

HOUSE BILL NO. 5595

December 02, 2021, Introduced by Rep. Wendzel and referred to the Committee on Regulatory Reform.

A bill to amend 1998 PA 58, entitled "Michigan liquor control code of 1998," by amending sections 415 and 537 (MCL 436.1415 and 436.1537), section 415 as added by 2013 PA 100 and section 537 as amended by 2021 PA 19.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 415. (1) Subject to the limitations provided under this
2 section, the commission may issue a farmer's market permit to a
3 qualified small wine maker, **small distiller, or mixed spirit drink**

1 **manufacturer.** Regardless of the location of the qualified small
2 wine maker, **small distiller, or mixed spirit drink manufacturer,**
3 the commission shall only issue 1 farmer's market permit **for a**
4 **qualified small wine maker, 1 farmer's market permit for a small**
5 **distiller, and 1 farmer's market permit for a mixed spirit drink**
6 **manufacturer** in a county where the farmer's market is located for
7 each 1,500 of population or fraction of 1,500 in that county as
8 determined by the last federal decennial census, by a special
9 census ~~pursuant to~~ **under** section 6 of the home rule city act, 1909
10 PA 279, MCL 117.6, or section 7 of the Glenn Steil state revenue
11 sharing act of 1971, 1971 PA 140, MCL 141.907, or by the latest
12 census and corrections published by the United States ~~department~~
13 **Department** of ~~commerce, bureau~~ **Commerce, Bureau** of the ~~census,~~
14 **Census,** whichever is later. The holder of a farmer's market permit
15 may conduct tastings and sell, at retail at a farmer's market, the
16 wine produced by that qualified small wine maker, **the spirits**
17 **produced by that small distiller, or the mixed spirit drink**
18 **manufactured by that mixed spirit drink manufacturer, as**
19 **applicable.**

20 (2) The commission shall charge a fee for a farmer's market
21 permit of \$25.00 for each farmer's market location. A farmer's
22 market permit issued under this section is nontransferable.
23 Notwithstanding the quota provision under subsection (1), the
24 commission shall not limit the number of permits a qualified small
25 wine maker, **small distiller, or mixed spirit drink manufacturer**
26 obtains under this section, but an application for a farmer's
27 market permit ~~shall~~ **must** only contain up to 5 separate locations at
28 1 time. Section 503 does not apply to the application or issuance
29 of a permit under this section or to the location of a farmer's

1 market where the holder of a farmer's market permit intends to
2 participate under this section.

3 (3) The commission shall not issue a farmer's market permit
4 under this section unless the applicant provides documentation, in
5 a manner prescribed by the commission, that the local police agency
6 where the farmer's market is located and the farmer's market
7 manager at that location have approved the proposed activity.

8 (4) The tastings and sales performed under a farmer's market
9 permit ~~shall~~**must** be limited to an exclusive area that is well
10 defined and clearly marked, in a manner prescribed by the
11 commission, that is under the control of the holder of the farmer's
12 market permit, as verified by the farmer's market manager.

13 (5) The tastings and sales performed under a farmer's market
14 permit ~~shall~~**must** be conducted by employees of the holder of the
15 farmer's market permit who have completed a server training program
16 as provided for in section 906 and the rules promulgated by the
17 commission.

18 (6) The wine, **spirits, or mixed spirit drink** sold or used for
19 tastings ~~shall~~**must** be furnished from the stock of the holder of
20 the farmer's market permit and removed from the farmer's market
21 premises immediately after the farmer's market has concluded.

22 (7) Tasting samples provided to a customer ~~shall~~**must** not
23 exceed 3 servings of not more than 2 ounces of wine, **1.5 ounces of**
24 **spirits, or 3 ounces of mixed spirit drink** in a 24-hour period of
25 time.

26 (8) The commission shall develop an application for an annual
27 farmer's market permit allowing for licensed activities under this
28 section. A farmer's market manager shall verify on the application
29 that the location listed on the application qualifies as a farmer's

1 market under this section.

2 (9) A wholesaler shall not conduct or participate in ~~any~~**an**
3 event allowed by this section.

4 (10) A holder of a farmer's market permit is considered a
5 manufacturer as provided under section 603(15) (a).

