbreweries can fill and sell growlers. Expanding the entities that can sell growlers will provide economic benefit to both the establishments selling the growlers and the breweries that are supplying the craft beer. In addition, the expanded access to craft beer would benefit consumers that may not be able to purchase certain brands of craft beer for home consumption because many are not packaged for retail sale.

Against:

There was no opposition at the committee level.

POSITIONS:

Michigan Beer and Wine Wholesalers Association supports the bill. (5-21-13)

Michigan Brewers Guild supports the bill. (5-21-13)

Michigan Licensed Beverage Association supports the bill. (5-21-13)

Michigan Restaurant Association supports the bill. (5-21-13)

Michigan Liquor Control Commission is neutral on the bill. (5-21-13)

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■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.