AN ACT to create a commission for the control of the alcoholic beverage traffic within this state, and to
prescribe its powers, duties, and limitations; to provide for powers and duties for certain state departments and
agencies; to impose certain taxes for certain purposes; to provide for the control of the alcoholic liquor traffic
within this state and to provide for the power to establish state liquor stores; to prohibit the use of certain
devices for the dispensing of alcoholic vapor; to provide for the care and treatment of alcoholics; to provide
for the incorporation of farmer cooperative wineries and the granting of certain rights and privileges to those
cooperatives; to provide for the licensing and taxation of activities regulated under this act and the disposition
of the money received under this act; to prescribe liability for retail licensees under certain circumstances and
to require security for that liability; to provide procedures, defenses, and remedies regarding violations of this
act; to provide for the enforcement and to prescribe penalties for violations of this act; to provide for
allocation of certain funds for certain purposes; to provide for the confiscation and disposition of property
seized under this act; to provide referenda under certain circumstances; and to repeal acts and parts of acts.


The People of the State of Michigan enact:

CHAPTER 1

436.1101 Short title.
Sec. 101. This act shall be known and may be cited as the "Michigan liquor control code of 1998".


436.1103 Meanings of words and phrases.
Sec. 103. For the purposes of this act, the words and phrases defined in this chapter have the meanings
ascribed to them in this chapter, unless the context requires otherwise.


436.1105 Definitions; A, B.
Sec. 105. (1) "Alcohol" means the product of distillation of fermented liquid, whether or not rectified or
diluted with water; but does not mean ethyl or industrial alcohol, diluted or not, that has been denatured or
otherwise rendered unfit for beverage purposes.

(2) "Alcohol vapor device" means any device that provides for the use of air or oxygen bubbled through
alcoholic liquor to produce a vapor or mist that allows the user to inhale this alcoholic vapor through the
mouth or nose.

(3) "Alcoholic liquor" means any spirituous, vinous, malt, or fermented liquor, powder, liquids, and
compounds, whether or not medicated, proprietary, patented, and by whatever name called, containing 1/2 of
1% or more of alcohol by volume that are fit for use for food purposes or beverage purposes as defined and
classified by the commission according to alcoholic content as belonging to 1 of the varieties defined in this
chapter.

(4) "Alternating proprietorship" means 1 of the following:
(a) An arrangement in which 2 or more wine makers or small wine makers take turns using the same space
and equipment to manufacture wine under section 603(9)(a) and in accordance with 27 CFR 24.136.
(b) An arrangement in which 2 or more brewers or micro brewers take turns using the same space and
equipment to manufacture beer pursuant to section 603(9)(b) and in accordance with 27 CFR 25.52.

(5) "Approved tasting room" means a tasting room that is approved by the commission. A licensee with an
approved tasting room is not a retail licensee as that term is used in this act and the rules promulgated under
this act except for sections 701, 801, 803, 815, 905, and 906.

(6) "Authorized distribution agent" means a person approved by the commission to do 1 or more of the
following:
(a) To store spirits owned by a supplier of spirits or the commission.
(b) To deliver spirits sold by the commission to retail licensees.
(c) To perform any function needed to store spirits owned by a supplier of spirits or by the commission or
to deliver spirits sold by the commission to retail licensees.

(7) "Bar" means a barrier or counter at which alcoholic liquor is sold to, served to, or consumed by
customers.
(8) "Beer" means a beverage obtained by alcoholic fermentation of an infusion or decoction of barley, malt, hops, sugar, or other cereal in potable water.
(9) "Bottle" or "bottling" means a process, separate from manufacturing, using owned or leased equipment to fill and seal a container, including a keg, with alcoholic liquor for sale at wholesale or retail in accordance with this act. Bottle or bottling does not include filling a growler for sale at retail.
(10) "Brand" means any word, name, group of letters, symbol, trademark, or combination thereof adopted and used by a supplier to identify a specific beer, malt beverage, wine, mixed wine drink, or mixed spirit drink product and to distinguish that product from another beer, malt beverage, wine, mixed wine drink, or mixed spirit drink product that is produced or marketed by that or another supplier. As used in this subsection, "supplier" means a brewer, micro brewer, an outstate seller of beer, a wine maker, a small wine maker, an outstate seller of wine, a manufacturer of mixed wine drink, an outstate seller of a mixed wine drink, a mixed spirit drink manufacturer, or an outstate seller of mixed spirit drink.
(11) "Brand extension" means any brand that incorporates all or a substantial part of the unique features of a preexisting brand of the same supplier. As used in this subsection, "supplier" means a brewer, micro brewer, an outstate seller of beer, a wine maker, a small wine maker, an outstate seller of wine, a manufacturer of mixed wine drink, or an outstate seller of a mixed wine drink, a mixed spirit drink manufacturer, or an outstate seller of mixed spirit drink.
(12) "Brandy" means an alcoholic liquor as defined in 27 CFR 5.22(d).
(13) "Brandy manufacturer" means a wine maker or a small wine maker licensed under this act to manufacture brandy. A wine maker or small wine maker authorized to manufacture brandy shall not manufacture any other spirits. The commission may approve a brandy manufacturer to sell brandy that it manufactures at retail in accordance with section 537.
(14) "Brewer" means a person located in this state that is licensed to manufacture beer and sell at retail in accordance with section 537 and to licensed wholesalers beer manufactured by the person.
(15) "Brewpub" means a license issued in conjunction with a class C, tavern, class A hotel, or class B hotel license that authorizes the person licensed with the class C, tavern, class A hotel, or class B hotel to manufacture and brew not more than 18,000 barrels of beer per calendar year in this state and sell at its licensed premises the beer produced for consumption on or off the licensed brewery premises in the manner provided for in sections 405, 407, and 537.


436.1107 Definitions; C to L.
Sec. 107. (1) "Cash" means money in hand, bank notes, demand deposits at a bank, or legal tender, that a creditor must accept according to law. Cash does not include call loans, postdated checks, or promissory notes.
(2) "Class C license" means a place licensed to sell at retail beer, wine, mixed spirit drink, and spirits for consumption on the premises.
(3) "Class G-1 license" means a place licensed to sell at retail beer, wine, mixed spirit drink, and spirits for consumption on the premises at a golf course having at least 18 holes that measure at least 5,000 yards and which license is issued only to a facility that permits member access by means of payments that include annual paid membership fees.
(4) "Class G-2 license" means a place licensed to sell at retail beer, wine, and mixed spirit drink for consumption on the premises at a golf course having at least 18 holes that measure at least 5,000 yards and which license is issued only to a facility that permits member access by means of payments that include annual paid membership fees.
(5) "Club" means a nonprofit association, whether incorporated or unincorporated, organized for the promotion of some common purpose, the object of which is owning, hiring, or leasing a building, or space in a building, of an extent and character as in the judgment of the commission may be suitable and adequate for the reasonable and comfortable use and accommodation of its members and their guests, but does not include an association organized for a commercial or business purpose.
(6) "Commission" means the liquor control commission created in section 209.
(7) "Church" means an entire house or structure set apart primarily for use for purposes of public worship, and that is tax exempt under the laws of this state, and in which religious services are held and with which a clergyman is associated, and the entire structure of which is kept for that use and not put to any other use inconsistent with that use.
(8) "Distiller" means a person licensed to manufacture and sell spirits or alcohol, or both, of any kind.
(9) "Hotel" means a building or group of buildings located on the same or adjoining pieces of real
property, that provide lodging to travelers and temporary residents and that may also provide food service and other goods and services to registered guests and to the public.

(10) "Class A hotel" means a hotel licensed by the commission to sell beer, wine, and mixed spirit drink for consumption on the premises only, that provides for the rental of, and maintains the availability for rental of, not less than 25 bedrooms if located in a local governmental unit with a population of less than 175,000 or not less than 50 bedrooms if located in a local governmental unit with a population of 175,000 or more.

(11) "Class B hotel" means a hotel licensed by the commission to sell beer, wine, mixed spirit drink, and spirits for consumption on the premises only, that provides for the rental of, and maintains the availability for rental of, not less than 25 bedrooms if located in a local governmental unit with a population of less than 175,000 or not less than 50 bedrooms if located in a local governmental unit with a population of 175,000 or more.

(12) "Financial records" means any document or summary of information contained in a document, including electronic documents, that contains information about the financial activities or position of a person including, but not limited to, information about the assets, balance sheets, budgets, cash flow, earnings, revenue, expenditures, income, investments, losses, liabilities, payroll, profits, retained earnings, or taxes.

(13) "License" means a contract between the commission and the licensee granting authority to that licensee to manufacture and sell, sell, or warehouse alcoholic liquor in the manner provided by this act.


436.1109 Definitions; M to O.

Sec. 109. (1) "Manufacture" means to distill, rectify, ferment, brew, make, produce, filter, mix, concoct, process, or blend an alcoholic liquor or to complete a portion of 1 or more of these activities. Manufacture does not include bottling or the mixing or other preparation of drinks for serving by those persons authorized under this act to serve alcoholic liquor for consumption on the licensed premises. In addition, manufacture does not include attaching a label to a shiner. All containers or packages of alcoholic liquor must state clearly the name, city, and state of the bottler.

(2) "Manufacturer" means, except as provided in section 603, a person that manufactures alcoholic liquor, whether located in or out of this state, including, but not limited to, a distiller, a small distiller, a rectifier, a mixed spirit drink manufacturer, a mixed wine drink manufacturer, a wine maker, a small wine maker, a brewer, and a micro brewer.

(3) "Manufacturing premises" means the licensed premises of a manufacturer where the manufacturer manufactures alcoholic liquor or, for a small wine maker only, bottles wine.

(4) "Master distributor" means, except as provided in section 307, a wholesaler that acts in the same or similar capacity as a brewer, wine maker, mixed spirit drink manufacturer, outstate seller of wine, outstate seller of beer, or outstate seller of mixed spirit drink for a brand or brands of beer, wine, or mixed spirit drink to other wholesalers on a regular basis in the normal course of business.

(5) "Micro brewer" means a brewer that manufactures in total less than 60,000 barrels of beer per year and that may sell the beer manufactured to consumers at the licensed brewery premises for consumption on or off the licensed brewery premises and to retailers as provided in section 203a. In determining the 60,000-barrel threshold, all brands and labels of a brewer, whether manufactured in this state or outside this state, must be combined and all facilities for the manufacturing of beer that are owned or controlled by the same person must be treated as a single facility.

(6) "Minor" means an individual less than 21 years of age.

(7) "Mixed spirit drink" means a drink manufactured and packaged or sold by a mixed spirit drink manufacturer or sold by an outstate seller of mixed spirit drink to a wholesaler that meets either of the following conditions:

   (a) Contains 10% or less alcohol by volume consisting of spirits mixed with nonalcoholic beverages or flavoring or coloring materials and that may also contain 1 or more of the following:

      (i) Water.
      (ii) Fruit juices.
      (iii) Fruit adjuncts.
      (iv) Sugar.
      (v) Carbon dioxide.
      (vi) Preservatives.

   (b) Meets both of the following conditions:

      (i) Contains more than 10% and not more than 13.5% alcohol by volume consisting of spirits mixed with nonalcoholic beverages and flavoring or coloring materials and that may also contain 1 or more ingredients...
(ii) Is filled in a metal container that meets all of the following conditions:
(A) The container has the general shape and design of a can that has a liquid capacity that does not exceed 24 ounces.
(B) The container has a closure that is an integral part of the container.
(C) The container cannot be readily closed after opening.

(8) "Mixed spirit drink manufacturer" means a person licensed under this act to manufacture mixed spirit drink in this state and to sell mixed spirit drink at retail in accordance with section 537, or to a wholesaler, or to a retailer as provided in section 203b. For purposes of rules promulgated by the commission, a mixed spirit drink manufacturer is treated as a wine manufacturer but is subject to the rules applicable to spirits for manufacturing and labeling.

(9) "Mixed wine drink" means a drink or similar product marketed as a wine cooler that contains less than 7% alcohol by volume, consists of wine and plain, sparkling, or carbonated water, and contains any 1 or more of the following:
(a) Nonalcoholic beverages.
(b) Flavoring.
(c) Coloring materials.
(d) Fruit juices.
(e) Fruit adjuncts.
(f) Sugar.
(g) Carbon dioxide.
(h) Preservatives.

(10) "Outstate self-distributor" means a person located in another state that is the substantial equivalent of a micro brewer, small distiller, mixed spirit drink manufacturer, or small wine maker licensed by the commission to sell alcoholic liquor that the person manufactured outside this state directly to a retailer under sections 203(20), 203a, and 203b in accordance with rules promulgated by the commission. An applicant for an outstate self-distributor license must submit a copy of its federal basic permit or brewer's notice and its manufacturing license from the state of issuance.

(11) "Outstate seller of beer" means a person licensed by the commission to sell beer that has not been manufactured in this state, or beer that the person purchased from a limited production manufacturer, to a wholesaler in this state in accordance with rules promulgated by the commission. As used in this subsection, "limited production manufacturer" means a person licensed under section 504.

(12) "Outstate seller of mixed spirit drink" means a person licensed by the commission to sell mixed spirit drink that has not been manufactured in this state to a wholesaler in this state in accordance with rules promulgated by the commission. For purposes of rules promulgated by the commission, an outstate seller of mixed spirit drink is treated as an outstate seller of wine but is subject to the rules applicable to spirits for manufacturing and labeling.

(13) "Outstate seller of wine" means a person licensed by the commission to sell wine that has not been manufactured in this state to a wholesaler in this state in accordance with rules promulgated by the commission and to sell sacramental wine as provided in section 301.


**Constitutionality:** In *Granholm v Heald*, 544 US 460 (2005), the United States Supreme Court held that Michigan laws regulating direct shipment of alcohol to in-state consumers discriminated against interstate commerce in violation of clause 3 of section 8 of article 1 of the United States Constitution, and that the powers granted to states under the 21st Amendment to the United States Constitution do not authorize violation of other constitutional provisions.

### 436.1111 Definitions; P to S.

Sec. 111. (1) "Person" means an individual, firm, partnership, limited partnership, association, limited liability company, or corporation.

(2) "Primary source of supply" means, for domestic spirits, the distiller, producer, owner of the commodity at the time it becomes a marketable product, or bottler, or the exclusive agent of the distiller, producer, owner of the commodity at the time it becomes a marketable product, or bottler, and, for spirits imported into the United States, either the foreign distiller, producer, owner, or bottler, or the prime importer for, or the exclusive agent in the United States of, the foreign distiller, producer, owner, or bottler.

(3) "Professional account" means an account established for a person by a class C licensee or tavern licensee whose major business is the sale of food, by which the licensee extends credit to the person for not
more than 30 days.

(4) "Residence" means the premises in which a person resides permanently.

(5) "Restaurant" means a food service establishment defined and licensed under the food law, 2000 PA 92, MCL 289.1101 to 289.8111. A restaurant that does not hold a license issued by the commission under this act shall not manufacture, market, deliver, or sell alcoholic liquor in this state.

(6) "Retailer" means a person licensed by the commission that sells to the consumer in accordance with rules promulgated by the commission. Retailer includes a brewpub but does not include a manufacturer or supplier, as defined in section 603, that is allowed as a condition of its license to sell to consumers in this state.

(7) "Sacramental wine" means wine containing not more than 24% of alcohol by volume that is used for sacramental purposes.

(8) "Sale" includes the exchange, barter, traffic, furnishing, delivery, or giving away of alcoholic liquor. For a sale in which a shipment or delivery of alcoholic liquor is made by a common or other carrier, the sale of the alcoholic liquor is considered to be made in the county within which the delivery of the alcoholic liquor is made by that carrier to the consignee or his or her agent or employee, and venue for the prosecution for that sale may be in the county or city where the seller resides or from which the shipment is made or at the place of delivery.

(9) "School" includes buildings used for school purposes to provide instruction to children in grades kindergarten through 12, if that instruction is provided by a public, private, denominational, or parochial school, except those buildings used primarily for adult education or college extension courses. School does not include a proprietary trade or occupational school.

(10) "Shiner" means an unlabeled, sealed container of wine, including a keg, that is sold by a wine maker, small wine maker, or out-of-state entity that is the substantial equivalent of a wine maker or small wine maker to another wine maker, small wine maker, or out-of-state entity that is the substantial equivalent of a wine maker or small wine maker. The purchasing wine maker or small wine maker must attach a label to the container using equipment owned or leased by the purchasing wine maker or small wine maker, register the wine label with the commission, and sell it as provided for in this act.

(11) "Small distiller" means a manufacturer of spirits annually manufacturing in this state not more than 60,000 gallons of spirits, of all brands combined.

(12) "Small wine maker" means a wine maker manufacturing or bottling not more than 50,000 gallons of wine in 1 calendar year. A small wine maker is not required to bottle wine it manufactures.

(13) "Special license" means a contract between the commission and the special licensee granting authority to that licensee to sell beer, wine, mixed spirit drink, or spirits. The license must be granted only to the persons and the organization and for the period of time that the commission determines if the person or organization is able to demonstrate an existence separate from an affiliated umbrella organization. If such an existence is demonstrated, the commission shall not deny a special license solely by the applicant's affiliation with an organization that is also eligible for a special license.

(14) "Specially designated distributor" means, subject to section 534, a person engaged in an established business licensed by the commission to distribute spirits in the original package for the commission for consumption off the premises.

(15) "Specially designated merchant" means a person to whom the commission grants a license to sell beer, wine, or mixed spirit drink at retail for consumption off the licensed premises.

(16) "Spirits" means a beverage that contains alcohol obtained by distillation, mixed with potable water or other substances, or both, in solution, and includes wine containing an alcoholic content of more than 21% by volume, except sacramental wine and mixed spirit drink.

(17) "State liquor store" means a store established by the commission under this act for the sale of spirits in the original package for consumption off the premises.

(18) "Successor to a supplier that continues in business" means a supplier that acquires a brand or brands from another supplier and remains in business after it acquires that brand or brands. As used in this subsection, "supplier" means any of the following:

(a) Brewer.
(b) Outstate seller of beer.
(c) Master distributor.
(d) Wine maker.
(e) Outstate seller of wine.

(19) "Supplier of spirits" means a vendor of spirits, a manufacturer of spirits, or a primary source of supply.
436.1113 Definitions; T to W.
Sec. 113. (1) "Tasting room" means any of the following locations:
(a) A location on the manufacturing premises of a brewer or micro brewer where the brewer or micro brewer may provide samples of or sell at retail for consumption on or off the premises, or both, beer it manufactures.
(b) A location on or off the manufacturing premises of a wine maker or small wine maker where the wine maker or small wine maker may provide samples of or sell at retail for consumption on or off the premises, or both, shiners, wine it manufactured, or, for a small wine maker only, wine it bottled.
(c) A location on or off the manufacturing premises of a distiller or small distiller where the distiller or small distiller may provide samples of or sell at retail for consumption on or off the premises, or both, spirits it manufactured.
(d) A location on the manufacturing premises of a mixed spirit drink manufacturer where the mixed spirit drink manufacturer may provide samples of or sell at retail for consumption on or off the premises, or both, mixed spirit drinks it manufactured.
(e) A location on or off the manufacturing premises of a brandy manufacturer where the brandy manufacturer may provide samples of or sell at retail for consumption on or off the premises, or both, brandy it manufactured.
(2) "Tavern" means any place licensed to sell at retail beer, wine, or mixed spirit drink for consumption on the premises only.
(3) "Vehicle" means any means of transportation by land, by water, or by air.
(4) "Vendor" means a person licensed by the commission to sell alcoholic liquor.
(5) "Vendor of spirits" means a person selling spirits to the commission.
(6) "Warehouse" means a premises or place primarily constructed, used, or provided with facilities for the storage in transit or other temporary storage of perishable goods or for the conduct of a warehousing business, or for both.
(7) "Warehouser" means a licensee authorized by the commission to store alcoholic beverages, but prohibited from making sales or deliveries to retailers unless the licensee is also the holder of a wholesaler or manufacturer license issued by the commission.
(8) "Wholesaler" means a person that is licensed by the commission and sells beer, wine, or mixed spirit drink only to retailers or other licensees, and that sells sacramental wine as provided in section 301. A wholesaler includes a person that may also act as a master distributor unless prohibited from doing so by its supplier or manufacturer in a written agreement required by either section 305(3)(i) or 403(3)(i) and, by mutual agreement with an outstate seller of beer, wine, or mixed spirit drink, can be authorized by the outstate seller of beer, wine, or mixed spirit drink to do, in the manner prescribed by the commission, either or both of the following:
(a) Register with this state the labels of the outstate seller of beer, wine, or mixed spirit drink.
(b) On behalf of the outstate seller of beer, wine, or mixed spirit drink collect excise taxes levied by this state and remit the taxes to the commission.
(9) "Wine" means a product manufactured by the normal alcoholic fermentation of the juice of sound, ripe grapes, or any other fruit with the usual cellar treatment, and containing not more than 21% of alcohol by volume, including cider made from apples or pears, or both, that contains at least 1/2 of 1% of alcohol by volume, or mead or honey wine made from honey, fermented fruit juices other than grapes, and mixed wine drinks.
(10) "Wine maker" means a person licensed by the commission to manufacture wine and to sell that wine to a wholesaler, to a consumer by direct shipment, at retail on the licensed winery premises, to sell that wine to a retailer, and as provided for in section 537.