6 (11) ~~Two years after the enactment date of the amendatory act~~
7 ~~that added this section,~~ **By July 2, 2015**, the commission shall
8 submit a report to the standing committees of the senate and house
9 of representatives concerned with issues involving liquor control
10 and the house and senate fiscal agencies assessing the continued
11 issuance of farmer's market permits to qualified small wine makers,
12 **small distillers, and mixed spirit drink manufacturers**. The report
13 ~~shall~~**must** include, at a minimum, all of the following:

14 (a) The number of applications received each year for a
15 farmer's market permit.

16 (b) The number of farmer's market permit applications approved
17 each year.

18 (c) The number of farmer's market permit applications approved
19 in each county.

20 (12) As used in this section:

21 (a) "Farmer's market" means a group of farmers or their
22 designees or a variety of vendors, as determined by the farmer's
23 market manager or his or her designee, who assembles on a recurring
24 basis at a defined community sponsored or municipally sponsored
25 location for the purposes of selling, directly to a consumer, food
26 and products produced by those farmers or their representatives.

27 (b) "Farmer's market manager" means the person responsible for
28 enforcing the market policy and for the daily operation and
29 management of the farmer's market.

1 (c) "Farmer's market permit" means an annual permit issued as
2 part of an approved license to a qualified small wine maker, **small**
3 **distiller, or mixed spirit drink manufacturer** allowing that person
4 to conduct tastings and sell at retail, for consumption off the
5 licensed premises, at a farmer's market, wine produced by the
6 qualified small wine maker, **spirits produced by the small**
7 **distiller, or mixed spirit drink manufactured by the mixed spirit**
8 **drink manufacturer, as applicable.**

9 (d) "Qualified small wine maker" means a small wine maker, or
10 an out-of-state entity that is the substantial equivalent of a
11 small wine maker, that manufactures or bottles not more than 5,000
12 gallons of wine in 1 calendar year.

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

15 (a) Taverns, where beer, wine, and mixed spirit drink may be
16 sold for consumption on the premises only.

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

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

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

25 (e) Hotels of class A, where beer, wine, and mixed spirit
26 drink may be sold for consumption on the premises and in the rooms
27 of bona fide registered guests. Hotels of class B where beer, wine,
28 mixed spirit drink, and spirits may be sold for consumption on the
29 premises and in the rooms of bona fide registered guests.

1 (f) Specially designated merchants, where beer, wine, and
2 mixed spirit drink may be sold for consumption off the premises
3 only.

4 (g) Specially designated distributors, where spirits may be
5 sold for consumption off the premises only.

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

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

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

15 (i) Class C.

16 (ii) Tavern.

17 (iii) Class A hotel.

18 (iv) Class B hotel.

19 (k) Micro brewers and brewers, where beer manufactured by the
20 micro brewer or brewer may be sold in an approved tasting room
21 under section 536 to a consumer for consumption on or off the
22 manufacturing premises.

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

27 (m) Class G-2 licensee, where beer and wine may be sold for
28 consumption on the premises only to members required to pay an
29 annual membership fee and consumption is limited to these members

1 and their bona fide guests.

2 (n) Motorsports event licensee, where beer, wine, mixed spirit
3 drink, and spirits may be sold for consumption on the premises
4 during sanctioned motorsports events only.

5 (o) Wine maker or small wine maker, where wine manufactured by
6 the wine maker or small wine maker may be sold in any of the
7 following ways:

8 (i) By direct shipment as provided in section 203.

9 (ii) At retail for consumption on or off the premises in an
10 approved tasting room under section 536.

11 (iii) As otherwise provided for in this act.

12 (p) Small wine maker, where wine bottled by the small wine
13 maker may be sold in any of the following ways:

14 (i) By direct shipment as provided in section 203.

15 (ii) At retail for consumption on or off the premises in an
16 approved tasting room under section 536.

17 (iii) As otherwise provided for in this act.

18 (q) Wine maker or small wine maker, where shiners may be sold
19 in any of the following ways:

20 (i) By direct shipment as provided in section 203.

21 (ii) At retail for consumption on or off the premises in an
22 approved tasting room under section 536.

23 (iii) As otherwise provided for in this act.

24 (r) Distiller or small distiller, where spirits manufactured
25 by the distiller or small distiller may be sold to the consumer at
26 retail for consumption on or off the premises in an approved
27 tasting room under section 536.

