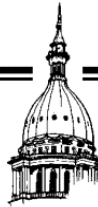




Senate Fiscal Agency
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BILL ANALYSIS



Telephone: (517) 373-5383
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Senate Bill 27 (as enrolled)
Sponsor: Senator Dave Hildenbrand
Senate Committee: Regulatory Reform
House Committee: Regulatory Reform

Date Completed: 6-24-13

RATIONALE

Under Michigan law, a restaurant, bar, or similar establishment cannot legally fill growlers with beer for off-premises consumption, unless it holds a brewpub, brewer, or microbrewer license. A growler is a jug meant to carry beer, often made of glass or ceramic, and typically ranges in volume from one-half gallon to two liters. It is designed to be filled directly from a standard, or specialized growler, beer tap. Growlers are resealable by way of screw- or flip-top caps.

Reportedly, restaurants in western Michigan without a brewpub, brewer, or microbrewer license were filling growlers, and the Liquor Control Commission informed these restaurants that the law did not permit them to do so. Therefore, it has been suggested that the Michigan Liquor Control Code should allow growler service by restaurants, bars, and similar establishments with other types of liquor licenses.

On an unrelated topic, enrolled Senate Bill 79 would amend the Code to provide for a farmer's market permit that would allow a qualified small wine maker to conduct wine tastings and sell wine at a farmer's market for consumption off the premises. Since the Code specifies classes of vendors that may sell alcoholic liquor at retail, it has been suggested that the vendor classes should include a small wine maker holding a farmer's market permit.

CONTENT

The bill would amend the Michigan Liquor Control Code to allow eligible

merchants to fill and sell growlers with beer, and to include a small wine maker within the classes of vendors that may sell alcoholic liquor at retail.

The bill is tie-barred to Senate Bill 79.

Growlers of Beer

Senate Bill 27 would permit an eligible merchant to fill and sell growlers with beer for off-premises consumption, under the following conditions:

- The place of filling complied with food service establishment requirements under the Food Law.
- The merchant or his or her agent or employee did not fill a growler before a sale.
- The merchant, agent, or employee only used containers with a capacity of five gallons or more to fill a growler.
- The Liquor Control Commission had given the beer a registration number and had approved the beer for sale.
- The merchant complied with all applicable rules promulgated by the Commission.

An eligible merchant would have to clearly label and seal growlers in compliance with existing requirements in the Michigan Administrative Code for labeling and sale for off-premises consumption. (Specifically, the bill refers to R 436.1611, which regulates the labeling and advertising of beer.)

The bill would define "growler" as any clean, refillable, resealable container that is

exclusively intended, and used only, for the sale of beer for consumption off the premises and that has a liquid capacity of one gallon or less.

"Eligible merchant" would mean a person that holds 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.

(A specially designated merchant may sell beer and wine at retail for consumption off the premises only. A Class C licensee may sell beer, wine, mixed spirit drinks, and spirits at retail for consumption on the premises. A Tavern licensee may sell beer and wine for on-premises consumption. A Class A Hotel licensee may sell beer and wine, and a Class B Hotel licensee may sell beer, wine, mixed spirit drink, and spirits, for consumption on the premises and in the rooms of registered guests. A Club licensee and a Class G-1 licensee may sell beer, wine, mixed spirit drink, and spirits, and a Class G-2 licensee may sell beer and wine, for on-premises consumption only to members, and consumption is limited to members and their guests.)

Small Wine Maker

The bill would include in the classes of vendors that may sell alcoholic liquor at retail a small wine maker or an out-of-State entity that is the substantial equivalent of a small wine maker, that holds a farmer's market permit to provide samples of, and sell, wine at a farmer's market for consumption off the licensed premises.

MCL 436.1537

ARGUMENTS

(Please note: The arguments contained in this analysis originate from sources outside the Senate Fiscal Agency. The Senate Fiscal Agency neither supports nor opposes legislation.)

Supporting Argument

As of February 2013, the Liquor Control Commission had licensed 140 brewpubs, brewers, and microbrewers. Under current law, only these facilities may fill growlers of beer. By allowing licensed restaurants, bars, and similar establishments also to fill growlers, the bill would benefit these establishments and their customers. Restaurants and bars would be able to sell

beer in growlers for consumption off the premises, allowing the restaurants in western Michigan to resume their reported practice of filling growlers for their customers, and allowing licensed establishments across the State to offer growler service. Consumers who wish to take craft brews home for consumption would have more opportunity to try brews that are available only on draught.

Additionally, further success of Michigan's beer industry translates into more jobs, higher wages, and a stronger economy. The bill would give the public greater access to brewers' products, especially those not sold prepackaged for retail sale, increasing the visibility and success of these businesses. According to the Beer Institute, in 2012, the beer brewing industry provided 590 jobs and over \$21 million in wages, and contributed roughly \$150 million to the State economy. Brewing, distribution, and retail combined provided more than 37,000 jobs and over \$949 million in wages, and contributed over \$2 billion to the State economy.

Legislative Analyst: Glenn Steffens

FISCAL IMPACT

The bill would have no fiscal impact on State or local government.

Fiscal Analyst: Josh Sefton

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.