Constitutionality: In Granholm v. Heald, 544 US 460 (2005), the United States Supreme Court held that Michigan laws regulating direct shipment of alcohol to in-state consumers discriminated against interstate commerce in violation of clause 3 of section 8 of article 1 of the United States Constitution, and that the powers granted to states under the 21st Amendment to the United States Constitution do...
not authorize violation of other constitutional provisions.

**Compiler's note:** Enacting sections 2 and 3 of Act 269 of 2005 provide:

"Enacting section 2. (1) If any provision of section 113 of the Michigan liquor control code of 1998, 1998 PA 58, MCL 436.1113, as amended by this amendatory act, is held to be unconstitutional by a court of competent jurisdiction and the allowable time for filing an appeal has expired or the appellant has exhausted all of his or her avenues of appeal, section 113 of the Michigan liquor control code of 1998, 1998 PA 58, MCL 436.1113, is repealed.

"(2) Section 113a of the Michigan liquor control code of 1998, 1998 PA 58, as added by this amendatory act, shall not take effect unless section 113 of the Michigan liquor control code of 1998, 1998 PA 58, MCL 436.1113, is held unconstitutional or repealed pursuant to subsection (1).

"Enacting section 3. If an appellate court declares this amendatory act unconstitutional, then it is the intent of the legislature that a good faith effort be made to amend section 305 of the Michigan liquor control code of 1998, 1998 PA 58, MCL 436.1305, to make it less burdensome for a small winery to terminate an agreement with a wholesaler."

**** 436.1113a.added THIS ADDED SECTION IS EFFECTIVE WHEN CONDITIONS APPLIED BY ENACTING SECTION 2(2) OF ACT 269 OF 2005 ARE MET: See compiler's note following section ****

436.1113a.added Additional definitions.

Sec. 113a. (1) "Tasting room" means any of the following locations:

(a) A location on the manufacturing premises of a brewer or micro brewer where the brewer or micro brewer may provide samples of or sell at retail for consumption on or off the premises, or both, beer it manufactures.

(b) A location on or off the manufacturing premises of a wine maker or small wine maker where the wine maker or small wine maker may provide samples of or sell at retail for consumption on or off the premises, or both, shiners, wine it manufactured, or, for a small wine maker only, wine it bottled.

(c) A location on or off the manufacturing premises of a distiller or small distiller where the distiller or small distiller may provide samples of or sell at retail for consumption on or off the premises, or both, spirits it manufactured.

(d) A location on the manufacturing premises of a mixed spirit drink manufacturer where the mixed spirit drink manufacturer may provide samples of or sell at retail for consumption on or off the premises, or both, mixed spirit drinks it manufactured.

(e) A location on or off the manufacturing premises of a brandy manufacturer where the brandy manufacturer may provide samples of or sell at retail for consumption on or off the premises, or both, brandy it manufactured.

(2) "Tavern" means any place licensed to sell at retail beer, wine, or mixed spirit drink for consumption on the premises only.

(3) "Vehicle" means any means of transportation by land, by water, or by air.

(4) "Vendor" means a person licensed by the commission to sell alcoholic liquor.

(5) "Vendor of spirits" means a person selling spirits to the commission.

(6) "Warehouse" means a premises or place primarily constructed, used, or provided with facilities for the storage in transit or other temporary storage of perishable goods or for the conduct of a warehousing business, or for both.

(7) "Warehouser" means a licensee authorized by the commission to store alcoholic liquor, but prohibited from making sales or deliveries to retailers unless the licensee is also the holder of a wholesaler license issued by the commission.

(8) "Wholesaler" means a person that is licensed by the commission and sells beer, wine, or mixed spirit drink only to retailers or other licensees, and that sells sacramental wine as provided in section 301. A wholesaler includes a person that may also act as a master distributor unless prohibited from doing so by its supplier or manufacturer in a written agreement required by either section 305(3)(i) or 403(3)(i) and, by mutual agreement with an outstate seller of beer, wine, or mixed spirit drink can be authorized by the outstate seller of beer, wine, or mixed spirit drink to do, in the manner provided by the commission, either or both of the following:

(a) Register with this state the labels of the outstate seller of beer, wine, or mixed spirit drink.

(b) On behalf of the outstate seller of beer, wine, or mixed spirit drink, collect excise taxes levied by this state and remit the taxes to the commission.

(9) "Wine" means a product made by the normal alcoholic fermentation of the juice of sound, ripe grapes, or any other fruit with the usual cellar treatment, and containing not more than 21% of alcohol by volume, including cider made from apples or pears, or both, that contains at least 1/2 of 1% alcohol by volume, or mead or honey wine made from honey, fermented fruit juices other than grapes, and mixed wine drinks.

(10) "Wine maker" means a person licensed by the commission to manufacture wine, to sell that wine to a wholesaler, to sell that wine by direct shipment to a consumer, at retail on the licensed winery premises, and
amendment by this amendatory act, is held to be unconstitutional by a court of competent jurisdiction and the allowable time for filing an appeal has expired or the appellant has exhausted all of his or her avenues of appeal, section 113 of the Michigan liquor control code of 1998, 1998 PA 58, MCL 436.1113, is repealed.

"(2) Section 113a of the Michigan liquor control code of 1998, 1998 PA 58, as added by this amendatory act, shall not take effect unless section 113 of the Michigan liquor control code of 1998, 1998 PA 58, MCL 436.1113, is held unconstitutional or repealed pursuant to subsection (1).

"Enacting section 3. If an appellate court declares this amendatory act unconstitutional, then it is the intent of the legislature that a good faith effort be made to amend section 305 of the Michigan liquor control code of 1998, 1998 PA 58, MCL 436.1305, to make it less burdensome for a small winery to terminate an agreement with a wholesaler."

CHAPTER 2

436.1201 Alcoholic liquor; manufacture, sale, possession, or transportation lawful; terms, conditions, limitations, and restrictions; right, power, and duty of commission to control alcoholic beverage traffic and traffic in other alcoholic liquor; unreasonable discrimination against Michigan manufacturers prohibited; enforcement of act and rules; willful neglect or refusal of officer to perform duties as misdemeanor; penalty.

Sec. 201. (1) On and after December 15, 1933, it shall be lawful to manufacture for sale, sell, offer for sale, keep for sale, possess, or transport any alcoholic liquor, as defined in this act, including alcoholic liquor used for medicinal, mechanical, chemical, or scientific purposes and wine used for sacramental purposes, subject to the terms, conditions, limitations, and restrictions contained in this act, and only as provided for in this act.

(2) Except as otherwise provided in this act, the commission shall have the sole right, power, and duty to control the alcoholic beverage traffic and traffic in other alcoholic liquor within this state, including the manufacture, importation, possession, transportation and sale thereof.

(3) A rule, regulation, or order made by the commission shall not unreasonably discriminate against Michigan manufacturers of alcoholic liquor.

(4) A peace officer or law enforcement officer of this state or a county, township, city, village, state university, or community college or an inspector of the commission is authorized, and it is the duty of each of them, to enforce the provisions of this act and the rules promulgated by the commission within his or her respective jurisdiction. It is the special duty of an officer described in this section to use his or her utmost efforts to repress and prevent crime and the violation of any of the provisions of this act. An officer described in this section who willfully neglects or refuses to perform the duties imposed upon him or her by this section is guilty of a misdemeanor and upon conviction shall be fined not more than $500.00 or imprisoned in the county jail not more than 90 days, or both.


436.1203 Sale, delivery, or importation of alcoholic liquor or wine; duties of direct shipper of wine; common carrier; verification that individual accepting delivery is 21 years of age or older; original purchase and importation into state of spirits for sale, use, storage, or distribution; requirements; exceptions; direct shipper license required; application; fee; violation; delivery of beer and wine to home or designated location of consumer; holder of specially designated merchant license; sale or delivery of spirits by qualified small distiller requirements; delivery or sale of beer, wine, mixed spirit drink, or spirits by third party facilitator; reports; retention of books, records, and documents; disclosure; definitions.

Sec. 203. (1) Except as provided in this section and section 301, a person shall not sell, deliver, or import alcoholic liquor, including alcoholic liquor for personal use, in this state unless the sale, delivery, or importation is made by the commission, the commission's authorized agent or distributor, an authorized distribution agent approved by order of the commission, a person licensed by the commission, or by prior written order of the commission.

(2) Notwithstanding R 436.1011(7)(b) and R 436.1527 of the Michigan Administrative Code and except as provided in subsections (3), (12), (13), (14), (15), and (16), a retailer shall not deliver alcoholic liquor to a consumer in this state at the home or business of the consumer or at any location away from the licensed premises of the retailer. The purpose of this subsection is to exercise this state's authority under section 2 of Amendment XXI of the Constitution of the United States, to maintain the inherent police powers to regulate as provided for in section 537 but not to sell wine to a retailer.


Compiler's note: Enacting sections 2 and 3 of Act 269 of 2005 provide:

"Enacting section 2. (1) If any provision of section 113 of the Michigan liquor control code of 1998, 1998 PA 58, MCL 436.1113, as amended by this amendatory act, is held to be unconstitutional by a court of competent jurisdiction and the allowable time for filing an appeal has expired or the appellant has exhausted all of his or her avenues of appeal, section 113 of the Michigan liquor control code of 1998, 1998 PA 58, MCL 436.1113, is repealed.

"(2) Section 113a of the Michigan liquor control code of 1998, 1998 PA 58, as added by this amendatory act, shall not take effect unless section 113 of the Michigan liquor control code of 1998, 1998 PA 58, MCL 436.1113, is held unconstitutional or repealed pursuant to subsection (1).

"Enacting section 3. If an appellate court declares this amendatory act unconstitutional, then it is the intent of the legislature that a good faith effort be made to amend section 305 of the Michigan liquor control code of 1998, 1998 PA 58, MCL 436.1305, to make it less burdensome for a small winery to terminate an agreement with a wholesaler."
the transportation and delivery of alcoholic liquor, and to promote a transparent system for the transportation
and delivery of alcoholic liquor. The regulation described in this subsection is considered necessary for both
of the following reasons:

(a) To promote the public health, safety, and welfare.

(b) To maintain strong, stable, and effective regulation by having beer and wine sold by retailers to
consumers in this state by passing through the 3-tier distribution system established under this act.

(3) For purposes of subsection (1), a qualified retailer that holds a specially designated merchant license
located in this state may use a common carrier to deliver beer, wine, and mixed spirit drink to a consumer in
this state. A qualified retailer that holds a specially designated distributor license located in this state may use
a common carrier to deliver spirits to a consumer in this state. A qualified retailer that uses a common carrier
to deliver beer, wine, mixed spirit drink, or spirits to a consumer under this subsection shall comply with all
of the following:

(a) Pay any applicable taxes to the commission and pay any applicable taxes to the department of treasury
as directed by the department of treasury. On the request of the department of treasury, a qualified retailer
shall furnish an affidavit to verify payment.

(b) Comply with all laws of this state, including, but not limited to, the prohibition on sales to minors.

(c) Verify the age of the individual placing the order by obtaining from him or her a copy of a photo
identification issued by this state, another state, or the federal government or by using an identification
verification service. The person receiving and accepting the order on behalf of the qualified retailer shall
record the name, address, date of birth, and telephone number of the individual placing the order on the order
form or other verifiable record of a type and generated in a manner approved by the commission and provide
a duplicate to the commission.

(d) On request of the commission, make available to the commission any document used to verify the age
of the individual ordering or receiving the beer, wine, mixed spirit drink, or spirits from the qualified retailer.

(e) Stamp, print, or label on the outside of the shipping container that the package "Contains Alcohol. Must
be delivered to a person 21 years of age or older.". The recipient at the time of the delivery shall provide
identification verifying his or her age and sign for the delivery.

(f) Place a label on the top panel of the shipping container containing the name and address of the
individual placing the order and the name of the designated recipient if different from the name of the
individual placing the order.

(g) For a qualified retailer that has been issued licenses at 2 or more locations, the shipment of the beer,
wine, mixed spirit drink, or spirits must be fulfilled from the location nearest to the consumer unless that
location does not have the beer, wine, mixed spirit drink, or spirits ordered in stock.

(4) For purposes of subsection (1), a direct shipper may sell, deliver, or import wine to consumers in this
state by means of any mail order, internet, telephone, computer, device, or other electronic means, or sell
directly to a consumer on the winery premises. A direct shipper that sells, delivers, or imports wine to a
consumer under this subsection shall comply with all of the following:

(a) Hold a direct shipper license.

(b) Pay any applicable taxes to the commission and pay any applicable taxes to the department of treasury
as directed by the department of treasury. On the request of the department of treasury, a direct shipper
shall furnish an affidavit to verify payment.

(c) Comply with all laws of this state, including, but not limited to, the prohibition on sales to minors.

(d) Verify the age of the individual placing the order by obtaining from him or her a copy of a photo
identification issued by this state, another state, or the federal government or by using an identification
verification service. The person receiving and accepting the order on behalf of the direct shipper shall record
the name, address, date of birth, and telephone number of the individual placing the order on the order form
or other verifiable record of a type and generated in a manner approved by the commission and provide
a duplicate to the commission.

(e) On request of the commission, make available to the commission any document used to verify the age
of the individual ordering or receiving the wine from the direct shipper.

(f) Stamp, print, or label on the outside of the shipping container that the package "Contains Alcohol. Must
be delivered to a person 21 years of age or older.". The recipient at the time of the delivery shall provide
photo identification verifying his or her age and sign for the delivery.

(g) Place a label on the top panel of the shipping container containing the name and address of the
individual placing the order and the name of the designated recipient if different from the name of the
individual placing the order. The directshipper must have received a registration number of approval from the
commission for any wine imported into this state. However, the registration number of approval from the
commission is not required to be on the invoice or on the label of the wine that the direct shipper sells,
delivers, or imports to a consumer in this state.

(h) Direct ship not more than 1,500 9-liter cases, or 13,500 liters in total, of wine in a calendar year to consumers in this state. If a direct shipper, whether located in this state or outside this state, owns, in whole or in part, or commonly manages 1 or more direct shippers, it shall not in combination ship to consumers in this state more than 13,500 liters of wine in the aggregate.

(i) Pay wine taxes quarterly and report to the commission quarterly the total amount of wine, by type, brand, and price, shipped to consumers in this state during the preceding calendar quarter, and the order numbers.

(j) Authorize and allow the commission and the department of treasury to conduct an audit of the direct shipper’s records.

(k) Consent and submit to the jurisdiction of the commission, the department of treasury, and the courts of this state concerning enforcement of this section and any related laws, rules, and regulations.

(l) For a direct shipper that is a wine manufacturer as described in subsection (10)(b), direct ship only the wine that the wine manufacturer has manufactured and registered with the commission, wine purchased from another wine manufacturer and further manufactured or bottled and registered with the commission, or labeled shiners purchased from another manufacturer in compliance with section 204a and registered with the commission.

(5) For a delivery of beer, wine, mixed spirit drink, or spirits through the use of a common carrier under subsection (3), a person taking the order on behalf of the qualified retailer shall comply with subsection (3)(b) to (f). For a sale, delivery, or importation of wine occurring by any means described in subsection (4), a person taking the order on behalf of the direct shipper shall comply with subsection (4)(c) to (g).

(6) A person that delivers the wine for a direct shipper under this section shall verify that the individual accepting delivery is 21 years of age or older and is the individual who placed the order or the designated recipient, is an individual 21 years of age or older currently occupying or present at the address, or is an individual otherwise authorized through a rule promulgated under this act by the commission to receive alcoholic liquor under this section. If the delivery person, after a diligent inquiry, determines that the purchaser or designated recipient is not 21 years of age or older, the delivery person shall return the wine to the direct shipper. A delivery person who returns wine to the direct shipper because the purchaser or designated recipient is not 21 years of age or older is not liable for any damages suffered by the purchaser or direct shipper.

(7) All spirits for sale, use, storage, or distribution in this state must originally be purchased by and imported into the state by the commission, or by prior written authority of the commission.

(8) This section does not apply to alcoholic liquor brought into this state for personal or household use in an amount permitted by federal law by an individual 21 years of age or older at the time of reentry into this state from outside the territorial limits of the United States if the individual has been outside the territorial limits of the United States for more than 48 hours and has not brought alcoholic liquor into the United States during the preceding 30 days.

(9) An individual 21 years of age or older may do either of the following in relation to alcoholic liquor that contains less than 21% alcohol by volume:

(a) Personally transport from another state, once in a 24-hour period, not more than 312 ounces of alcoholic liquor for that individual’s personal use, notwithstanding subsection (1).

(b) Ship or import from another state alcoholic liquor for that individual’s personal use if that personal importation is done in compliance with subsection (1).

(10) A direct shipper shall not sell, deliver, or import wine to a consumer unless it applies for and is granted a direct shipper license from the commission. This subsection does not prohibit wine tasting or the selling at retail by a wine maker of wines he or she produced and bottled or wine manufactured for that wine maker by another wine manufacturer, if done in compliance with this act. Only the following persons qualify for the issuance of a direct shipper license:

(a) A wine maker.

(b) A wine manufacturer that is located inside this country but outside of this state and that holds both a federal basic permit issued by the Alcohol and Tobacco Tax and Trade Bureau of the United States Department of Treasury and a license to manufacture wine in its state of domicile.

(11) An applicant for a direct shipper license shall submit an application to the commission in a written or electronic format provided by the commission and accompanied by an application and initial license fee of $100.00. The initial application must be accompanied by a copy or other verifiable evidence of the existing federal basic permit or license, or both, held by the applicant. The direct shipper may renew its license annually by submission of a license renewal fee of $100.00 and a completed renewal application. The commission shall use the fees collected under this section to conduct investigations and audits of direct
shippers. The failure to renew, or the revocation or suspension of, the applicant's existing Michigan license, federal basic permit, or license to manufacture wine in its state of domicile is grounds for revocation or denial of a direct shipper license. If a direct shipper is found guilty of violating this act or a rule promulgated by the commission, the commission shall notify both the alcoholic liquor control agency in the direct shipper's state of domicile and the Alcohol and Tobacco Tax and Trade Bureau of the United States Department of Treasury of the violation.

(12) A retailer that holds a specially designated merchant license, a brewpub, a micro brewer, or an out-of-state entity that is the substantial equivalent of a brewpub or micro brewer may deliver beer, wine, or mixed spirit drink, as allowed by the license the retailer holds, to the home or other designated location of a consumer in this state if all of the following conditions are met:

(a) The beer, wine, or mixed spirit drink is delivered by the retailer's, brewpub's, or micro brewer's employee.

(b) The retailer, brewpub, or micro brewer or its employee who delivers the beer or wine, or both, verifies that the individual accepting delivery is at least 21 years of age.