28 (s) Nonpublic continuing care retirement center license, where
29 beer, wine, mixed spirit drink, mixed wine drink, and spirits may

1 be sold at retail and served on the licensed premises to residents
2 and bona fide guests accompanying the resident for consumption only
3 on the licensed premises.

4 (t) A small wine maker or an out-of-state entity that is the
5 substantial equivalent of a small wine maker, that holds a farmer's
6 market permit, where wine manufactured or bottled by the small wine
7 maker and shiners may be sampled and sold at a farmers' market for
8 consumption off the licensed premises.

9 (u) A brandy manufacturer where brandy manufactured by the
10 brandy manufacturer may be sold at retail for consumption on or off
11 the premises in an approved tasting room under section 536 located
12 on the manufacturing premises of the brandy manufacturer.

13 (v) A mixed spirit drink manufacturer where mixed spirit drink
14 manufactured by the mixed spirit drink manufacturer may be sold at
15 retail for consumption on or off the premises in an approved
16 tasting room under section 536.

17 **(w) A small distiller that holds a farmer's market permit**
18 **where spirits manufactured or bottled by the small distiller may be**
19 **sampled and sold at a farmers' market for consumption off the**
20 **licensed premises.**

21 **(x) A mixed spirit drink manufacturer that holds a farmer's**
22 **market permit where mixed spirit drink manufactured by the mixed**
23 **spirit drink manufacturer may be sampled and sold at a farmer's**
24 **market for consumption off the licensed premises.**

25 (2) Notwithstanding section 1025(1), an outstate seller of
26 beer, an outstate seller of wine, a wine maker, a brewer, a micro
27 brewer, or a specially designated merchant, or an agent of any of
28 those persons, that does not hold a license allowing the
29 consumption of alcoholic liquor on the premises at the same

1 licensed address, may conduct beer and wine tastings on the
2 licensed premises of a specially designated merchant under the
3 following conditions:

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

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

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

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

17 (3) While a beer or wine tasting is conducted under subsection
18 (2), a specially designated merchant, outstate seller of beer,
19 outstate seller of wine, wine maker, micro brewer, or brewer, or
20 its agent or employee who has successfully completed a server
21 training program as provided for in section 906, shall devote full
22 time to the beer and wine tasting activity and shall not perform
23 other duties, including the sale of alcoholic liquor for
24 consumption off the licensed premises. Beer and wine used for the
25 tasting must come from the specially designated merchant's
26 inventory, and all open bottles must be removed from the premises
27 on the same business day or resealed and stored in a locked,
28 separate storage compartment on the licensed premises when not
29 being used for the activities allowed by the permit.

1 (4) A wholesaler shall not conduct or participate in beer and
2 wine tastings allowed under a permit issued under subsection (2).

3 (5) A beer and wine tasting under subsection (2) may only be
4 conducted during the legal hours for the sale of alcoholic liquor
5 by the licensee.

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

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

11 (b) The growler is sealed and has a label affixed to it that
12 includes at least the brand name of the beer, the class of the
13 beer, the net contents of the container, and the name of the
14 retailer filling the growler. The label conditions described in
15 this subdivision do not apply to either of the following:

16 (i) A brewpub described in subsection (1)(j), but only as to
17 beer that the brewpub produces.

18 (ii) A micro brewer or brewer described in subsection (1)(k).

19 (c) The eligible merchant or his or her agent or employee does
20 not fill a growler in advance of the sale.

21 (d) The eligible merchant or his or her agent or employee only
22 uses containers that have a capacity of 5 gallons or more to fill a
23 growler.

24 (e) The beer to be dispensed has received a registration
25 number from the commission and has been approved for sale by the
26 commission. The registration condition described in this
27 subdivision does not apply to either of the following:

28 (i) A brewpub described in subsection (1)(j), but only as to
29 beer that the brewpub produces.

1 (ii) A micro brewer or brewer described in subsection (1)(k).

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

4 (7) A wine maker, brandy manufacturer, small distiller, micro
5 brewer, brewer, or brewpub shall provide water, and may, in the
6 sole discretion of the wine maker, brandy manufacturer, small
7 distiller, micro brewer, brewer, or brewpub, sell or provide other
8 nonalcoholic beverages, for consumption on or off the premises
9 where the wine maker, brandy manufacturer, small distiller, micro
10 brewer, brewer, or brewpub is licensed.

11 (8) As used in this section:

12 (a) "Eligible merchant" means a person that holds a specially
13 designated merchant license.

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