

**SUBSTITUTE FOR
HOUSE BILL NO. 5175**

A bill to amend 1998 PA 58, entitled
"Michigan liquor control code of 1998,"
by amending section 537 (MCL 436.1537), as amended by 2016 PA 514.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

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

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

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

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

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

3 (e) Hotels of class A, where beer and wine may be sold for
4 consumption on the premises and in the rooms of bona fide
5 registered guests. Hotels of class B where beer, wine, mixed spirit
6 drink, and spirits may be sold for consumption on the premises and
7 in the rooms of bona fide registered guests.

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

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

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

15 (i) Dining cars or other railroad or Pullman cars, watercraft,
16 or aircraft, where alcoholic liquor may be sold for consumption on
17 the premises only, subject to rules promulgated by the commission.

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

21 (i) Class C.

22 (ii) Tavern.

23 (iii) Class A hotel.

24 (iv) Class B hotel.

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

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

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

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

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

15 (p) Small distiller selling not more than 60,000 gallons of
16 spirits manufactured by that licensee to the consumer at retail for
17 consumption on or off the licensed premises in the manner provided
18 for in section 534.

19 (q) Nonpublic continuing care retirement center license, where
20 beer, wine, mixed spirit drink, mixed wine drink, and spirits may
21 be sold at retail and served on the licensed premises to residents
22 and bona fide guests accompanying the resident for consumption only
23 on the licensed premises.

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

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

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

10 (4) A wine maker, with the prior written approval of the
11 commission, may conduct wine tastings of wines made by that wine
12 maker and may sell the wine made by that wine maker for consumption
13 off the premises at a location other than the premises where the
14 wine maker is licensed to manufacture wine, under the following
15 conditions:

16 (a) The premises on which the wine tasting occurs conform to
17 local and state sanitation requirements.

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

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

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

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

26 (5) Notwithstanding section 1025(1), an outstate seller of
27 beer, an outstate seller of wine, a wine maker, a brewer, a micro

1 brewer, or a specially designated merchant, or an agent of any of
2 those persons, that does not hold a license allowing the
3 consumption of alcoholic liquor on the premises at the same
4 licensed address, may conduct beer and wine tastings on the
5 licensed premises of a specially designated merchant under the
6 following conditions:

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

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

13 (c) The specially designated merchant, outstate seller of
14 beer, outstate seller of wine, wine maker, micro brewer, or brewer
15 has first obtained an annual beer and wine tasting permit approved
16 by the commission.

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

20 (6) During the time a beer or wine tasting is conducted under
21 subsection (5), a specially designated merchant, outstate seller of
22 beer, outstate seller of wine, wine maker, micro brewer, or brewer,
23 or its agent or employee who has successfully completed a server
24 training program as provided for in section 906, shall devote full
25 time to the beer and wine tasting activity and shall not perform
26 other duties, including the sale of alcoholic liquor for
27 consumption off the licensed premises. Beer and wine used for the

1 tasting must come from the specially designated merchant's
2 inventory, and all open bottles must be removed from the premises
3 on the same business day or resealed and stored in a locked,
4 separate storage compartment on the licensed premises when not
5 being used for the activities allowed by the permit.

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

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

11 (9) A brandy manufacturer or small distiller, with the prior
12 written approval of the commission, may conduct tastings of brandy
13 and spirits made by that brandy manufacturer or small distiller and
14 may sell the brandy and spirits made by that brandy manufacturer or
15 small distiller for consumption off the licensed premises at a
16 location other than the licensed premises where the brandy
17 manufacturer or small distiller is licensed to manufacture brandy
18 or spirits under the following conditions:

19 (a) The premises on which the brandy and spirits tastings
20 occur conform to local and state sanitation requirements.

21 (b) The brandy manufacturer or small distiller pays the
22 commission a \$100.00 fee per location.

23 (c) The brandy and spirits tasting locations are considered
24 licensed premises.

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

27 (e) The premises and the license comply with and are subject

1 to all applicable rules promulgated by the commission.

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

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

7 (b) The growler is sealed and has a label affixed to it that
8 includes at least the brand name of the beer, the class of the
9 beer, the net contents of the container, and the name of the
10 retailer filling the growler. **THE LABEL CONDITIONS DESCRIBED IN
11 THIS SUBDIVISION DO NOT APPLY TO EITHER OF THE FOLLOWING:**

12 **(i) A BREWPUB DESCRIBED IN SUBSECTION (1) (J) , BUT ONLY AS TO
13 BEER THAT THE BREWPUB PRODUCES.**

14 **(ii) A MICRO BREWER OR BREWER DESCRIBED IN SUBSECTION (1) (K) .**

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

17 (d) The eligible merchant or his or her agent or employee
18 shall only use containers that have a capacity of 5 gallons or more
19 to fill a growler.

20 (e) The beer to be dispensed has received a registration
21 number from the commission and has been approved for sale by the
22 commission.

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

25 (11) As used in this section:

26 (a) "Eligible merchant" means a person that holds a specially
27 designated merchant license. ~~and a specially designated~~

1 ~~distributor, class C, tavern, class A hotel, class B hotel, club,~~
2 ~~class C-1, or class C-2 license.~~

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

7 Enacting section 1. This amendatory act takes effect 90 days
8 after the date it is enacted into law.