(c) If the retailer, brewpub, or micro brewer or its employee intends to provide service to consumers, the retailer, brewpub, or micro brewer or its employee providing the service has successfully completed a server training program as provided for in section 906.

(13) A retailer that holds a specially designated merchant license may use a third party that provides delivery service to municipalities in this state that are surrounded by water and inaccessible by motor vehicle to deliver beer, wine, and mixed spirit drink to the home or other designated location of that consumer if the delivery service is approved by the commission and agrees to verify that the individual accepting delivery of the beer, wine, and mixed spirit drink is at least 21 years of age.

(14) A retailer that holds a specially designated distributor license may deliver spirits to the home or other designated location of a consumer in this state if all of the following conditions are met:

(a) The spirits are delivered by the retailer's employee.

(b) The retailer or its employee who delivers the spirits verifies that the individual accepting delivery is at least 21 years of age.

(c) If the retailer or its employee intends to provide service to consumers, the retailer or its employee providing the service has successfully completed a server training program as provided for in section 906.

(15) A qualified retailer that holds a specially designated merchant license located in this state may use a third party facilitator service by means of the internet or mobile application to facilitate the sale of beer, wine, or mixed spirit drink to be delivered to the home or designated location of a consumer as provided in subsection (12), this subsection, or subsection (3), and a third party facilitator service may deliver beer, wine, or mixed spirit drink to a consumer on behalf of a qualified retailer that holds a specially designated merchant license located in this state, if all of the following conditions are met:

(a) If the third party facilitator service delivers beer, wine, or mixed spirit drink under this subsection, the third party facilitator service verifies that the individual accepting the delivery of the beer, wine, or mixed spirit drink is at least 21 years of age.

(b) A manufacturer, warehouser, wholesaler, outstate seller of beer, outstate seller of wine, supplier of spirits, or outstate seller of mixed spirit drink does not have a direct or indirect interest in the third party facilitator service.

(c) A manufacturer, warehouser, wholesaler, outstate seller of beer, outstate seller of wine, supplier of spirits, or outstate seller of mixed spirit drink does not aid or assist the third party facilitator service by gift, loan of money or property of any description, or other valuable thing as defined in section 609, and the third party facilitator service does not accept the same.

(d) The qualified retailer or consumer pays the fees associated with deliveries provided for under this subsection.

(e) The third party facilitator service offers services for all brands available at the retail location.

(16) A qualified retailer that holds a specially designated distributor license located in this state may use a third party facilitator service by means of the internet or mobile application to facilitate the sale of spirits to be delivered to the home or designated location of a consumer as provided in subsection (14) or this subsection, and a third party facilitator service may deliver spirits to a consumer on behalf of a retailer that holds a specially designated distributor license located in this state, if all of the following conditions are met:

(a) If the third party facilitator service delivers spirits under this subsection, the third party facilitator service verifies that the individual accepting the delivery of the spirits is at least 21 years of age.

(b) A manufacturer, warehouser, wholesaler, outstate seller of beer, outstate seller of wine, supplier of spirits, or outstate seller of mixed spirit drink does not have a direct or indirect interest in the third party facilitator service.
(c) A manufacturer, warehouser, wholesaler, outstate seller of beer, outstate seller of wine, or supplier of spirits, or outstate seller of mixed spirit drink does not aid or assist a third party facilitator service by gift, loan of money or property of any description, or other valuable thing as defined in section 609, and a third party facilitator service does not accept the same.

(d) The qualified retailer or consumer pays the fees associated with deliveries provided for under this subsection.

(e) The third party facilitator service offers services for all brands available at the retail location.

(17) A third party facilitator service shall not deliver beer, wine, mixed spirit drink, or spirits to a consumer under subsection (15) or (16), as applicable, and shall not facilitate the sale of beer, wine, mixed spirit drink, or spirits under subsection (15) or (16), as applicable, unless it applies for and is granted a third party facilitator service license by the commission. The commission may charge a reasonable application fee, initial license fee, and annual license renewal fee. The commission shall establish a fee under this subsection by written order.

(18) If a third party facilitator service used by a retailer that holds a specially designated merchant or specially designated distributor license under subsection (15) or (16), as applicable, violates this section, the commission shall not treat the third party facilitator service's violation as a violation by the retailer.

(19) A common carrier that carries or transports alcoholic liquor into this state to a person in this state shall submit quarterly reports to the commission. A report required under this subsection must include all of the following about each delivery to a consumer in this state during the preceding calendar quarter:

(a) The name and business address of the person that ships the alcoholic liquor.
(b) The name and address of the recipient of the alcoholic liquor.
(c) The weight of the alcoholic liquor delivered to a consignee.
(d) The date of the delivery.

(20) For purposes of subsection (1), a qualified small distiller or an out-of-state entity that is the substantial equivalent of a qualified small distiller may sell and deliver spirits that it manufactured to a retailer licensed to purchase and sell spirits in this state if all of the following conditions are met:

(a) The spirits are sold and delivered by an employee of the qualified small distiller or an out-of-state entity that is the substantial equivalent of a qualified small distiller, not an agent, and are transported and delivered using a vehicle owned by the qualified small distiller or the out-of-state entity that is the substantial equivalent of a qualified small distiller.
(b) The qualified small distiller or an out-of-state entity that is the substantial equivalent of a qualified small distiller complies with all applicable state and federal law and applicable regulatory provisions of this act and rules adopted by the commission under this act including, but not limited to, those requirements related to each of the following:

(i) Employees that sell and deliver spirits to retailers.
(ii) Vehicles used to deliver spirits to retailers.
(iii) Uniform pricing established by the commission under section 233.
(iv) Labeling and registration of spirits under R 436.1829 of the Michigan Administrative Code.
(v) Payment of taxes.
(c) The spirits are not listed in the state of Michigan price book.

(21) A common carrier described in subsection (19) shall maintain the books, records, and documents supporting a report submitted under subsection (19) for 3 years unless the commission notifies the common carrier in writing that the books, records, and supporting documents may be destroyed. Within 30 days after the commission's request, the common carrier shall make the books, records, and documents available for inspection during normal business hours. Within 30 days after a local law enforcement agency's or local governmental unit's request, the common carrier shall also make the books, records, and documents available for inspection to a local law enforcement agency or local governmental unit where the carrier resides or does business.

(22) A third party facilitator service that delivers beer, wine, mixed spirit drink, or spirits to a consumer under subsection (15) or (16), as applicable, shall submit quarterly reports to the commission. A report required under this subsection must include all of the following about each delivery to a consumer in this state during the preceding calendar quarter:

(a) The name and business address of the person that ships beer, wine, mixed spirit drink, or spirits.
(b) The name and address of the recipient of beer, wine, mixed spirit drink, or spirits.
(c) The weight of beer, wine, mixed spirit drink, or spirits delivered to a consignee.
(d) The date of the delivery.

(23) A third party facilitator service shall maintain the books, records, and documents supporting a report submitted under subsection (22) for 3 years unless the commission notifies the third party facilitator service in...
writing that the books, records, and supporting documents may be destroyed. Within 30 days after the commission's request, the third party facilitator service shall make the books, records, and documents available for inspection during normal business hours. Within 30 days after a local law enforcement agency's or local governmental unit's request, the third party facilitator service shall also make the books, records, and documents available for inspection to a local law enforcement agency or local governmental unit where the third party facilitator service resides or does business.

(24) A report submitted under subsection (19) or (22) is subject to disclosure under the freedom of information act, 1976 PA 442, MCL 15.231 to 15.246.

(25) As used in this section:

(a) "Common carrier" means a company that transports goods, on reasonable request, on regular routes and at set rates.

(b) "Computer" means any connected, directly interoperable or interactive device, equipment, or facility that uses a computer program or other instructions to perform specific operations including logical, arithmetic, or memory functions with or on computer data or a computer program and that can store, retrieve, alter, or communicate the results of the operations to a person, computer program, computer, computer system, or computer network.

(c) "Computer network" means the interconnection of hardwire or wireless communication lines with a computer through remote terminals, or a complex consisting of 2 or more interconnected computers.

(d) "Computer program" means a series of internal or external instructions communicated in a form acceptable to a computer that directs the functioning of a computer, computer system, or computer network in a manner designed to provide or produce products or results from the computer, computer system, or computer network.

(e) "Computer system" means a set of related, connected or unconnected, computer equipment, devices, software, or hardware.

(f) "Consumer" means an individual who purchases beer, wine, mixed spirit drink, or spirits for personal consumption and not for resale.

(g) "Device" includes, but is not limited to, an electronic, magnetic, electrochemical, biochemical, hydraulic, optical, or organic object that performs input, output, or storage functions by the manipulation of electronic, magnetic, or other impulses.

(h) "Diligent inquiry" means a diligent good faith effort to determine the age of an individual, that includes at least an examination of an official Michigan operator's or chauffeur's license, an official Michigan personal identification card, or any other bona fide picture identification that establishes the identity and age of the individual.

(i) "Direct shipper" means either of the following:

(i) A wine manufacturer that sells, delivers, or imports wine it has manufactured, bottled, and registered with the commission, to consumers in this state or that is transacted or caused to be transacted through the use of any mail order, internet, telephone, computer, device, or other electronic means, or sells directly to consumers on the winery premises.

(ii) A wine manufacturer that purchases wine from another wine manufacturer and further manufactures or bottles the wine or purchases shiners of wine from another wine manufacturer in compliance with section 204a, registers the wine with the commission and sells the wine to consumers in this state that is transacted or caused to be transacted through the use of any mail order, internet, telephone, computer, device, or other electronic means, or sells directly to consumers on the winery premises.

(j) "Facilitate" means, subject to subdivision (k), advertising on behalf of a retailer, by means of the internet or mobile application, and pursuant to a written or oral agreement, the brands and prices of beer, wine, or spirits products sold by a retailer and 1 or more of the following:

(i) Assisting the retailer, in any manner, in the arrangement of delivery as allowed in this section.

(ii) Assisting the retailer, in any manner, in the processing of payment by the consumer for the beer, wine, or spirits.

(iii) Transmitting customer information to the retailer.

(iv) Assisting the retailer by providing customer service.

(v) If the retailer maintains supervision and control over the day-to-day operation of its business, providing other normal and customary operational services.

(k) "Facilitate" does not include web designing, operating an internet search engine, or publishing an internet version of a newspaper.

(l) "Identification verification service" means an internet-based service approved by the commission specializing in age and identity verification.

(m) "Mobile application" means a specialized software program downloaded onto a wireless device.
communication.

(n) "Qualified retailer" means a retailer licensed to sell alcoholic liquor for consumption off the premises that complies with all of the following:

(i) The retailer maintains physical licensed premises that are open to the general public for face-to-face sales transactions of alcoholic liquor, packaged food, and other products to consumers.

(ii) At least 25% of the retailer's annual gross sales of alcoholic liquor must be from face-to-face sales transactions with consumers on the premises described in subparagraph (i) unless the retailer's physical licensed premises is less than 15,000 square feet in total.

(iii) The retailer holds and maintains either of the following for the premises described in subparagraph (i):

(A) A retail food establishment license issued under the food law, 2000 PA 92, MCL 289.1101 to 289.1111. As used in this sub-subparagraph, "retail food establishment" means that term as defined in section 1111 of the food law, 2000 PA 92, MCL 289.1111.

(B) An extended retail food establishment license issued under the food law, 2000 PA 92, MCL 289.1101 to 289.1111. As used in this sub-subparagraph, "extended retail food establishment" means that term as defined in section 1107 of the food law, 2000 PA 92, MCL 289.1107.

(o) "Qualified small distiller" means a small distiller, or an out-of-state entity that is the substantial equivalent of a small distiller, that sells under 3,000 gallons of spirits per calendar year directly to retailers located in this state or out-of-state entities that are the substantial equivalent of retailers. If a distiller or an out-of-state entity that is the substantial equivalent of a qualified small distiller manufactures spirits at more than 1 location, the total number of gallons of spirits sold to retailers or out-of-state entities that are the substantial equivalent of retailers from all locations must be combined to determine the 3,000-gallon threshold.

(p) "Third party facilitator service" means a person licensed by the commission to do any of the following:

(i) Facilitate the sale of beer, wine, and mixed spirit drink to a consumer as provided in subsection (15) on behalf of a qualified retailer that holds a specially designated merchant license located in this state.

(ii) Facilitate the sale of spirits to a consumer as provided in subsection (16) on behalf of a qualified retailer that holds a specially designated distributor license located in this state.

(iii) Deliver beer, wine, and mixed spirit drink to a consumer as provided in subsection (15) on behalf of a qualified retailer that holds a specially designated merchant license located in this state.

(iv) Deliver spirits to a consumer as provided in subsection (16) on behalf of a qualified retailer that holds a specially designated distributor license located in this state.


Compiler's note: Enacting section 2 of Act 268 of 2005 provides:

"Enacting section 2. If an appellate court declares this amendatory act unconstitutional, then it is the intent of the legislature that a good faith effort be made to amend section 305 of the Michigan liquor control code of 1998, 1998 PA 58, MCL 436.1305, to make it less burdensome for a small winery to terminate an agreement with a wholesaler."

436.1203a Sale and delivery of beer in this state by micro brewer or substantially-equivalent out-of-state entity; requirements.

Sec. 203a. (1) The legislature finds that the 3-tier system is necessary to protect public health and safety of Michigan residents and to promote competition and access to market for all alcoholic beverage suppliers.

(2) The legislature further finds that vertical integration of the alcoholic beverage industry is contrary to this state's interest in protecting public health and safety of Michigan residents and leads to anti-competitive behavior by beverage alcohol suppliers.

(3) The legislature further finds that the 3-tier system and the prohibitions under section 603 achieve the following public policy goals:

(a) Promote consumer choice and product variety by providing a platform that provides all suppliers access to Michigan's beverage alcohol market.

(b) Encourage wholesalers to invest in their businesses and all the brands they distribute, free from undue interference from the suppliers of the brands they distribute.

(c) Create a transparent and accountable alcohol distribution system that allows the commission to prevent the manufacture, distribution, or sale of counterfeit, adulterated, unregistered, recalled, or prohibited alcoholic beverages.

(4) This state has an interest in creating market access for all sizes of suppliers and finds that micro brewers create competition and variety in Michigan's beer market.

(5) For the purposes of creating access to Michigan's beer market while also preserving the 3-tier system

Compiler's note: Section 2 of Act 268 of 2005 provides:

"Enacting section 2. If an appellate court declares this amendatory act unconstitutional, then it is the intent of the legislature that a good faith effort be made to amend section 305 of the Michigan liquor control code of 1998, 1998 PA 58, MCL 436.1305, to make it less burdensome for a small winery to terminate an agreement with a wholesaler."
and limiting vertical integration, a micro brewer or an out-of-state entity that is the substantial equivalent of a micro brewer may sell and deliver beer to a retailer in this state only if all of the following conditions are met:

(a) The retailer is not located in a sales territory for which the micro brewer or out-of-state entity that is the substantial equivalent of a micro brewer has granted exclusive sales rights to a wholesaler under sections 401 and 403 for the sale of any brand or brands of beer produced by the micro brewer or out-of-state entity that is the substantial equivalent of a micro brewer.

(b) The beer is sold and delivered by an employee of the micro brewer or out-of-state entity that is the substantial equivalent of a micro brewer, not an agent, and is transported and delivered using a vehicle owned by the micro brewer or out-of-state entity that is the substantial equivalent of a micro brewer.

(c) The micro brewer or out-of-state entity that is the substantial equivalent of a micro brewer is in compliance with applicable state and federal law and applicable regulatory provisions of this act and rules promulgated by the commission under this act, including, but not limited to, those requirements related to each of the following:

(i) Employees that sell and deliver beer to retailers.

(ii) Vehicles used to deliver beer to retailers.

(iii) Price schedules and temporary price reductions.

(iv) 1976 IL 1, MCL 445.571 to 445.576.

(d) The micro brewer or out-of-state entity that is the substantial equivalent of a micro brewer sells not more than 2,000 barrels of beer total per year. In determining the 2,000-barrel threshold under this subdivision, all brands and labels of a micro brewer or out-of-state equivalent of a micro brewer, whether sold to a wholesaler or a retailer in this state or outside of this state, must be combined. Sales to consumers on the licensed premises of the micro brewer or out-of-state entity that is the substantial equivalent of a micro brewer are not included in determining the 2,000-barrel threshold under this subdivision.


436.1203b Sale and delivery of mixed spirit drink by mixed spirit drink manufacturer or substantially-equivalent out-of-state entity to retailer; requirements.

Sec. 203b. Notwithstanding anything in this act to the contrary, a mixed spirit drink manufacturer or an out-of-state entity that is the substantial equivalent of a mixed spirit drink manufacturer may sell and deliver mixed spirit drink that it manufactures to a retailer in this state only if all of the following conditions are met:

(a) The retailer is not located in a sales territory for which the mixed spirit drink manufacturer or out-of-state entity that is the substantial equivalent of a mixed spirit drink manufacturer has granted exclusive sales rights to a wholesaler under section 307 for the sale of any brand or brands of mixed spirit drink produced by the mixed spirit drink manufacturer or out-of-state entity that is the substantial equivalent of a mixed spirit drink manufacturer.

(b) The mixed spirit drink is sold and delivered by an employee of the mixed spirit drink manufacturer or out-of-state entity that is the substantial equivalent of a mixed spirit drink manufacturer, not an agent, and is transported and delivered using a vehicle owned by the mixed spirit drink manufacturer or out-of-state entity that is the substantial equivalent of a mixed spirit drink manufacturer.

(c) The mixed spirit drink manufacturer or out-of-state entity that is the substantial equivalent of a mixed spirit drink manufacturer is in compliance with applicable state and federal law and applicable regulatory provisions of this act and rules promulgated by the commission under this act related to each of the following:

(i) Employees that sell and deliver mixed spirit drink to retailers.

(ii) Vehicles used to deliver mixed spirit drink to retailers.

(iii) Price schedules and temporary price reductions.

(iv) 1976 IL 1, MCL 445.571 to 445.576.

(v) Labeling and registration of mixed spirit drink.

(vi) Payment of taxes.

(d) The mixed spirit drink manufacturer or out-of-state entity that is the substantial equivalent of a mixed spirit drink manufacturer sells not more than 31,000 gallons of mixed spirit drink total per year. In determining the 31,000-gallon threshold under this subdivision, all brands and labels of a mixed spirit drink manufacturer or out-of-state entity that is the substantial equivalent of a mixed spirit drink manufacturer, whether sold to a wholesaler or a retailer in this state or outside of this state, must be combined. Sales to consumers on the licensed premises of the mixed spirit drink manufacturer or out-of-state entity that is the substantial equivalent of a mixed spirit drink manufacturer are not included in determining the 31,000-gallon threshold under this subdivision.

436.1204 Importation of liquor into this state; requirements; exceptions; inspection by the commission.

Sec. 204. (1) Except for an individual who brings, transports, ships, or imports alcoholic liquor into this state under section 203(8) or (9), as applicable, for a retailer, or for sacramental wines imported under section 301, a person shall not sell, deliver, or import beer, wine, or mixed spirit drink in this state unless the person is 1 of the following:
   (a) A supplier as that term is defined in section 603.
   (b) A licensed direct shipper described in section 203(10).
   (c) A wholesaler.

