

Legislative Analysis



DEFINITION OF ELIGIBLE MERCHANT

Phone: (517) 373-8080
<http://www.house.mi.gov/hfa>

House Bill 5175 as introduced
Sponsor: Rep. Tommy Brann
Committee: Regulatory Reform
Complete to 10-31-17

Analysis available at
<http://www.legislature.mi.gov>

SUMMARY:

House Bill 5175 would amend the Michigan Liquor Control Code to revise the type of liquor license a business would need to lawfully fill and sell a growler of beer. Specifically, the bill would only require a person to hold a specially designated merchant (SDM) license.

An SDM license allows a retailer to sell beer and wine for off-premises consumption. A "growler" means 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 that does not exceed one gallon.

Under the code, only an *eligible merchant* may fill and sell growlers with beer for off-premises consumption. The term means a person that holds both a specially designated merchant (SDM) license and one of the following licenses: a specially designated distributor (SDD), a Class C, tavern, Class A hotel, Class B hotel, club, Class G-1, or Class G-2.

The bill would revise the definition of *eligible merchant* to require that the person hold only a specially designated merchant (SDM) license.

The bill would take effect 90 days after enactment.

MCL 436.1537

BACKGROUND:

An SDD license allows a retailer to sell spirits for off-premises consumption. A Class C licensee may sell beer, wine, mixed spirit drinks, and spirits at retail for on-premises consumption. 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. A club is a nonprofit association. A Class G-1 or G-2 licensee is a golf course facility.

The following conditions are imposed on the sale of growlers:

- The premises where the filling of growlers takes place comply with the requirements for food service establishments under the Food Law.
- The growler is sealed and has a label affixed to it that includes at least the brand name and class of the beer, the net contents of the container, and the name of the retailer filling the growler.
- The eligible merchant or the merchant's agent or employee does not fill a growler in advance of the sale.
- The eligible merchant or the merchant's agent or employee uses only containers that have a capacity of five gallons or more to fill a growler.
- The beer to be dispensed has received a registration number from the Michigan Liquor Control Commission and has been approved for sale by the commission.
- The eligible merchant complies with all applicable rules promulgated by the commission.

FISCAL IMPACT:

House Bill 5175 would not have fiscal impacts on any units of state or local government.

Legislative Analyst: Sue Stutzky
Fiscal Analyst: Marcus Coffin

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