(2) Except for an individual who brings, transports, ships, or imports alcoholic liquor into this state under section 203(8) or (9), as applicable, for a retailer, or for sacramental wines imported under section 301, a person described in subsection (1) may only sell, deliver, or import beer, wine, or mixed spirit drink in this state in 1 of the following ways:
   (a) A licensed direct shipper may sell to a consumer under section 203.
   (b) An outstate seller of beer, outstate seller of wine, or outstate seller of mixed spirit drink, may deliver the beer, wine, or mixed spirit drink to the licensed premises of the wholesalers designated to sell and deliver the beer, wine, or mixed spirit drink to the individual licensed location of the retailer in the wholesaler's sales territory under section 305 or 403, as applicable.
   (c) A wholesaler that picks up the beer, wine, or mixed spirit drink from the premises of an outstate seller of beer, outstate seller of wine, or outstate seller of mixed spirit drink, may deliver the beer, wine, or mixed spirit drink to the licensed premises of the wholesaler designated to sell and deliver the beer, wine, or mixed spirit drink to the individual licensed location of the retailer in the wholesaler's sales territory under section 305 or 403, as applicable.
   (d) An outstate seller of beer, outstate seller of wine, or outstate seller of mixed spirit drink may deliver the beer, wine, or mixed spirit drink to its licensed premises in this state. However, the beer, wine, or mixed spirit drink must be delivered to the licensed premises of the wholesaler designated to sell and deliver the beer, wine, or mixed spirit drink to the individual licensed location of the retailer in the wholesaler's sales territory under section 305 or 403, as applicable.
   (e) A brewer, wine maker, or mixed spirit drink manufacturer that has a manufacturing plant located outside of this state may deliver the beer, wine, or mixed spirit drink manufactured in the manufacturing plant to its licensed premises in this state. However, the beer, wine, or mixed spirit drink must be delivered to the designated wholesaler to sell and deliver the beer, wine, or mixed spirit drink to the individual licensed location of the retailer in the wholesaler's sales territory under section 305 or 403, as applicable.
   (f) Except as otherwise provided in this act, a brewer, wine maker, or mixed spirit drink manufacturer may deliver the beer, wine, or mixed spirit drink to the licensed premises of the wholesaler designated to sell and deliver the beer, wine, or mixed spirit drink to the individual licensed location of the retailer in the wholesaler's sales territory under section 305 or 403, as applicable.

(3) Except as otherwise provided in subsection (4), both of the following apply to beer, wine, or mixed spirit drink that is delivered to a wholesaler under this act:
   (a) The wholesaler shall maintain the beer, wine, or mixed spirit drink on the wholesaler's licensed premises.
   (b) The wholesaler shall make the beer, wine, or mixed spirit drink maintained on the wholesaler's licensed premises as required under subdivision (a) available for inspection by the commission for at least 24 hours before the wholesaler delivers the beer, wine, or mixed spirit drink to a retailer.

(4) For beer, wine, or mixed spirit drink that has been delivered to a wholesaler under this act, subsection (3) does not apply and the wholesaler may deliver beer, wine, or mixed spirit drink to a retailer if all of the following apply:
   (a) Either of the following applies:
      (i) The wholesaler cannot fulfill the retailer's order for the beer, wine, or mixed spirit drink from the inventory currently available on the wholesaler's licensed premises.
      (ii) The wholesaler intends to deliver the beer, wine, or mixed spirit drink to a special licensee, including as provided under section 526, before the 24-hour period under subsection (3)(b) has expired.
   (b) Either of the following applies:
      (i) The beer, wine, or mixed spirit drink has been delivered to the address of the wholesaler's licensed premises.
      (ii) The wholesaler picked up the beer, wine, or mixed spirit drink from the licensed premises of any of the
following:

(A) A brewer.
(B) A wine maker.
(C) A mixed spirit manufacturer.
(D) An outstate seller of beer.
(E) An outstate seller of wine.
(F) An outstate seller of mixed spirit drink.
(G) A wholesaler.

(c) The wholesaler maintains the invoice of the delivery and attaches documentation to the invoice that
details each product and the amount of each product that was not placed on the wholesaler's floor.

(5) This section does not prohibit a brewer, micro brewer, wine maker, small wine maker, or retailer from
selling alcoholic liquor or nonalcoholic beverages as provided in this act.


436.1204a Prohibition of the sale or transfer of alcoholic liquor in this state; exceptions;
applicability of section to nonalcoholic ingredients.

Sec. 204a. (1) A manufacturer shall not sell or transfer alcoholic liquor to a licensed manufacturer in this
state except as provided in subsections (2) and (3).

(2) Notwithstanding any provision in this act to the contrary, a manufacturer may sell or transfer wine or
spirits to a licensed manufacturer, and a licensed manufacturer may purchase or receive wine or spirits, under
any of the following conditions:

(a) For a sale or transfer of wine:

(i) The selling or transferring manufacturer is a wine maker, small wine maker, or out-of-state entity that is
the substantial equivalent of a wine maker or small wine maker and is selling or transferring the wine to a
wine maker, small wine maker, or out-of-state entity that is the substantial equivalent of a wine maker or
small wine maker.

(ii) The purchasing or receiving wine maker or small wine maker manufactures wine at its licensed
premises or the purchasing or receiving small wine maker bottles wine at its licensed premises.

(b) For a sale or transfer of spirits:

(i) The selling or transferring manufacturer is a distiller, small distiller, or out-of-state entity that is the
substantial equivalent of a distiller or small distiller and is selling or transferring the spirits to a distiller, small
distiller, or out-of-state entity that is the substantial equivalent of a distiller or small distiller.

(ii) The purchasing or receiving distiller or small distiller manufactures spirits at their licensed premises.

(3) A wine maker, small wine maker, distiller, or small distiller may not sell alcoholic liquor purchased or
received under this section unless 1 of the following conditions is met:

(a) The purchasing or receiving manufacturer modifies the purchased or received alcoholic liquor by
performing a portion of the manufacturing process as described in section 109(1).

(b) The purchasing or receiving small wine maker bottles the purchased or received wine.

(c) The purchasing or receiving wine maker or small wine maker is selling a shiner on which the wine
maker or small wine maker has placed a label under section 111(10).

(4) This section does not prevent a manufacturer from selling, purchasing, or receiving nonalcoholic
ingredients to or from another manufacturer.


436.1205 Warehousing and delivery of spirits; authorized distribution agent; report.

Sec. 205. (1) The commission shall, as provided in section 203(1), by order appoint authorized distribution
agents to warehouse and deliver spirits in this state to ensure that all retail licensees are properly serviced with
spirits. An authorized distribution agent is subject to uniform requirements, including business operating
procedures, that the commission may prescribe by rule, subject to this section.

(2) A person is eligible for appointment by the commission as an authorized distribution agent if all of the
following circumstances exist:

(a) The person satisfies all applicable commission rules prescribing qualifications for licensure
promulgated under section 215.

(b) The person has entered into a written agreement or contract with a supplier of spirits to warehouse and
deliver a brand or brands of spirits of that supplier of spirits.

(c) The person has an adequate warehousing facility located in this state to store spirits from which all
delivery of spirits to retail licensees must be made.

(3) An authorized distribution agent shall not have a direct or indirect interest in a supplier of spirits or in a
A supplier of spirits or a retailer shall not have a direct or indirect interest in an authorized distribution agent. An authorized distribution agent shall not hold title to spirits.

4. An authorized distribution agent shall deliver to each retailer located in its assigned distribution area on at least a weekly basis if the order meets the minimum requirements. Except that in a week that accompanies a state holiday, the commission may order a modified delivery schedule if a retailer will not wait longer than 9 days between deliveries because of the modified delivery schedule. The commission shall provide for an integrated online ordering system for spirits and shall require the continuance of any ordering system in existence on the activation date of the system established under section 206. The commission shall set minimum requirements that must be a sufficient number of bottles to comprise not more than 2 cases. A retailer may pick up the product at the authorized distribution agent’s warehouse. To avoid occasional emergency outages of spirits, a retail licensee may make up to 12 special emergency orders to an authorized distribution agent in each calendar year. An authorized distribution agent shall make a special emergency order available to the retail licensee within 18 hours of the placing of the order. An authorized distribution agent shall make a special emergency order placed on Saturday or Sunday available to the retail licensee before noon on the following Monday. An authorized distribution agent may impose a fee of up to $20.00 to deliver a special emergency order to a retail licensee.

5. In locations inaccessible to a motor vehicle as that term is defined by section 33 of the Michigan vehicle code, 1949 PA 300, MCL 257.33, an authorized distribution agent shall arrange that a delivery of spirits to a retailer be in compliance with the following procedures:
   (a) After processing an order from a retailer, an authorized distribution agent shall contact a retailer to confirm the quantity of cases or bottles, or both, and the exact dollar total of the order.
   (b) The authorized distribution agent shall coordinate with the retailer the date and time a driver is scheduled to deliver the order to a ferry transport dock, shall arrange any ferry, drayage, or other appropriate service, and shall pick up the retailer’s payment at that time.
   (c) The ferry transport company or company representing any other form of conveyance shall take the retailer’s payment to the mainland dock and give that payment to the authorized distribution agent’s driver.
   (d) The ferry transport company or company representing any other form of conveyance shall transport the order to the drayage or other appropriate company at the island dock for immediate delivery to the retailer.
   (e) The drayage or other appropriate company shall deliver the order to the retailer.
   (f) An authorized distribution agent is responsible for the payment of all transportation and delivery charges imposed by the ferry, drayage, or other conveyance company and is responsible for all breakage and any shortages, whether attributable to the ferry, drayage, or other conveyance company or any combination of those companies, until the order is delivered to the retailer’s establishment. This subsection does not prevent the authorized distribution agent from seeking reimbursement or damages from any company conveying the authorized distribution agent’s product.
   (g) Except as otherwise provided in subsection (4), an authorized distribution agent shall not charge a delivery fee or a split-case fee for delivery of spirits sold by the commission to a retailer.
   (h) An authorized distribution agent or prospective authorized distribution agent shall maintain and make available to the commission or its representatives, on notice, any contract or written agreement it has with a supplier of spirits or other authorized distribution agent for the warehousing and delivering of spirits in this state.
   (i) For a violation of this act, a rule promulgated under this act, or the terms of an order appointing an authorized distribution agent, an authorized distribution agent is subject to the suspension, revocation, forfeiture, and penalty provisions of sections 903(1) and 907 in the same manner in which a licensee would be subject to those provisions. An authorized distribution agent aggrieved by a penalty imposed by the commission may invoke the hearing and appeal procedures of section 903(2) and rules promulgated under section 903.
   (j) A specially designated distributor may sell to an on-premises retailer up to 120 liters of spirits during any calendar year and an on-premises retailer may purchase, collectively from specially designated distributors, up to 120 liters of spirits during any calendar year. Notwithstanding any other provision of this act or rule promulgated under this act, a specially designated distributor is only liable for knowingly violating this section. An on-premises retailer shall maintain and make available to the commission on request records verifying the purchases described in this subsection. For each month in which an on-premises retailer purchases spirits under this subsection, the on-premises retailer shall submit a report to the commission indicating the purchases the on-premises retailer made under this subsection during that month. By July 1, 2020, the commission shall establish the method and form for the electronic reporting of purchases made under this subsection by on-premises retailers. The commission shall not require an on-premises retailer to submit a report under this subsection in less than monthly intervals and shall not require a report from an
on-premises retailer in a month in which the on-premises retailer did not purchase spirits under this subsection.

(11) In addition to paying a vendor of spirits the acquisition price for purchasing spirits, the commission may pay a vendor of spirits an additional amount of not less than $8.25 and not more than $12.50 for each case of spirits purchased as an offset to the costs being incurred by that vendor of spirits in contracting with an authorized distribution agent for warehousing and delivering spirits to retailers. The payment described in this subsection may not be included in the cost of purchasing spirits by the commission and is not subject to the commission's markup, special taxes, or state sales tax. The per-case offset established by this subsection may be increased by the state administrative board each January to reflect reasonable increases in the authorized distribution agent's cost of warehousing and delivering. As used in this subsection, "case" means a container holding twelve 750 ml bottles of spirits or other containers containing spirits that are standard to the industry.


436.1206 Integrated on-line ordering system.

Sec. 206. (1) Not later than January 1, 2003, the commission shall provide for an integrated on-line ordering system for retail licensees to place orders for spirits from authorized distribution agents. The system shall allow retail licensees to order all brands and types of spirits from the commission and provide the order to the appropriate authorized distribution agents.

(2) The commission may enter into any agreements with or contract with private or other public entities as provided for or allowed by law to establish the integrated on-line ordering system described in subsection (1). A licensee of the commission or an authorized distribution agent shall not have a direct or indirect interest in the person with whom the commission contracts or enters into an agreement to establish the integrated on-line ordering system described in subsection (1). Ownership of the integrated on-line ordering system remains with the commission. The commission may, through issuance of an order, allow banner advertising in conjunction with the on-line ordering system as a means of defraying the costs of operation or maintenance, or both, of the system.


436.1207 Exceptions to act.

Sec. 207. This act does not apply to any of the following:

(a) The manufacture of cider from fruit for the purpose of making vinegar and non-intoxicating cider and fruit juice for use and sale, and cider and fruit juice if used or sold, or both, within 30 days after manufacture.

(b) Beer, wine, mead, honey-based beer, or cider of any alcoholic content made on the premises by the owner or lessee of those premises if those premises are used and occupied by the owner or lessee as a dwelling and the beer, wine, mead, honey-based beer, or cider is made for family use and home consumption.

(c) The gift to an individual for noncommercial use or consumption of up to 20 gallons of beer, wine, mead, honey-based beer, or cider produced under the circumstances described in subdivision (b). This subdivision does not allow a person less than 21 years of age to possess, receive as a gift, or give beer, wine, mead, honey-based beer, or cider produced under the circumstances described in subdivision (b).

(d) The sale, gift, or keeping and storing for sale by druggists and general merchants and others of medicinal preparations manufactured in accordance with the formulas prescribed by the United States pharmacopoeia and national formulary, patent or proprietary preparations, and other bona fide medicinal and technical preparations, that contain no more alcohol than is necessary to extract the medicinal properties of the drugs contained in those preparations and no more alcohol than is necessary to hold the medicinal agents in solution and to preserve them, that are manufactured and sold as medicine and not as beverages, that are unfit for use for beverage purposes, and the sale of which does not require the payment of a United States liquor dealer's tax.

(e) The manufacture and sale of tinctures of or toilet, medicinal, and antiseptic preparations and solutions that are not intended for internal human use or that are not intended to be sold as beverages, that are unfit for beverage purposes, and on the outside of each bottle, box, or package of which is conspicuously and legibly printed in English the quantity by volume of alcohol in those preparations.

(f) The manufacture and keeping for sale of the food product known as flavoring extracts that are manufactured and sold for cooking, culinary, or flavoring purposes and are unfit for use as a beverage or for beverage purposes, except that a person shall not manufacture or sell any toilet, medicinal, or antiseptic preparations or solutions, or any flavoring extracts or patent or proprietary medicines or preparations, if the
manufacture and sale of those items require the payment of a United States liquor dealer's tax except as provided in this act.

(g) The manufacture or sale, or both, of ethyl, mechanical, or industrial alcohol, not used for or made unfit for beverage purposes.

(h) The purchase of alcoholic liquor for use in the manufacture of toilet, medicinal, or antiseptic preparations or solutions, or any flavoring extract or patent or proprietary medicines or preparations, by a manufacturer using alcoholic liquor exclusively for the manufacturing purposes and licensed by the commission for that use. A license issued for that use is predicated on the payment of an annual fee of $10.00. The license expires on May 1 following the date of its issuance.


436.1209 Liquor control commission; creation; appointment, duties, and terms of members; designation and duties of hearing commissioners and administrative commissioners; appeal board; duties; terms; oath; removal; vacancies; quorum; salary and expenses; work station; designation by chairperson.

Sec. 209. (1) A commission to be known as the liquor control commission is created.

(2) The commission shall consist of 5 members, not more than 3 of whom shall be members of the same political party, to be appointed by the governor with the advice and consent of the senate. Two of these members, 1 from each political party, shall be designated by the chairperson as hearing commissioners to hear violation cases and to perform such other functions and duties as are assigned to them by the chairperson. The remaining 3 commissioners shall be designated as administrative commissioners and shall have the responsibility for administering the provisions of this act relating to licensing, purchasing, enforcement, merchandising, and distribution. The administrative commissioners shall also act as an appeal board to the decisions rendered by the hearing commissioners.

(3) The responsibilities of the 5-member commission shall be the administration of the provisions of this act that have not been specifically delegated to either the hearing commissioners or the administrative commissioners in this section.

(4) Each member of the commission shall devote that member's entire time to the performance of the duties of that office.

(5) The terms of the commissioners shall be 4 years each. Each member of the commission shall qualify by taking and filing the constitutional oath of office and shall hold office until the appointment and qualification of a successor. The members of the commission shall not be removed from office by the governor except for malfeasance, misfeasance, or neglect in office.

(6) In the event of a vacancy or vacancies in the membership of the commission the governor shall appoint in like manner a successor or successors to fill the unexpired term.

(7) A quorum for the transaction of business of the administrative commissioners shall consist of 2 administrative commissioners. A quorum for the transaction of business of the 5-member commission shall be 3 members.

(8) Each member of the commission shall receive an annual salary as appropriated by the legislature, shall be entitled to actual and necessary expenses while on the business of the commission, and shall have a work station designated by the chairperson. If an administrative commissioner's permanent or temporary residence is within 100 miles of an office in which the commission regularly conducts business, the chairperson shall designate an office as the member's work station.


436.1211 Liquor control business manager; selection; duty and responsibility.

Sec. 211. (1) The powers of the commission, enumerated in this act, which are not specifically and exclusively reserved to the commission by the act, shall be vested in, and exercised and administered by a liquor control business manager, who shall be selected by and responsible to the commission, and whose position shall be in the state classified civil service. The powers of the commission enumerated in, and provided for by this act, shall be exercised in conformity with the provisions of the act pertaining to the duties of the liquor control manager, except that the commission shall exclusively exercise the power to make rules and regulations under the act to regulate the control of the alcoholic beverage traffic within the state; to hear and decide all cases of violation of the provisions of the act and regulations thereunder; to employ a liquor control business manager as provided for by the act; and to hear and decide all public appeals from the administrative decisions of the liquor control business manager.

(2) The liquor control business manager shall be and shall serve as the business manager of the commission, and, as such, it shall be his or her duty and responsibility to manage the business affairs of the
commission relative to purchasing, merchandising, warehousing, rationing, distributing, inspecting, investigating, licensing, and accounting, in accordance with policies established by the commission and in compliance with the provisions of this act and with the rules and regulations adopted thereunder. In addition to the foregoing, the business manager shall be exclusively responsible for the assigning, training, and supervision of all commission classified employees.


436.1213 Liquor control commission; employment of assistants and employees; compensation; expenses.

Sec. 213. The commission may employ assistants, clerks, stenographers, employees, and experts as it considers necessary, and fix their compensation, and incur such other expenses as are necessary to carry out the provisions of this act, subject to appropriations provided by the legislature. Assistants and employees of the commission are entitled to actual and necessary travel and other expenses while on the business of the commission, if those expenses are authorized and approved by the commission.


436.1215 Liquor control commission; rules and regulations; public hearings; record.

Sec. 215. (1) The commission shall adopt rules and regulations governing the carrying out of this act and the duties and responsibilities of licensees in the proper conduct and management of their licensed places. Rules shall be promulgated under the administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328.

(2) The commission shall hold public hearings twice each calendar year for the purpose of hearing complaints and receiving the views of the public with respect to the administration of this act.

(3) The hearings shall be kept and transcribed as a part of the records of the commission.


436.1217 Liquor control commission; investigations; inspection and search of licensed premises; seizure and use of evidence of violation; examining or copying books, records, and papers; issuance of subpoena; oath or affirmation; court order; contempt; fees of witnesses; service of subpoena; seal; certified copies as evidence.

Sec. 217. (1) The commission may make investigations that it considers proper in the administration of this act and the rules promulgated under this act concerning alcoholic liquor, or the manufacture, distribution, or sale of alcoholic liquor, or the collection of taxes on alcoholic liquor.

(2) A licensee shall make the licensed premises available for inspection and search by a commission investigator or law enforcement officer empowered to enforce the commission's rules and this act during regular business hours or when the licensed premises are occupied by the licensee or a clerk, servant, agent, or employee of the licensee. Evidence of a violation of this act or rules promulgated under this act discovered under this subsection may be seized and used in an administrative or court proceeding.

(3) The commission or a duly authorized agent of the commission may examine or copy the books, records, or papers of a person relative to a requirement pertaining to this act, access to which has been obtained pursuant to this section.

(4) A member of the commission or a duly authorized agent of the commission may issue a subpoena requiring a person to appear before the commission or its duly authorized agent at any reasonable time and place, to be examined with reference to any matter within the scope of the inquiry or investigation being conducted by the commission, and to produce any books, records, or papers pertaining to the question involved.

(5) A member of the commission or a duly authorized agent of the commission may administer an oath or affirmation to a witness in any matter before the commission, certify to official acts, and take depositions.

(6) In case of disobedience of a subpoena, the commission or its duly authorized agent may invoke the aid of any circuit court of the state to compel the attendance and testimony of witnesses and the production of books, records, and papers pertaining to the question involved. A circuit court of this state within the jurisdiction of which the inquiry is conducted may, in case of contumacy or refusal to obey a subpoena, issue an order requiring the person to appear before the commission or its duly authorized agent, to produce books, records, and papers if so ordered, and to give evidence regarding the matter in question. Failure to obey the order of the court may be punished by the court as a contempt of court.
(7) The fees of witnesses required to appear before the commission shall be the same as those allowed to witnesses in the circuit courts and shall be paid by the commission.

(8) A sheriff's department or police department shall, upon request of the commission, cause to be served a subpoena that is directed to a person located within the jurisdiction of the sheriff's department or police department. A fee shall not be charged for this service by the sheriff's department or police department. Subpoenas may also be served by an investigator of the commission.

(9) The commission shall adopt a suitable seal, of which all courts of the state shall take judicial notice, and all proceedings, orders, licenses, and official acts of the commission shall be authenticated by that seal. Certified copies of the orders and records of the commission shall be prima facie evidence of the acts of the commission in any court of this state.


### 436.1219 Liquor control commission; branch offices.

Sec. 219. The commission shall be authorized to establish throughout the state of Michigan 4 branch offices. The expense of the branch offices shall be paid by the commission in the manner provided in this act.


### 436.1221 Liquor control commission; revolving fund; use; report; interest earnings; disposition of money received; "revolving fund" defined.

Sec. 221. (1) The commission shall maintain a revolving fund derived from the money deposited to the credit of the commission with the state treasurer. Money from the revolving fund shall be periodically transferred to the general fund in accordance with the management and budget act, 1984 PA 431, MCL 18.1101 to 18.1594. The revolving fund must be used for replenishing, maintaining, warehousing, and distributing liquor stock throughout this state and for administration of this act. The commission shall prepare and submit a monthly report containing an accounting of the revolving fund to the state treasurer and to the budget director. The monthly report must include an itemized account of all money received and all expenditures made by the commission during the month covered in the report.

(2) Interest earnings on common cash attributable to the revolving fund must be credited to the revolving fund and must be available to the commission for administration of this act.

(3) All money received by the commission under this act must be turned over to the state treasurer according to department of treasury procedures.

(4) All money deposited by the commission with the state treasurer must be credited to the revolving fund for expenditures or transfers authorized under subsection (1).

(5) As used in this section, "revolving fund" means the revolving fund established under subsection (1).


### 436.1223 Liquor control commission; interest of members or employees.

Sec. 223. A member or employee of the commission shall not be pecuniarily interested, directly or indirectly, in the manufacture, warehousing, sale, distribution or transportation, or selling or furnishing of any equipment, furnishings, or refrigeration used in the manufacture or sale of alcoholic liquor within this state.


### 436.1225 Liquor control commission; civil liability of commission or members.

Sec. 225. The commission or a member of the commission shall not be personally liable for any action at law for damages sustained by a person because of an action performed or done by the commission or a member of the commission in the performance of their respective duties in the administration and implementation of this act.


### 436.1227 Liquor control commission; establishment of state liquor stores; basis.

Sec. 227. The commission may establish state liquor stores throughout this state. In counties with a population of less than 40,000 according to the most recent federal census, there shall not be more than 1 store in that county, and in counties with a population of 40,000 or more according to the most recent federal census, there shall not be more than 1 store located in that county for each 40,000 population or major fraction thereof according to the most recent federal census. However, the commission may in its discretion establish a state liquor store in any village or city with a population of 3,000 or more according to the most recent federal census.

436.1229 Licensing hotel or merchant to sell spirits for consumption off premises; sale of alcoholic liquor; price; rules; definitions.

Sec. 229. (1) The commission may license a hotel or merchant, in places that the commission may designate, to sell spirits for consumption off the premises, notwithstanding section 233(1). Except as otherwise provided in this section, if alcoholic liquor is sold by a specially designated distributor under a license issued under this section, it shall not be sold at less than the minimum retail selling price fixed by the commission and under rules promulgated by the commission.

(2) The commission may, by rule or order, allow a specially designated distributor to sell alcoholic liquor at less than the minimum retail selling price in order to dispose of inventory at a price and under conditions and procedures established through that rule or order.

(3) As used in this section and in sections 1201, 1203, and 1207, "retail selling price" means the price the commission pays for spirits plus the gross profit established in section 233.

(4) As used in this section, "minimum retail selling price" means retail selling price plus the specific taxes imposed in sections 1201, 1203, and 1207.


436.1231 Liquor control commission; handling of alcoholic liquor; gross profit; leasing and purchasing power.

Sec. 231. The commission may buy, possess, and sell in its own name all alcoholic liquor for distribution as provided in sections 227 and 229. The commission shall supply such types of alcoholic liquor as are demanded by the public. However, if a brand so demanded is not manufactured within the United States or is not readily obtainable within the United States, then an order for that brand shall be filled by the commission at the entire expense of the person placing that order subject to any gross profit or discounts, or both, provided for in section 233. The commission may lease or occupy any building or land required for its operation, and may purchase any warehouse required for its operation, subject to the approval of the state administrative board.


***** 436.1233 THIS SECTION IS AMENDED EFFECTIVE OCTOBER 5, 2022: See 436.1233.amended *****

436.1233 Uniform prices for sale of alcoholic liquor; gross profit; prices for sale of alcoholic liquor to hospitals, charitable institutions, and military establishments; discount for certain sales of alcoholic liquor.

Sec. 233. (1) The commission shall establish uniform prices for the sale of alcoholic liquor by specially designated distributors. The prices must return a gross profit to the commission of not less than 51% and not greater than 65%. If alcoholic liquor purchased by the commission has not met sales standards established by the commission for 6 months, the commission may sell the alcoholic liquor at a price to be approved by the state administrative board.

(2) Notwithstanding subsection (1), the commission may establish by rule prices for the sale of alcoholic liquor to hospitals, charitable institutions, and military establishments located in this state.

(3) Except as otherwise provided in this subsection, specially designated distributors and on-premises licensees are entitled to a 17% discount from the uniform prices described in subsection (1) on alcoholic liquor purchased from this state. Beginning with the enactment date of the amendatory act that added this sentence until 12 months after the enactment date, on-premises licensees are entitled to a 23% discount from the uniform prices described in subsection (1) on alcoholic liquor purchased from this state.


***** 436.1233.amended THIS AMENDED SECTION IS EFFECTIVE OCTOBER 5, 2022 *****

436.1233.amended Uniform prices for sale of alcoholic liquor; gross profit; prices for sale of alcoholic liquor to hospitals, charitable institutions, and military establishments; discount for certain sales of alcoholic liquor; application and certification of qualified small distiller by department of agriculture and rural development; annual report; expiration of certificate; record retention; definitions.

Sec. 233. (1) The commission shall establish uniform prices for the sale of alcoholic liquor by specially
designated distributors. Except as otherwise provided in this section, the prices must return a gross profit to the commission of not less than 51% and not greater than 65%. If alcoholic liquor purchased by the commission has not met sales standards established by the commission for 6 months, the commission may sell the alcoholic liquor at a price to be approved by the state administrative board.

(2) Notwithstanding subsection (1), the commission may establish by rule prices for the sale of alcoholic liquor to hospitals, charitable institutions, and military establishments located in this state.

(3) Except as otherwise provided in this subsection, specially designated distributors and on-premises licensees are entitled to a 17% discount from the uniform prices described in subsection (1) on alcoholic liquor purchased from this state. Beginning July 1, 2020 until July 1, 2021, on-premises licensees are entitled to a 23% discount from the uniform prices described in subsection (1) on alcoholic liquor purchased from this state.

(4) Beginning on the effective date of the amendatory act that added this subsection, and July 1 of each year after that date, a small distiller or an out-of-state entity that is the substantial equivalent of a small distiller may file an application with the department of agriculture and rural development to be certified as a qualified small distiller. An application under this subsection must be on a form prescribed and furnished by the department of agriculture and rural development. The department of agriculture and rural development may charge a reasonable certification fee. The certification fee received by the department of agriculture and rural development under this subsection must be deposited in the Michigan craft beverage council fund created under section 303a.

(5) Beginning January 1, 2023, the price for each bottle of qualified distilled spirits manufactured by a qualified small distiller must return a gross profit to the commission of 32.5%.

(6) The department of agriculture and rural development shall certify that an applicant under subsection (4) is a qualified small distiller if the department of agriculture and rural development determines that the base distillate of the small distiller or the out-of-state entity that is the substantial equivalent of a small distiller is at least 40% distilled from qualified grain grown and harvested in this state.

(7) Not later than November 1, 2022, and each November 1 thereafter, the department of agriculture and rural development shall submit a report to the commission. A report under this subsection must include the name of each qualified small distiller certified under subsection (6).

(8) A qualified small distiller certificate expires on July 1 following the date of issuance.

(9) A small distiller or an out-of-state entity that is the substantial equivalent of a small distiller that knowingly supplies false information to the department of agriculture and rural development or the commission under this section is guilty of a misdemeanor punishable by imprisonment for not more than 1 year or a fine of not more than $3,000.00, or both. A small distiller or an out-of-state entity that is the substantial equivalent of a small distiller that knowingly supplies false information as described in this subsection shall pay the commission the difference between the gross profit the commission would have received under subsection (1) if the small distiller or the out-of-state entity that is the substantial equivalent of a small distiller was not a qualified small distiller, as determined by the commission.

(10) A qualified small distiller shall keep a complete and accurate set of records and accounts of all transactions pertaining to the operation of its distillery, including, but not limited to, records and accounts of all qualified grain received in or withdrawn from the distillery, all acknowledgment forms and Michigan certification of origination statements in the qualified small distiller's possession, copies of all contracts, and acknowledgment forms returned to and settled by the qualified small distiller. The department of agriculture and rural development and the commission may examine the records and accounts pertaining to the qualified small distiller's qualified grain handling business at any time during normal business hours.

(11) As used in this section:
(a) "Acknowledgment form" means a scale weight ticket, a load slip, or any other evidence of deposit issued by a small distiller, an out-of-state entity that is the substantial equivalent of a small distiller, or the authorized representative of a small distiller or out-of-state entity that is the substantial equivalent of a small distiller to a depositor that identifies the qualified grain being transferred from possession of the depositor to the possession of the small distiller or the out-of-state entity that is the substantial equivalent of a small distiller.
(b) "Depositor" means either of the following:
(i) A person that delivers qualified grain to a small distiller or an out-of-state entity that is the substantial equivalent of a small distiller for storage, processing, shipment, or sale and that has title to qualified grain at the time of delivery.
(ii) A person that owns or that is the legal holder of an acknowledgment form issued by a depositor for qualified grain.
(c) "Michigan certification of origination statement" means a signed statement from a depositor or
producer on an acknowledgement form that deposited qualified grain was grown and harvested in this state.

(d) "Qualified distilled spirits" means distilled spirits manufactured by a qualified small distiller of which at least 40% of the base distillate is distilled from qualified grain grown and harvested in this state.

(e) "Qualified grain" means any of the following:

(i) Dry barley.
(ii) Malted barley.
(iii) Oats.
(iv) A small grain.
(v) A cereal grain.
(vi) Potato.
(vii) Corn.
(viii) Fruit.
(ix) Sugar beets.
(x) Honey.

(f) "Qualified small distiller" means a small distiller or an out-of-state entity that is the substantial equivalent of a small distiller certified by the department of agriculture and rural development under this section as having at least 40% of the base distillate used to manufacture spirits that are distilled from qualified grain grown and harvested in this state. The base distillates may be distilled by the small distiller or the out-of-state entity that is the substantial equivalent of a small distiller or may be distillates purchased or received and further manufactured in compliance with section 204a.


436.1235 Search warrant; seizure of property.

Sec. 235. A search warrant may be issued in accordance with the code of criminal procedure, 1927 PA 175, MCL 760.1 to 776.21. Under such a search warrant the officer may seize any alcoholic liquor, containers, implements, or conveyances used in connection with the violation of this act or any rule promulgated under this act. A property right does not exist in any alcoholic liquor had, kept, transported, or possessed contrary to law or in any receptacle or container of any kind in which the alcoholic liquor is found, and all such are hereby declared contraband and forfeited to the state and shall be seized. All alcoholic liquor, containers, implements, or conveyances seized under any such search warrant shall be turned over to the commission by direction of the court or magistrate and shall be disposed of in accordance with the rules promulgated under this act, which shall guarantee the return of such property, or payment of money received for the sale of that property, to the owner unless the owner is charged and convicted of the alleged offense or offenses in connection with which the search and seizure was made.


CHAPTER 3

436.1301 Wine tax; levy and collection; rate; sacramental wines; tax on mixed spirit drink; payment; incorporation of farm mutual cooperative wineries; licensing; fee; certification of stockholders or members; payment of tax by wholesaler; rules.

Sec. 301. (1) The commission shall levy and collect on all wine containing 16% or less of alcohol by volume sold in this state a tax at the rate of 13.5 cents per liter if sold in bulk and in a like ratio if sold in smaller quantities.

(2) The commission shall levy and collect on all wine containing more than 16% of alcohol by volume sold in this state a tax at the rate of 20 cents per liter if sold in bulk and in a like ratio if sold in smaller quantities.

(3) Sacramental wine is nontaxable when used by churches. A person may import sacramental wines. The commission shall not impose restrictions on importations of wine for sacramental purposes but may promulgate rules to prevent any abuses that result from the importations. A wholesaler or an outstate seller of wine may sell sacramental wine directly to a church for sacramental purposes.

(4) The commission shall levy and collect on all mixed spirit drink sold in this state a tax at the rate of 30 cents per liter if sold in bulk or a like ratio if sold in smaller quantities.

(5) After January 31, 2015, if the wine is manufactured in this state the tax must be paid by the wine maker who manufactured the wine or if the wine is manufactured outside this state the tax must be paid by the wholesaler assigned to distribute that wine.

(6) After January 31, 2015, if the mixed spirit drink is manufactured in this state the tax must be paid by the manufacturer of the mixed spirit drink or if the mixed spirit drink is manufactured outside this state the tax must be paid by the wholesaler assigned to distribute that mixed spirit drink.
(7) On approval by the commission, the department of licensing and regulatory affairs shall incorporate a limited number of farm mutual cooperative wineries as the commission determines to be beneficial to the Michigan grape and fruit industry. These wineries must be licensed under this act and the payment of 1 license fee annually by the corporation authorizes wine making on the premises of the corporation and also on the premises of the grape and fruit growing farmers who are members of or stockholders in the corporation. Upon incorporation of a farmers' cooperative corporation as provided for in this section, the members of or the stockholders in the corporation are certified to be Michigan grape and fruit growing farmers. Wine making by cooperative corporations on farm premises is allowed, but all sales of the wine must be made by the corporation and from the corporation premises.

(8) A wine maker or manufacturer of a mixed spirit drink may designate a wholesaler to pay the tax on behalf of the wine maker or manufacturer, respectively. If a wine maker or manufacturer designates a wholesaler to pay the tax on its behalf, that wine maker or manufacturer shall notify the commission of the designation and provide the commission with a copy of its report of wine premises operations that it filed with the Alcohol and Tobacco Tax and Trade Bureau of the United States Department of Treasury for each calendar year. A wholesaler that is responsible for the payment of the tax under this section or that is designated to pay the tax under this section on behalf of the wine maker or manufacturer of the mixed spirit drink is only required to pay the tax on the number of liters actually sold by the wholesaler to licensed retailers.

(9) The commission shall establish by rule a method for the collection of the tax levied in this section and reporting requirements for wholesalers, wine makers, outstate sellers of mixed spirit drink, and outstate sellers of wine to verify the remission of taxes to this state. Except as otherwise provided in this subsection, the commission shall not require that the tax be paid in less than monthly intervals. Beginning March 15, 2020, the commission shall not require that the tax be paid in less than quarterly intervals. The rules under this subsection must be promulgated pursuant to the administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328.


436.1303 Grape and wine industry council; creation; to be known as Michigan craft beverage council; appointment, qualifications, and terms of members; chairperson; personnel; expenses; liability on contracts; compensation; books and records; disposition of money received; award and administration of grants; duties and powers of council; rules; lobbying prohibited; exception; establishment of commodity committee; definitions.

Sec. 303. (1) The grape and wine industry council created under Executive Reorganization Order No. 2014-2, MCL 333.26253, shall be housed within the department of agriculture and rural development. Beginning on the effective date of the 2018 amendatory act that amended this section, the council shall be known as the Michigan craft beverage council and shall consist of the following members:

(a) As a nonvoting member, the director of the department of agriculture and rural development or his or her designee.

(b) Subject to subsection (2), the following voting members, appointed by the governor:

(i) A representative of retail food establishments that hold a specially designated merchant license and sell Michigan wines or beer.

(ii) A representative of restaurants that hold a class C license and serve Michigan wines, beer, or spirits.

(iii) Two representatives of wine makers.

(iv) A representative of wine makers that primarily manufacture cider.

(v) A representative of large brewers.

(vi) One of the following:

(A) A representative of micro brewers.

(B) A representative of brewpub license holders.

(vii) A representative of small distillers.

(viii) A representative of distillers that manufacture more than 60,000 gallons of spirits per year.

(2) The following apply to a member of the council appointed under subsection (1)(b):

(a) The member's principal place of business must be located in this state.

(b) The member must not be a lobbyist or a lobbyist agent as those terms are defined in section 5 of 1978 PA 472, MCL 4.415.

(3) Voting members of the council appointed by the governor under subsection (1) shall serve for terms of
3 years or until a successor is appointed, whichever is later, except that of the voting members first appointed, 3 shall serve for 1 year, 3 shall serve for 2 years, and 3 shall serve for 3 years. A voting member shall not serve more than 2 consecutive terms. A vacancy on the board shall be filled in the same manner as the original appointment. The director of the department of agriculture and rural development is the chairperson of the council.

(4) The council may employ personnel and incur expenses that are necessary to carry out the responsibilities of the council under this act. A member of the council or an employee or agent of the council is not personally liable on the contracts of the council.

(5) A nongovernmental member of the council may receive $50.00 per day for each day spent in actual attendance at meetings of the council and traveling expenses while on council business in accordance with standard travel regulations of the department of technology, management, and budget.

(6) The council shall maintain accurate books and records, and all money received by the council shall be used to implement and enforce this section. The council may accept money from any source for the purpose of carrying out this section. All money received by the council shall be forwarded to the state treasurer for deposit into the Michigan craft beverage council fund created in section 303a.

(7) Subject to an appropriation, the council shall direct the department of agriculture and rural development to award grants for the following:

(a) Research into both of the following:
   (i) Fruits used in winemaking and wines, including, but not limited to, methods of planting, growing, controlling insects and diseases, charting microclimates and locations for growing desirable varieties of fruits used in winemaking and wines, marketing, processing, distribution, advertising, sales production, and product development.
   (ii) Hops, barley, beer, and spirits, including, but not limited to, methods of planting, growing, controlling insects and diseases, marketing, processing, distribution, advertising, sales production, and product development.

(b) Projects that do 1 or more of the following:
   (i) Provide the wine industry, including growers, wineries, distributors, and retailers, with information relative to proper methods of handling and selling fruits used in winemaking and wines.
   (ii) Provide the brewing and distilling industries, including growers, brewers, distillers, distributors, and retailers, with information relative to proper methods of handling and selling hops, barley, beer, spirits, and mixed spirit drinks.
   (iii) Provide for market surveys and analyses for purposes of expanding existing markets and creating new and larger markets for Michigan agricultural products such as fruits, hops, and barley, that are used in the production of wine, cider, beer, spirits, and mixed spirit drinks.
   (iv) Provide for the promotion of the sale of Michigan agricultural products such as fruits, hops, and barley, that are used in the production of wine, cider, beer, spirits, and mixed spirit drinks for the purpose of maintaining or expanding present markets and creating new and larger domestic and foreign markets.
   (v) Develop and administer financial aid programs to growers of fruits used in winemaking to encourage the increased planting in this state of desirable fruit varieties in microclimates determined to provide the best conditions for producing quality wines.
   (vi) Develop and administer financial aid programs to hops growers to encourage increased planting in this state of desirable hops varieties in microclimates determined to provide the best conditions for producing quality beer.
   (vii) Develop and administer financial aid programs to barley growers to encourage increased planting in this state of desirable barley varieties in microclimates determined to provide the best conditions for producing quality beer.
   (viii) Establish educational partnerships to benefit the beer, wine, cider, spirits, and mixed spirit drink industries.

(8) The department of agriculture and rural development shall administer the grants awarded under subsection (7).

(9) The council shall do all of the following:

(a) Apply for and accept grants or contributions from the federal government or any of its agencies, the state, or other public or private agencies to be used for any of the purposes of this section and to do any and all things within its express or implied powers necessary or desirable to secure that financial or other aid or cooperation in the carrying out of any of the purposes of this section.

(b) Invite the chief executive officer of the Michigan economic development corporation or his or her designee to attend at least 1 council meeting annually to inform the council about partnership activities and opportunities related to the marketing and promotion of Michigan agricultural products such as fruits, hops,
and barley, that are used in the production of wine, cider, beer, spirits, and mixed spirit drinks.

c) Invite the director of the department of licensing and regulatory affairs to attend at least 1 council meeting annually to inform the council about funding activities affecting the council.

d) Prepare and adopt an annual budget.

(10) Based on the information provided to the council under subsection (9)(b) and (c), the council may do either or both of the following:

a) Take actions that will enhance the marketing and promotion of Michigan agricultural products, such as fruits, hops, and barley, that are used in the production of wine, cider, beer, spirits, and mixed spirit drinks.

b) Annually review and adopt strategies for marketing and promotion of Michigan agricultural products, such as fruits, hops, and barley, that are used in the production of wine, cider, beer, spirits, and mixed spirit drinks.

(11) The council may promulgate rules pursuant to the administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328, for the purposes of implementing and enforcing this section. However, the council shall not promulgate a rule that conflicts with a rule promulgated by the commission under section 215.

(12) Except as otherwise provided in this subsection, the council shall not engage in lobbying. This subsection does not prohibit the council or a council member or council employee from providing technical information to the legislature or to the department of agriculture and rural development, regardless of whether the council, council member, or council employee is appearing before an officially convened legislative committee or department of agriculture and rural development hearing panel, if the technical information is related to the council's duties under this section.

(13) This section does not prevent the council from establishing a commodity committee under the agriculture commodities marketing act, 1965 PA 232, MCL 290.651 to 290.674.

(14) As used in this section:

a) "Cider" means an alcoholic beverage made from the fermentation of juice from primarily apples or pears, or both, which contains not less than 1/2 of 1% and not more than 8.5% of alcohol by volume. Cider may be still or carbonated and may contain other fruits, spices, botanicals, or other flavors.

b) "Council" means the Michigan craft beverage council described in subsection (1).

c) "Large brewer" means a brewer that produces in total at least 60,000 barrels of beer and not more than 1,000,000 barrels of beer per year. In determining the barrel threshold under this subdivision, all brands and labels of a brewer, whether brewed in this state or outside this state, must be combined and all facilities for the production of beer that are owned or controlled by the same person are treated as a single facility.

d) "Lobbying" means that term as defined in section 5 of 1978 PA 472, MCL 4.415.

e) "Technical information" means that term as defined in section 5 of 1978 PA 472, MCL 4.415.
(5) Notwithstanding subsection (4), if the Michigan craft beverage council receives money under section 303(9)(a), the money may be expended for the purposes and subject to the conditions for which it was received.

(6) As used in this section, "Michigan craft beverage council" means the Michigan craft beverage council created in section 303.


### 436.1305 Wine and mixed spirit drink industry; purpose of section; reasons for regulation; definitions; prohibited conduct; servicing impacted sales territory; termination, cancellation, nonrenewal, or discontinuance of agreement; burden; notice; test marketing; sales and distribution; transfer of wholesaler's business; compensation for diminished value of wholesaler's business; arbitration; costs; default; waiver; good faith dispute settlement; agreement binding on successor to supplier; agreements to which section applicable; civil action for actual damages; liability; action for declaratory judgment; exemplary damages; injunctive relief; procedure for resolving violations.

Sec. 305. (1) The purpose of this section is to provide a structure for the business relations between a wholesaler of wine or mixed spirit drink and a supplier of wine of mixed spirit drink. Regulation in this area is considered necessary for the following reasons:

(a) To maintain stability and healthy competition in the wine and mixed spirit drink industry in this state.

(b) To promote and maintain a sound, stable, and viable 3-tier distribution system of wine and mixed spirit drink to the public.

(c) To recognize the marketing distinctions between beer, wine, and mixed spirit drink.

(d) To promote the public health, safety, and welfare.

(2) As used in this section, unless the context requires otherwise:

(a) "Agreement" means any agreement between a wholesaler and a supplier, whether oral or written, whereby a wholesaler is granted the right to offer and sell a brand or brands of wine or mixed spirit drink sold by a supplier.

(b) "Ancillary business" means a business owned by a wholesaler, a stockholder of a wholesaler, or a partner of a wholesaler the primary purpose of which is directly related to the transporting, storing, or marketing of the brand or brands of wine or mixed spirit drink of a supplier with whom the wholesaler has an agreement; or a business owned by a wholesaler, a stockholder of a wholesaler, or a partner of a wholesaler that recycles empty returnable beverage containers.

(c) "Designated member" means the spouse, child, grandchild, parent, brother, or sister of a deceased individual who owned an interest in a wholesaler, who is entitled to inherit the deceased individual's ownership interest in the wholesaler under the terms of the deceased individual's will, or who has otherwise been designated in writing by the deceased individual to succeed the deceased individual in the wholesaler's business, or is entitled to inherit that ownership interest under the laws of intestate succession of this state. With respect to an incapacitated individual owning an ownership interest in a wholesaler, the term means the person appointed by a court as the conservator of that individual's property. The term also includes the appointed and qualified personal representative and the testamentary trustee of a deceased individual owning an ownership interest in a wholesaler.

(d) "Good faith" means honesty in fact and the observance of reasonable commercial standards of fair dealing in the trade, as defined and interpreted under section 1201 of the uniform commercial code, 1962 PA 174, MCL 440.1201.

(e) "Master distributor" means a wholesaler that acts in the same or similar capacity as a wine maker, mixed spirit drink manufacturer, an outstate seller of wine, or an outstate seller of mixed spirit drink for a brand or brands of wine or mixed spirit drink to other wholesalers on a regular basis in the normal course of business.

(f) "Reasonable qualifications" means the average standard of the criteria used by the respective supplier for wholesalers that entered into or renewed an agreement with the suppliers during a period of 24 months before the proposed transfer of the wholesaler's business.

(g) "Retaliatory action" means action that includes, but is not limited to, the refusal to continue an agreement, or a material reduction in the quality of service or quantity of products available to a wholesaler under an agreement, which refusal or reduction is not made in good faith.

(h) "Sales territory" means an area of sales responsibility for the brand or brands of wine or mixed spirit drink sold by a supplier as designated by an agreement.

(i) "Successor" means a supplier that obtains, in any manner from any person, including a person that is not
a supplier, the distribution rights of 1 or more brands of wine or mixed spirit drink that a licensed Michigan wholesaler has distributed in this state under an agreement with another supplier, that previously had the distribution rights for the brand or brands.

(j) "Supplier" means a wine maker, mixed spirit drink manufacturer, an outstate seller of wine, an outstate seller of mixed spirit drink, or a master distributor.

(k) "Transfer of a wholesaler's business" means the voluntary sale, assignment, or other transfer of the business or control of the business of the wholesaler, including the sale or other transfer of stock or assets by merger, consolidation, or dissolution.

(3) A supplier shall not do any of the following:

(a) Coerce, or attempt to coerce, a wholesaler to accept delivery of any wine, mixed spirit drink, or other commodity that has not been ordered by the wholesaler. However, a supplier may impose reasonable inventory requirements on a wholesaler if the requirements are made in good faith and are generally applied to other wholesalers having an agreement with the supplier.

(b) Coerce, or attempt to coerce, a wholesaler to accept delivery of any wine, mixed spirit drink, or other commodity ordered by a wholesaler if the order was properly canceled by the wholesaler in accordance with the procedures agreed on by the supplier and wholesaler.

(c) Coerce, or attempt to coerce, a wholesaler to do any illegal act by threatening to amend, cancel, terminate, or refuse to renew any agreement existing between the supplier and wholesaler.

(d) Require a wholesaler to assent to any condition, stipulation, or provision limiting the wholesaler's right to sell the brand or brands of wine or mixed spirit drink of any other supplier anywhere in this state unless the acquisition of the brand or brands of another supplier would materially impair the quality of service of the brand or brands of the supplier currently being sold by the wholesaler.

(e) Require a wholesaler to purchase 1 or more brands of wine or mixed spirit drink in order for the wholesaler to purchase another brand or brands of wine or mixed spirit drink for any reason. However, a wholesaler that has agreed to distribute a brand or brands before June 26, 1984 shall continue to distribute the brand or brands in conformance with this section.

(f) Request a wholesaler to submit profit and loss statements, balance sheets, or financial records as a requirement for renewing or retaining an agreement.

(g) Withhold delivery of wine or mixed spirit drink ordered by a wholesaler, or change a wholesaler's quota of a brand or brands if the withholding or change is not made in good faith.

(h) Require a wholesaler by any means to participate in or contribute to any local or national advertising fund controlled directly or indirectly by a supplier.

(i) Fail to provide each wholesaler of the supplier's brand or brands with a written agreement that contains in total the supplier's agreement with each wholesaler, and designates a specific sales territory.

(j) Fix, maintain, or establish the price at which a wholesaler shall sell any wine or mixed spirit drink.

(k) Take any retaliatory action against a wholesaler that files a complaint regarding an alleged violation by the supplier of state or federal law or an administrative rule.

(l) Require or prohibit any change in the manager or successor manager of any wholesaler that has been approved by the supplier as of June 26, 1984. If, after June 26, 1984, a supplier requires a manager or successor manager to be appointed, or if a wholesaler changes an approved manager or successor manager, a supplier shall not interfere with or prohibit the appointment unless the person fails to meet the reasonable written standards for Michigan wholesalers of the supplier that have been provided to the wholesaler.

(m) Require by a provision of any agreement or other instrument in connection with the agreement that any dispute arising out of or in connection with that agreement be determined through the application of any other state's laws. Any supplier or wholesaler aggrieved by any dispute arising out of or in connection with an agreement governed by this act has the right to file an appropriate action consistent with this act in any court in this state having venue.

(4) A wholesaler shall not sell or deliver wine or mixed spirit drink to a retail licensee located outside the sales territory designated by the supplier of a particular brand or brands of wine or mixed spirit drink. However, during periods of temporary service interruptions impacting a particular sales territory, a wholesaler that normally services the impacted sales territory shall file with the commission a written notice designating the specific wholesaler or wholesalers that will service the sales territory during the period of temporary service interruption and the approximate length of time of the service interruption. When the temporary service interruption is over, the wholesaler that normally services the sales territory shall notify in writing the commission and the wholesaler, or wholesalers, which is servicing the sales territory on a temporary basis of this fact and any wholesaler servicing the sales territory on a temporary basis shall cease servicing the sales territory upon receipt of the notice. A wholesaler that is designated to service the impacted sales territory during the period of temporary service is not in violation of this subsection. A wholesaler that has been
designated to service the impacted sales territory during the period of temporary service interruption does not have any of the rights provided under subsections (6) to (12).

(5) A supplier or wholesaler shall not directly or indirectly restrict or inhibit the right of free association among suppliers or wholesalers for any lawful purpose.

(6) Notwithstanding the terms, provisions, or conditions of any agreement, a supplier shall not amend any agreement unless the supplier is acting in good faith in making the amendment.

(7) Notwithstanding any agreement and except as otherwise provided for in this section, a supplier shall not cause a wholesaler to resign from an agreement; or cancel, terminate, fail to renew, or refuse to continue under an agreement unless the supplier has complied with all of the following:
   (a) Has satisfied the applicable notice requirements of subsection (10).
   (b) Has acted in good faith.
   (c) Has good cause for the cancellation, termination, nonrenewal, discontinuance, or forced resignation.

(8) Notwithstanding any agreement, good cause shall exist for the purposes of a termination, cancellation, nonrenewal, or discontinuance under subsection (7)(c) when all of the following occur:
   (a) The wholesaler fails to comply with a provision of the agreement that is both reasonable and of material significance to the business relationship between the wholesaler and the supplier.
   (b) The supplier first acquired knowledge of the failure described in subdivision (a) not more than 2 years before the date notification was given under subsection (7).
   (c) The wholesaler was given written notice by the supplier of failure to comply with the agreement.
   (d) The wholesaler was afforded a reasonable opportunity to assert good faith efforts to comply with the agreement within the time limits as provided for in subdivision (e).
   (e) The wholesaler has been afforded 25 days in which to submit a plan of corrective action to comply with the agreement and an additional 75 days to cure the noncompliance in accordance with the plan.

(9) A supplier or wholesaler who terminates, cancels, nonrenews, or discontinues an agreement has the burden of showing that it has acted in good faith, complied with the applicable notice requirements under this section, and that there was good cause for the termination, cancellation, nonrenewal, or discontinuance.

(10) Notwithstanding any agreement and except as otherwise provided in this section, a supplier shall furnish written notice of a termination, cancellation, nonrenewal, or discontinuance of an agreement unless the wholesaler not less than 15 days before the effective date of the termination, cancellation, nonrenewal, or discontinuance. The notice must be by certified mail and must contain all of the following:
   (a) A statement of intention to terminate, cancel, not renew, or discontinue the agreement.
   (b) A statement of the reason for the termination, cancellation, nonrenewal, or discontinuance.
   (c) The effective date of the termination, cancellation, nonrenewal, or discontinuance.

(11) Notwithstanding subsections (7) and (10), a supplier may immediately terminate, cancel, not renew, or discontinue an agreement on written notice given in the manner and containing the information required by subsection (10) if any of the following occur:
   (a) Insolvency of the wholesaler, the filing of any petition by or against the wholesaler under any bankruptcy or receivership law, or the dissolution or liquidation of the wholesaler that materially affects the wholesaler's ability to remain in business.
   (b) The commission revokes the wholesaler's license whereby the wholesaler cannot service the wholesaler's sales territory for more than 60 days.
   (c) The wholesaler, or an individual who owns more than 10% of the stock of a corporate wholesaler, is convicted of a felony. However, an existing approved stockholder has the right to purchase the stock of the offending stockholder before the conviction of the offending stockholder, and if the sale is completed before conviction, this subdivision does not apply. As used in this subdivision, "felony" means a felony under the United States Code or the Michigan Compiled Laws.

(12) Notwithstanding subsections (7), (10), and (11), on not less than 15 days' prior written notice given in the manner and containing the information required by subsection (10), a supplier may terminate, cancel, not renew, or discontinue an agreement if any of the following events occur:
   (a) There was fraudulent conduct on the part of the wholesaler in dealings with the supplier.
   (b) The wholesaler failed to confine its sales of a brand or brands to the assigned sales territory. This subdivision does not apply if there is a dispute between 2 or more wholesalers as to the boundaries of the assigned territory, and the boundaries cannot be determined by a reading of the description contained in the agreements between the supplier and the wholesalers.
   (c) The sale by the wholesaler of any brand or brands sold by the supplier to the wholesaler that the wholesaler knew were ineligible for sale before the actual sale to the retailer. The supplier shall repurchase the ineligible product from the wholesaler when the ineligibility is caused by the supplier. The supplier must give the wholesaler written notice specifying the ineligible product.
(13) Notwithstanding subsections (7), (10), (11), and (12), a supplier may terminate, cancel, not renew, or discontinue an agreement upon not less than 30 days' prior written notice if the supplier discontinues production or discontinues distribution in this state of all the brands sold by the supplier to the wholesaler. Nothing in this section prohibits a supplier upon not less than 30 days' notice to discontinue the distribution of any particular brand or package of wine or mixed spirit drink. This subsection does not prohibit a supplier from conducting test marketing of a new brand of wine or mixed spirit drink or from conducting the test marketing of a brand of wine or mixed spirit drink that is not currently being sold in this state if the supplier has notified the commission in writing of its plans to test market. The notice must describe the market area in which the test must be conducted; the name or names of the wholesaler or wholesalers who will be selling the wine or mixed spirit drink; the name or names of the brand of wine or mixed spirit drink being tested; and the period of time during which the testing will take place. A market testing period must not exceed 18 months.

(14) A wholesaler shall devote reasonable efforts and resources to sales and distribution of all the supplier's products that the wholesaler has been granted the right to sell and distribute and shall maintain reasonable sales levels.

(15) A supplier shall not withhold consent to any transfer of a wholesaler's business if the proposed transferee meets the material and reasonable qualifications and standards required by the supplier. A wholesaler shall give the supplier written notice of intent to transfer the wholesaler's business. A supplier shall not unreasonably delay a response to a request for a proposed transfer of a wholesaler's business. However, a transfer of a wholesaler's business that is not approved by the supplier is void. A supplier shall not interfere with, or prevent, the transfer of the wholesaler's business if the proposed transferee is a designated member.

(16) A supplier as part of the written agreement required by this section may, subject to the provisions of subsection (3)(l), require a wholesaler to designate a successor manager who shall be subject to prior approval by the supplier. If the designated successor manager fails to assume the role of approved manager or for any reason does not continue to manage the wholesaler's business, after assuming that responsibility, then any successor shall be subject to the prior approval of the supplier, subject to the provisions of subsection (3)(l), notwithstanding the transferee's interest as a designated member.

(17) A supplier that has amended, canceled, terminated, or refused to renew any agreement; has caused a wholesaler to resign from an agreement; or has withheld consent to any assignment or transfer of a wholesaler's business, except as provided for in this section, shall pay the wholesaler reasonable compensation for the diminished value of the wholesaler's business or of any ancillary business which has been negatively affected by the act of the supplier, or both. The value of the wholesaler's business or ancillary business must include, but not be limited to, its goodwill.

(18) A supplier or wholesaler may, at any time, determine that mutual agreement on the amount of reasonable compensation cannot be reached. If such a determination is made, the supplier or the wholesaler shall send written notice to the other party declaring their intention to proceed with arbitration. Arbitration may proceed only by mutual agreement of both parties.

(19) The supplier and wholesaler may, by agreement, submit the matter of determining the amount of compensation under arbitration to a 5-member arbitration panel consisting of representatives selected by the supplier but unassociated with the affected supplier, 2 wholesaler representatives selected by the wholesaler but unassociated with the wholesaler, and an impartial arbitrator.

(20) Not more than 10 days after the notice to enter into arbitration has been sent, the supplier and wholesaler shall request, in writing, a list of 5 arbitrators from the American arbitration association. Not more than 10 days after the supplier and wholesaler receive of the list of 5 choices, the wholesaler arbitrators and the supplier arbitrators may strike and disqualify up to 2 names each from the list. If the supplier or wholesaler fails to respond within the 10 days or if more than 1 name remains, the American arbitration association shall select the impartial arbitrator.

(21) Not more than 30 days after the supplier and wholesaler receive the list of arbitrators, the wholesaler and supplier shall exchange in writing the names of their respective arbitration panel representatives.

(22) Not more than 30 days after the final selection of the arbitration panel is made, the arbitration panel shall convene to decide the dispute. The panel shall render a decision by majority vote of the participants within 20 days after the arbitration concludes.

(23) The cost of the impartial arbitrator, the stenographer, and the meeting site must be equally divided between the wholesaler and the supplier. All other costs must be paid by the party incurring them. The award of the arbitration panel is final and binding on the parties.

(24) If the supplier or wholesaler fails to abide by the time limitations as prescribed in subsections (20), (21), and (22), or fails or refuses to select any arbitrators, or fails to participate in the arbitration hearings, the other party shall make the selection of their arbitrators and proceed to arbitration. The party who has failed or
refused to comply as prescribed in this subsection is considered to be in default. Any party considered to be in default under this subsection waives any rights the party would have had in the arbitration and is considered to have consented to the determination of the arbitration panel.

(25) A wholesaler shall not waive any of the rights granted in this section. This section does not limit or prohibit a good faith dispute settlement voluntarily entered into by the parties.

(26) A successor to a supplier that continues in business as a wine maker, mixed spirit drink manufacturer, an outstate seller of wine, outstate seller of mixed spirit drink, or master distributor is bound by all terms and conditions of each agreement of the supplier with a wholesaler licensed in this state that were in effect on the date on which the successor received the distribution rights of the previous supplier.

(27) This section applies to agreements in existence on June 26, 1984, as well as agreements entered into or renewed after that date.

(28) If a supplier engages in conduct prohibited under this section, a wholesaler with which the supplier has an agreement may maintain a civil action against the supplier to recover actual damages reasonably incurred as the result of the prohibited conduct. If a wholesaler engages in conduct prohibited under this section, a supplier with which the wholesaler has an agreement may maintain a civil action against the wholesaler to recover actual damages reasonably incurred as the result of the prohibited conduct.

(29) A supplier that violates this section is liable for all actual damages and all court costs and reasonable attorney fees incurred by a wholesaler as a result of that violation. A wholesaler that violates this section is liable for all actual damages and all court costs and reasonable attorney fees incurred by the supplier as a result of that violation.

(30) A supplier or wholesaler may bring an action for declaratory judgment for determination of any controversy arising under this section.

(31) Except as otherwise provided in this section, if a court finds that a supplier has not acted in good faith in amending, terminating, canceling, or not renewing any agreement; or has unreasonably withheld its consent to any assignment, transfer, or sale of a wholesaler's business, the court may award exemplary damages, as well as actual damages, court costs, and reasonable attorney fees to the wholesaler that has been damaged by the action of the supplier.

(32) On proper application to a court, a supplier or wholesaler may obtain injunctive relief against any violation of this section. If the court grants injunctive relief or issues a temporary restraining order, bond is not required to be posted.

(33) The procedure for resolving any violation of subsection (3)(a), (b), (c), (e), (f), (h), (i), (j), (k), (l), or (4) is the procedure prescribed by this act and the administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328. Any other violation of or dispute regarding this section, unless the dispute is resolved pursuant to subsections (18) to (24), must only be resolved by a civil action in court as provided in this section and not by the commission.


436.1307 Sales territory; master distributor defined.
Sec. 307. (1) A manufacturer, an outstate seller of wine, and a master distributor shall grant to each of its wholesalers a sales territory within which the wholesaler is a distributor of the specified brand or brands of the manufacturer, outstate seller of wine, or master distributor under an agreement as required under this act. The territory is the territory agreed on between the wholesaler and manufacturer, outstate seller of wine, or master distributor. Except as provided for in subsection (9) and beginning June 1, 2010, a manufacturer, outstate seller of wine, or master distributor shall not grant the right to sell a specified brand or brands of wine in a sales territory to more than 1 wine wholesaler. A master distributor shall not itself distribute a specified brand or brands of wine in that sales territory to another wine wholesaler.

(2) Notwithstanding subsection (1), a brand extension is not a new or different brand. A manufacturer or outstate seller of wine shall assign a brand extension to the wholesaler that was granted the sales territory for the brand from which the brand extension resulted.

(3) Subsection (2) does not apply if, before January 1, 1994, a manufacturer or outstate seller of wine had assigned a brand extension to a wholesaler that was not the appointed wholesaler for the brand from which the brand extension was made.

(4) Subsection (2) does not apply if, before October 1, 2019, a successor manufacturer or successor outstate seller of wine had assigned a brand extension to a wholesaler that was not the appointed wholesaler for the brand from which the extension was made.

(5) A manufacturer of a mixed wine drink, mixed spirit drink manufacturer, outstate seller of a mixed wine drink, or outstate seller of mixed spirit drink shall grant to each of its wholesalers an exclusive sales territory.
in which the wholesaler is a distributor of the specified brand or brands of the manufacturer or outstate seller. The territory is the territory agreed on between the wholesaler and the manufacturer of a mixed wine drink, mixed spirit drink manufacturer, outstate seller of mixed wine drinks, or outstate seller of mixed spirit drink.

(6) Notwithstanding subsection (5), a brand extension is not a new or different brand. A manufacturer of a mixed wine drink, mixed spirit drink manufacturer, outstate seller of a mixed wine drink, or outstate seller of mixed spirit drink shall assign a brand extension to the wholesaler that was granted the exclusive sales territory for the brand from which the brand extension resulted.

(7) Subsection (6) does not apply if, before January 1, 1994, a manufacturer of a mixed wine drink, mixed spirit drink manufacturer, outstate seller of a mixed wine drink, or outstate seller of mixed spirit drink had assigned a brand extension to a wholesaler that was not the appointed wholesaler for the brand from which the brand extension was made.

(8) Subsection (6) does not apply if, before October 1, 2019, a successor manufacturer or successor outstate seller of mixed wine drink or mixed spirit drink had assigned a brand extension to a wholesaler that was not the appointed wholesaler for the brand from which the brand extension was made.

(9) Subsection (1) does not prohibit any of the following:

(a) A manufacturer of wine, an outstate seller of wine, mixed spirit drink manufacturer, outstate seller of mixed spirit drink, or a master distributor from continuing or renewing an agreement under this act with a wholesaler for a specified brand or brands for any county or part of a county where more than 1 wholesaler has an agreement with the manufacturer of wine, outstate seller of wine, mixed spirit drink manufacturer, outstate seller of mixed spirit drink, or master distributor in effect on June 1, 2010 if the wholesaler had an agreement to distribute that specified brand or brands in that county or that part of a county and was a master distributor or was actively selling that brand or brands of wine or mixed spirit drink to a retailer in that county or that part of a county on June 1, 2010.

(b) A wholesaler from selling or transferring the wholesaler's distribution rights or a manufacturer of wine, outstate seller of wine, mixed spirit drink manufacturer, outstate seller of mixed spirit drink, or master distributor from approving the sale or transfer of a wholesaler's distribution rights to a specified brand or brands of wine or mixed spirit drink for any county or part of a county to another wholesaler if the selling or transferring wholesaler, or any of its predecessors, had the right to distribute that brand or brands of wine or mixed spirit drink in that county or part of that county and was actively selling that brand or brands to a retailer in that county or that part of a county on June 1, 2010 or was acting as a master distributor for that county or part of that county on June 1, 2010.

(10) As used in this section, "master distributor" means, notwithstanding section 109(4), a wholesaler that acts in the same or similar capacity as a wine maker, wine manufacturer, outstate seller of wine, mixed spirit drink manufacturer, or outstate seller of mixed spirit drink for a brand or brands of wine or mixed spirit drink to other wholesalers on a regular basis in the normal course of business.


CHAPTER 4

436.1401 Wholesalers to be granted exclusive sales territory by manufacturer and outstate seller of beer and malt beverages.

Sec. 401. (1) A manufacturer and outstate seller of beer and malt beverages shall grant to each of its wholesalers an exclusive sales territory, as agreed on between the wholesaler and manufacturer or outstate seller of beer, within which the wholesaler is the exclusive distributor of the specified brand or brands of the manufacturer or outstate seller of beer.

(2) If the manufacturer or outstate seller manufactures or supplies more than 1 brand of beer or malt beverage, the manufacturer or outstate seller may grant exclusive sales territories to different wholesalers for the sale of the different brand or brands.

(3) Notwithstanding subsection (2), a brand extension is not considered a new or different brand. A manufacturer or outstate seller of beer or malt beverages shall assign a brand extension to the wholesaler that was granted the exclusive sales territory to the brand from which the brand extension resulted.

(4) Subsection (3) does not apply if, before January 1, 1994, a manufacturer or outstate seller of beer or malt beverages had assigned a brand extension to a wholesaler that was not the appointed wholesaler for the brand from which the brand extension was made.

(5) Subsection (3) does not apply if, before October 1, 2019, a successor manufacturer or successor outstate seller of beer or malt beverages had assigned a brand extension to a wholesaler that was not the appointed wholesaler for the brand from which the brand extension was made.
(6) The sales territory under this section is the territory agreed on between the wholesaler and manufacturer or outstate seller of beer.


436.1403 Beer industry; purpose of section; reasons for regulation; definitions; prohibited conduct; termination, cancellation, nonrenewal, or discontinuance of agreement; burden; notice; test marketing; sales and distribution; additional agreement prohibited; transfer of wholesaler's business; compensation for diminished value of wholesaler's business; arbitration; costs; default; waiver; good faith dispute settlement; agreement binding on successor to supplier; agreements to which section applicable; civil action for actual damages; liability; action for declaratory judgment; exemplary damages; injunctive relief; procedure for resolving violations.

Sec. 403. (1) The purpose of this section is to provide a structure for the business relations between a wholesaler of beer and a supplier of beer. Regulation in this area is considered necessary for the following reasons:

(a) To maintain stability and healthy competition in the beer industry in this state.
(b) To promote and maintain a sound, stable, and viable 3-tier system of distribution of beer to the public.
(c) To promote the public health, safety, and welfare.

(2) As used in this section, unless the context requires otherwise:

(a) "Agreement" means any agreement between a wholesaler and a supplier, whether oral or written, whereby a wholesaler is granted the right to offer and sell a brand or brands of beer sold by a supplier.
(b) "Ancillary business" means a business owned by a wholesaler, a stockholder of a wholesaler, or a partner of a wholesaler the primary purpose of which is directly related to the transporting, storing, or marketing of the brand or brands of beer of a supplier with whom the wholesaler has an agreement; or a business owned by a wholesaler, a stockholder of a wholesaler, or a partner of a wholesaler which recycles empty returnable beverage containers.
(c) "Designated member" means the spouse, child, grandchild, parent, brother, or sister of a deceased individual who owned an interest in a wholesaler, who is entitled to inherit the deceased individual's ownership interest in the wholesaler under the terms of the deceased individual's will, or who has otherwise been designated in writing by the deceased individual to succeed the deceased individual in the wholesaler's business, or is entitled to inherit such ownership interest under the laws of intestate succession of this state. With respect to an incapacitated individual owning an ownership interest in a wholesaler, the term means the person appointed by a court as the conservator of such individual's property. The term also includes the appointed and qualified personal representative and the testamentary trustee of a deceased individual owning an ownership interest in a wholesaler.
(d) "Good faith" means honesty in fact and the observance of reasonable commercial standards of fair dealing in the trade, as defined and interpreted under section 2103 of the uniform commercial code, 1962 PA 174, MCL 440.2103.
(e) "Master distributor" means a wholesaler who acts in the same or similar capacity as a brewer or outstate seller of beer for a brand or brands of beer to other wholesalers on a regular basis in the normal course of business.
(f) "Reasonable qualifications" means the average standard of the criteria used by the respective supplier for wholesalers that entered into or renewed an agreement with the supplier during a period of 24 months prior to the proposed transfer of the wholesaler's business.
(g) "Retaliatory action" means action which includes, but is not limited to, the refusal to continue an agreement, or a material reduction in the quality of service or quantity of products available to a wholesaler under an agreement, which refusal or reduction is not made in good faith.
(h) "Sales territory" means an area of exclusive sales responsibility for the brand or brands of beer sold by a supplier as designated by an agreement.
(i) "Successor" means a supplier who obtains, in any manner from any person, including a person who is not a supplier, the distribution rights of 1 or more brands of beer which a licensed Michigan wholesaler has distributed in this state pursuant to an agreement with another supplier who previously had the distribution rights for the brand or brands.
(j) "Supplier" means a brewer, an outstate seller of beer, or a master distributor.
(k) "Transfer of a wholesaler's business" means the voluntary sale, assignment, or other transfer of the business or control of the business of the wholesaler, including the sale or other transfer of stock or assets by merger, consolidation, or dissolution.
(3) A supplier shall not do any of the following:

(a) Coerce, or attempt to coerce, any wholesaler to accept delivery of any beer or other commodity which has not been ordered by the wholesaler. However, a supplier may impose reasonable inventory requirements upon a wholesaler if the requirements are made in good faith and are generally applied to other wholesalers having an agreement with the supplier.

(b) Coerce, or attempt to coerce, any wholesaler to accept delivery of any beer or other commodity ordered by a wholesaler if the order was properly canceled by the wholesaler in accordance with the procedures agreed upon by the supplier and wholesaler.

(c) Coerce, or attempt to coerce, any wholesaler to do any illegal act by threatening to amend, cancel, terminate, or refuse to renew any agreement existing between the supplier and wholesaler.

(d) Require a wholesaler to assent to any condition, stipulation, or provision limiting the wholesaler’s right to sell the brand or brands of beer of any other supplier anywhere in this state unless the acquisition of the brand or brands of another supplier would materially impair the quality of service of the brand or brands of the supplier presently being sold by the wholesaler.

(e) Require a wholesaler to purchase 1 or more brands of beer in order for the wholesaler to purchase another brand or brands of beer for any reason. However, a wholesaler that has agreed to distribute a brand or brands before June 26, 1984 shall continue to distribute the brand or brands in conformance with this section.

(f) Request a wholesaler to submit profit and loss statements, balance sheets, or financial records as a requirement for renewing or retaining an agreement.

(g) Withhold delivery of beer ordered by a wholesaler, or change a wholesaler’s quota of a brand or brands if the withholding or change is not made in good faith.

(h) Require a wholesaler by any means to participate in or contribute to any local or national advertising fund controlled directly or indirectly by a supplier.

(i) Fail to provide each wholesaler of the supplier’s brand or brands with a written agreement which contains, in total, the supplier’s agreement with each wholesaler and which designates a specific sales territory. Any agreement which is in existence on June 26, 1984 shall be renewed consistent with this section, except that this section may be incorporated by reference in the agreement.

(j) Fix, maintain, or establish the price at which a wholesaler shall sell any beer.

(k) Take any retaliatory action against a wholesaler that files a complaint regarding an alleged violation by the supplier of state or federal law or an administrative rule.

(l) Require or prohibit any change in the manager or successor manager of any wholesaler who has been approved by the supplier as of June 26, 1984. Should a wholesaler change an approved manager or successor manager, a supplier shall not require or prohibit the change unless the person fails to meet the reasonable written standards for Michigan wholesalers of the supplier which standards have been provided to the wholesaler.

(m) Require by a provision of any agreement or other instrument in connection with the agreement that any dispute arising out of or in connection with that agreement be determined through the application of any other state's laws, be determined in federal court sitting in a state other than Michigan, or be determined in a state court of a state other than the state of Michigan. A provision contained in any agreement or other instrument in connection with the agreement which contravenes this subdivision shall be null and void.

(4) A wholesaler shall not sell or deliver beer to a retail licensee located outside the sales territory designated by the supplier of a particular brand or brands of beer. However, during periods of temporary service interruptions impacting a particular sales territory, a wholesaler who normally services the impacted sales territory shall file with the commission a written notice designating the specific wholesaler or wholesalers who will service the sales territory during the period of temporary service interruption and the approximate length of time of the service interruption. When the temporary service interruption is over, the wholesaler who normally services the sales territory shall notify in writing the commission and the wholesaler, or wholesalers, which is servicing the sales territory on a temporary basis of this fact and any wholesaler servicing the sales territory on a temporary basis shall cease servicing the sales territory upon receipt of the notice.

A wholesaler who is designated to service the impacted sales territory during the period of temporary service shall not be in violation of this subsection.

A wholesaler who has been designated to service the impacted sales territory during the period of temporary service interruption shall not have any of the rights provided under subsections (6) to (12).

(5) A supplier or wholesaler shall not restrict or inhibit, directly or indirectly, the right of free association among suppliers or wholesalers for any lawful purpose.

(6) Notwithstanding the terms, provisions, or conditions of any agreement, a supplier shall not amend any agreement unless the supplier is acting in good faith in making the amendment.
(7) Notwithstanding any agreement and except as otherwise provided for in this section, a supplier shall not cause a wholesaler to resign from an agreement; or cancel, terminate, fail to renew, or refuse to continue under an agreement unless the supplier has complied with all of the following:
   (a) Has satisfied the applicable notice requirements of subsection (10).
   (b) Has acted in good faith.
   (c) Has good cause for the cancellation, termination, nonrenewal, discontinuance, or forced resignation.
(8) Notwithstanding any agreement, good cause shall exist for the purposes of a termination, cancellation, nonrenewal, or discontinuance under subsection (7)(c) when all of the following occur:
   (a) There is a failure by the wholesaler to comply with a provision of the agreement which is both reasonable and of material significance to the business relationship between the wholesaler and the supplier.
   (b) The supplier first acquired knowledge of the failure described in subdivision (a) not more than 2 years before the date notification was given pursuant to subsection (7).
   (c) The wholesaler was given written notice by the supplier of failure to comply with the agreement.
   (d) The wholesaler was afforded a reasonable opportunity to assert good faith efforts to comply with the agreement within the time limits as provided for in subdivision (e).
   (e) The wholesaler has been afforded 30 days in which to submit a plan of corrective action to comply with the agreement and an additional 90 days to cure such noncompliance in accordance with the plan.
(9) For each termination, cancellation, nonrenewal, or discontinuance, the supplier shall have the burden of showing that it has acted in good faith, that the notice requirements under this section have been complied with, and that there was good cause for the termination, cancellation, nonrenewal, or discontinuance.
(10) Notwithstanding any agreement and except as otherwise provided in this section, the supplier shall furnish written notice of the termination, cancellation, nonrenewal, or discontinuance of an agreement to the wholesaler not less than 15 days before the effective date of the termination, cancellation, nonrenewal, or discontinuance. The notice shall be by certified mail and shall contain all of the following:
   (a) A statement of intention to terminate, cancel, not renew, or discontinue the agreement.
   (b) A statement of the reason for the termination, cancellation, nonrenewal, or discontinuance.
   (c) The date on which the termination, cancellation, nonrenewal, or discontinuance takes effect.
(11) Notwithstanding subsections (7) and (10), a supplier may terminate, cancel, fail to renew, or discontinue an agreement upon written notice given in the manner and containing the information required by subsection (10) if any of the following occur:
   (a) Insolvency of the wholesaler, the filing of any petition by or against the wholesaler under any bankruptcy or receivership law, or the dissolution or liquidation of the wholesaler which materially affects the wholesaler's ability to remain in business.
   (b) Revocation of the wholesaler's license by the commission whereby the wholesaler cannot service the wholesaler's sales territory for more than 60 days.
   (c) The wholesaler, or an individual who owns more than 10% of the stock of a corporate wholesaler, has been convicted of a felony. As used in this subdivision, "felony" means a felony under the United States Code or the Michigan Compiled Laws. However, an existing approved stockholder or stockholders shall have the right to purchase the stock of the offending stockholder prior to the conviction of the offending stockholder and, if the sale is completed prior to conviction, the provisions of this subdivision shall not apply.
(12) Notwithstanding subsections (7), (10), and (11), upon not less than 15 days' prior written notice given in the manner and containing the information required by subsection (10), a supplier may terminate, cancel, fail to renew, or discontinue an agreement if any of the following events occur:
   (a) There was fraudulent conduct on the part of the wholesaler in dealings with the supplier.
   (b) The wholesaler failed to confine its sales of a brand or brands to the assigned sales territory. This subdivision does not apply if there is a dispute between 2 or more wholesalers as to the boundaries of the assigned territory, and the boundaries cannot be determined by a reading of the description contained in the agreements between the supplier and the wholesalers.
   (c) The sale by the wholesaler of any brand or brands sold by the supplier to the wholesaler and known by the wholesaler to be ineligible for sale prior to the actual sale to the retailer. The supplier shall repurchase the ineligible product from the wholesaler when the ineligibility is caused by the supplier. The supplier must give the wholesaler written notice specifying the ineligible product. This subdivision does not apply when a supplier ships a brand or brands to a wholesaler that must be removed within 60 days of the deadline for retail sale of the product. This 60-day period shall commence upon receipt of the product by the wholesaler.
(13) Notwithstanding subsections (7), (10), (11), and (12), a supplier may terminate, cancel, not renew, or discontinue an agreement upon not less than 30 days' prior written notice if the supplier discontinues production or discontinues distribution in this state of all the brands sold by the supplier to the wholesaler. Nothing in this section shall prohibit a supplier upon not less than 30 days' notice to discontinue the
distribution of any particular brand or package of beer. This subsection does not prohibit a supplier from conducting test marketing of a new brand of beer or from conducting the test marketing of a brand of beer which is not currently being sold in this state provided that the supplier has notified the commission in writing of its plans to test market. The notice shall describe the market area in which the test shall be conducted; the name or names of the wholesaler or wholesalers who will be selling the beer; the name or names of the brand of beer being tested; and the period of time during which the testing will take place. A market testing period shall not exceed 18 months.

(14) The wholesaler shall devote reasonable efforts and resources to sales and distribution of all the supplier's products which the wholesaler has been granted the right to sell and distribute and shall maintain reasonable sales levels.

(15) A brewer, an outstate seller of beer, or a master distributor that has designated a sales territory for a wholesaler shall not enter into an additional agreement with any other wholesaler for the same brand or brands of beer in the same territory or any portion of that territory.

(16) A supplier shall not withhold consent to any transfer of a wholesaler's business if the proposed transferee meets the material and reasonable qualifications and standards required by the supplier. A wholesaler shall give the supplier written notice of intent to transfer the wholesaler's business. A supplier shall not unreasonably delay a response to a request for a proposed transfer of a wholesaler's business. However, a transfer of a wholesaler's business which is not approved by the supplier shall be null and void. A supplier shall not interfere with, or prevent, the transfer of the wholesaler's business if the proposed transferee is a designated member.

(17) A supplier that has amended, canceled, terminated, or refused to renew any agreement; has caused a wholesaler to resign from an agreement; or has withheld consent to any assignment or transfer of a wholesaler's business, except as provided for in this section, shall pay the wholesaler reasonable compensation for the diminished value of the wholesaler's business or of any ancillary business which has been negatively affected by the act of the supplier, or both. The value of the wholesaler's business or ancillary business shall include, but not be limited to, its good will.

(18) Either party may, at any time, determine that mutual agreement on the amount of reasonable compensation cannot be reached. Should such a determination be made, the supplier or the wholesaler shall send written notice to the other party declaring their intention to proceed with arbitration. Arbitration shall proceed only by mutual agreement of both parties.

(19) The matter of determining the amount of compensation under arbitration may, by agreement of the parties, be submitted to a 5-member arbitration panel consisting of 2 representatives selected by the supplier but unassociated with the affected supplier, 2 wholesaler representatives selected by the wholesaler but unassociated with the wholesaler, and an impartial arbitrator.

(20) Not more than 10 days after the notice to enter into arbitration has been sent, each party shall request, in writing, a list of 5 arbitrators from the American arbitration association. Not more than 10 days after the receipt of the list of 5 choices, the wholesaler arbitrators and the supplier arbitrators may strike and disqualify up to 2 names each from the list. Should either party fail to respond within the 10 days or should more than 1 name remain, the American arbitration association shall make the selection of the impartial arbitrator.

(21) Not more than 30 days after the list of arbitrators is received, the wholesaler and supplier shall exchange in writing the names of their respective arbitration panel representatives.

(22) Not more than 30 days after the final selection of the arbitration panel is made, the arbitration panel shall convene to decide the dispute. The panel shall render a decision by majority vote of the participants within 20 days from the conclusion of the arbitration.

(23) The cost of the impartial arbitrator, the stenographer, and the meeting site shall be equally divided between the wholesaler and the supplier. All other costs shall be paid by the party incurring them. The award of the arbitration panel shall be final and binding on the parties.

(24) After both parties have agreed to arbitrate should either party fail to abide by the time limitations as prescribed in subsections (20), (21), and (22), or fail or refuse to make the selection of any arbitrators, or fail to participate in the arbitration hearings, the other party shall make the selection of their arbitrators and proceed to arbitration. The party who has failed or refused to comply as prescribed in this subsection shall be considered to be in default. Any party considered to be in default pursuant to this subsection shall have waived any and all rights the party would have had in the arbitration and shall be considered to have consented to the determination of the arbitration panel.

(25) A wholesaler shall not waive any of the rights granted in any provision of this section. Nothing in this section shall be construed to limit or prohibit good faith dispute settlements voluntarily entered into by the parties.

(26) A successor to a supplier that continues in business as a brewer, an outstate seller of beer, or a master
(27) This section shall apply to agreements in existence on June 26, 1984, as well as agreements entered into or renewed after that date.

(28) If a supplier engages in conduct prohibited under this section, a wholesaler with which the supplier has an agreement may maintain a civil action against the supplier to recover actual damages reasonably incurred as the result of the prohibited conduct. If a wholesaler engages in conduct prohibited under this section, a supplier with which the wholesaler has an agreement may maintain a civil action against the wholesaler to recover actual damages reasonably incurred as the result of the prohibited conduct.

(29) A supplier that violates any provision of this section is liable for all actual damages and all court costs and reasonable attorney fees incurred by a wholesaler as a result of that violation. A wholesaler that violates any provision of this section is liable for all actual damages and all court costs and reasonable attorney fees incurred by the supplier as a result of that violation.

(30) A supplier or wholesaler may bring an action for declaratory judgment for determination of any controversy arising pursuant to this section.

(31) Except as otherwise provided in this section, if a court finds that a supplier has not acted in good faith in effecting an amendment, termination, cancellation, or nonrenewal of any agreement; or has unreasonably withheld its consent to any assignment, transfer, or sale of a wholesaler’s business, it may award exemplary damages, as well as actual damages, court costs, and reasonable attorney fees to the wholesaler who has been damaged by the action of the supplier.

(32) Upon proper application to the court, a supplier or wholesaler may obtain injunctive relief against any violation of this section. If the court grants injunctive relief or issues a temporary restraining order, bond shall not be required to be posted.

(33) The procedure for resolving any violation of subsection (3)(a), (b), (c), (e), (f), (h), (i), (j), (k), (l), or (4) shall be the procedure prescribed by this act and the administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328. Any other violation of or dispute regarding this section, unless the dispute is resolved pursuant to subsections (18) to (24), shall only be resolved by a civil action in court as provided in this section and not by the commission.


436.1405 Brewpub license; requirements for issuance.

Sec. 405. (1) Subject to section 407, the commission shall issue a brewpub license to a person that is licensed as a food service establishment under the food law, 2000 PA 92, MCL 289.1101 to 289.8111, and that at the time of application for the brewpub license is licensed and continues to be licensed as 1 or more of the following:

(a) Class C.
(b) Tavern.
(c) Class A hotel.
(d) Class B hotel.

(2) A brewpub shall possess the necessary equipment for a satisfactory operation that must be maintained in good working order and in a sanitary condition.

(3) Agricultural products processed by a manufacturer must comply with state law and with rules of the United States Department of Agriculture.

(4) Each location of a brewpub must have a manufacturing operation on the licensed premises that complies with subsection (5). A brewpub shall apply for and obtain a license for each location of the brewpub. In determining the 18,000-barrel threshold, all brands and labels of the brewpub produced in this state must be combined.

(5) Beer must be manufactured under federal malt beverage regulations published in 27 CFR 25.1 to 25.301, which are hereby adopted by reference.

(6) Each brewpub shall submit to the commission, on forms acceptable to the commission and postmarked not later than January 15, April 15, July 15, and October 15 of each year, a beer tax report of all beer sold under its brewpub license during the preceding quarter. Each brewpub shall also submit, with the beer tax report, the payment of the required beer excise tax due under section 409.

(7) A brewpub must be the holder of a "brewers notice" as issued by the United States Department of Treasury, Alcohol and Tobacco Tax and Trade Bureau in accordance with 27 CFR 25.61 to 25.85.

436.1407 Brewpub license; additional requirements; renewal and revocation of license.
Sec. 407. (1) The commission shall grant a brewpub license to a person that, in addition to complying with
section 405, does all of the following:
(a) Pays the fee as prescribed in section 525.
(b) Provides evidence to the commission that not less than 25% of the gross sales of the restaurant during
the 1-year licensure period are derived from the sale of food and nonalcoholic beverages prepared for
consumption on the premises.
(c) Complies with section 405(3) to (7).
(2) The commission shall renew a brewpub license of a person who does all of the following:
(a) Pays the fee as prescribed in section 525.
(b) Provides evidence to the commission that not less than 25% of the gross sales of the restaurant during
the 1-year licensure period are derived from the sale of food and nonalcoholic beverages prepared for
consumption on the premises.
(c) Complies with section 405(3) to (7).
(3) The commission shall revoke a brewpub license if, during the 1-year licensure period, less than 25% of
the gross sales of the restaurant are derived from the sale of food and nonalcoholic beverages prepared for
consumption on the premises.


436.1409 Beer; taxation; payment of tax by wholesaler; designation; tax collection and
reporting requirements by rule; exemptions; rebate; barrel as containing 31 gallons; rule
prohibiting licensees from purchasing, receiving, possessing, or selling beer
manufactured in designated states; judicial review; tax credit or refund; “eligible brewer”
defined.
Sec. 409. (1) Except as provided in this section, the commission shall levy and collect a tax on all beer
manufactured or sold in this state at the rate of $6.30 per barrel if the beer is sold in bulk or in different
quantities. Before February 1, 2015, the tax must be paid by the brewer or brewpub if manufactured in this
state or by the wholesaler or the person from whom purchased if manufactured outside this state, whichever is
designated by the commission.
(2) Beginning on and after February 1, 2015, the tax under this section must be paid by the brewer or
brewpub if the beer is manufactured in this state or if the beer is manufactured outside this state the tax must
be paid by the wholesaler assigned to distribute that beer and the tax must be levied and collected on the
number of barrels the wholesaler actually sold to licensed retailers in this state. A brewer may designate a
wholesaler to pay the tax on behalf of the brewer. If a brewer designates a wholesaler to pay the tax on its
behalf, the brewer shall notify the commission of the designation and provide the commission with a copy of
its brewer's report of operations that it filed with the Alcohol and Tobacco Tax and Trade Bureau of the
United States Department of Treasury for each calendar year.
(3) The commission shall establish by rule a method for the collection of the tax levied under subsection
(1) and reporting requirements for wholesalers, brewers, brewpubs, and outstate sellers of beer to verify the
remission of taxes to this state. Except as otherwise provided in this subsection, the commission shall not
require that the tax be paid in less than monthly intervals. Beginning March 15, 2020, the commission shall
not require that the tax be paid in less than quarterly intervals. The rules under this section must be
(4) The tax levied under subsection (1) must not be collected on beer that is consumed on the premises of
the manufacturer or is damaged in the process of brewing, packaging, storage, and distribution and is not
offered for sale, except that beer sold by a brewpub for consumption on the premises or beer produced and
consumed on the premises of a micro brewer is subject to the tax levied under subsection (1).
(5) The tax levied under subsection (1) must be rebated to the person that paid the tax if the person
provides satisfactory proof to the commission that the beer was shipped outside of this state for sale and
consumption outside this state.
(6) For the purposes of the tax levied under subsection (1), a barrel of beer contains 31 gallons.
(7) The commission may promulgate a rule that designates the states or the laws or the rules of other states
that require a licensed wholesaler of beer to pay an additional fee for the right to purchase, import, or sell beer
manufactured in this state; that denies the issuance of a license authorizing the importation of beer to any
wholesaler of beer in that state who applies for the license; that prohibits wholesalers of beer in that state from
possessing or selling beer purchased in this state, unless the person from whom the beer was purchased has
secured a license and paid a fee in that state, if the seller does not transport the beer into the state and does not
sell the beer in the state; or that imposes any higher taxes or inspection fees on beer manufactured in this state when transporting the beer into or selling the beer in that state than taxes or fees imposed on beer manufactured and sold within that state. A rule promulgated under this subsection must prohibit all licensees from purchasing, receiving, possessing, or selling any beer manufactured in any state designated in the rule. A rule promulgated under this subsection becomes effective as provided in section 47 of the administrative procedures act of 1969, 1969 PA 306, MCL 24.247. Any licensee or person adversely affected by a rule promulgated under this subsection is entitled to review by leave to a court of competent jurisdiction regarding the question as to whether the commission acted illegally or in excess of its authority in making its finding under this subsection with respect to any state.

(8) Regardless of whether the tax was remitted to this state by the eligible brewer or a designated wholesaler, an eligible brewer may claim a credit or request a refund, in a manner as determined by the commission, against the tax levied under subsection (1) in the amount of $2.00 per barrel for the first 30,000 barrels. As used in this subsection, "eligible brewer" means a brewer, whether or not located in this state, or brewpub that manufactures not more than 60,000 barrels of beer during the tax year for which the credit is claimed. In determining the number of barrels for purposes of the credit, all brands and labels of a brewer must be combined and all facilities for the production of beer that are owned or controlled by the same person is treated as a single facility.


436.1411 Brewer not licensed as micro brewer; sale of beer for on-premises consumption on licensed brewery premises; limitations; "engages in the production of beer" defined.

_Sec. 411._ (1) Subject to the requirements of this section and section 537, a brewer or micro brewer may sell beer it manufactured for consumption on or off the premises at an approved tasting room under section 536 if the tasting room is located on licensed brewery premises where the brewer or micro brewer manufactures. (2) The sale of beer under subsection (1) is subject to all of the following limitations:

(a) A brewer that is not licensed as a micro brewer and that produces in total 120,000 barrels of beer or more per year may sell its beer for on-premises consumption at not more than 2 approved tasting rooms in this state.

(b) A brewer that is not licensed as a micro brewer and that produces in total fewer than 120,000 barrels of beer per year may sell its beer for on-premises consumption at not more than 3 approved tasting rooms in this state.

(c) A licensed micro brewer that produces in total fewer than 30,000 barrels of beer per year may sell its beer for on-premises consumption at any of its approved tasting rooms in this state.

(d) A licensed micro brewer that produces in total 30,000 barrels of beer or more per year may sell its beer for on-premises consumption at not more than 3 approved tasting rooms in this state.

(3) Subject to the limitations in subsection (2), if a brewer or micro brewer has more than 1 licensed brewery premises, that brewer or micro brewer may sell beer that it has produced at 1 licensed brewery premises at an approved tasting room located on any of its other licensed brewery premises if 1 of the following requirements is met:

(a) The licensed brewery premises that receives the beer, on which the approved tasting room is located, has an installed and functional multipurpose system capable of producing and fermenting at least 3 barrels of wort in a single batch.

(b) The licensed brewery premises that receives the beer, on which the approved tasting room is located, produces a volume of beer equivalent to 50% of the volume of beer sold to consumers at that tasting room.

(c) The licensed brewery premises that receives the beer, on which the approved tasting room is located, submitted an application for licensure at that location before October 1, 2018.

(d) The licensed brewery premises that receives the beer, on which the approved tasting room is located, is a location that was approved by the commission as a wine tasting room under section 537 before October 1, 2018 for which an application was received after October 1, 2018 to transfer the wine tasting room to the same person who is applying for a micro brewer license at this location. The application for licensure as a micro brewer at this location must have been submitted before January 30, 2019 and the wine tasting room location must be actively operated at the time the micro brewer license is issued.


436.1413 Participation in beer festival; direct sale by licensed brewpub to holder of special license.

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_Courtesy of www.legislature.mi.gov_
Sec. 413. Notwithstanding any provision of this act or rule promulgated under this act, a licensed brewpub may directly sell to a holder of a special license issued under section 526, for the purpose of conducting a beer festival, a quantity of beer determined appropriate by the commission for the purpose of participating in a beer festival.


436.1415 Issuance of farmer's market permit to qualified small wine maker.

Sec. 415. (1) Subject to the limitations provided under this section, the commission may issue a farmer's market permit to a qualified small wine maker. Regardless of the location of the qualified small wine maker, the commission shall only issue 1 farmer's market permit in a county where the farmer's market is located for each 1,500 of population or fraction of 1,500 in that county as determined by the last federal decennial census, by a special census pursuant to section 6 of the home rule city act, 1909 PA 279, MCL 117.6, or section 7 of the Glenn Steil state revenue sharing act of 1971, 1971 PA 140, MCL 141.907, or by the latest census and corrections published by the United States department of commerce, bureau of the census, whichever is later. The holder of a farmer's market permit may conduct tastings and sell, at retail at a farmer's market, the wine produced by that qualified small wine maker.

(2) The commission shall charge a fee for a farmer's market permit of $25.00 for each farmer's market location. A farmer's market permit issued under this section is nontransferable. Notwithstanding the quota provision under subsection (1), the commission shall not limit the number of permits a qualified small wine maker obtains under this section, but an application for a farmer's market permit shall only contain up to 5 separate locations at 1 time. Section 503 does not apply to the application or issuance of a permit under this section or to the location of a farmer's market where the holder of a farmer's market permit intends to participate under this section.

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

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

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

(6) The wine sold or used for tastings shall be furnished from the stock of the holder of the farmer's market permit and removed from the farmer's market premises immediately after the farmer's market has concluded.

(7) Tasting samples provided to a customer shall not exceed 3 servings of not more than 2 ounces of wine in a 24-hour period of time.

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

(9) A wholesaler shall not conduct or participate in any event allowed by this section.

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

(11) Two years after the enactment date of the amendatory act that added this section, the commission shall submit a report to the standing committees of the senate and house of representatives concerned with issues involving liquor control and the house and senate fiscal agencies assessing the continued issuance of farmer's market permits to qualified small wine makers. The report shall include, at a minimum, all of the following:

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

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

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

(12) As used in this section:

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

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

(c) "Farmer's market permit" means an annual permit issued as part of an approved license to a qualified...
small wine maker allowing that person to conduct tastings and sell at retail, for consumption off the licensed premises, at a farmer's market, wine produced by the qualified small wine maker.

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


CHAPTER 5

436.1501 Licenses; issuance; fees; liability insurance; expiration of full-year license; license as contract; operation of establishment upon death of licensee; approval of receiver or trustee; part-year license; transfer of license; approval of application; request for revocation of license or permit by local legislative body; hotels; zones and anniversary dates for renewal of licenses; rules; nontransferable tavern licenses for concessionaires at state fairgrounds; notice contained in application.

Sec. 501. (1) The commission may issue licenses as provided in this act on the payment of the fees provided in section 525 and the filing of liability insurance as provided in section 803. The commission shall provide a notification of the ability of the purchaser or transferee to obtain a tax clearance certificate, as provided in subsection (6). Subject to section 906(2) and (3), the commission shall not issue a new on premises license or transfer more than 50% interest in an existing on premises license unless the applicant or transferee offers proof acceptable to the commission that he or she has employed or has present on the licensed premises, at a minimum, supervisory personnel on each shift and during all hours in which alcoholic liquor is served who have successfully completed a server training program described in section 906. The commission may consider an individual enrolled and actively participating in a server training program as having successfully completed the program for the time the individual is participating. The commission may allow an applicant or a conditionally approved licensee at least 180 days, or more on a showing of good cause, to meet the minimum personnel training requirements of this subsection. The commission may suspend the license of a conditionally approved licensee if that licensee does not comply with this subsection. The commission may waive the server training requirements of this subsection on the basis of either of the following circumstances:

(a) The licensee’s responsible operating experience or training.

(b) The person's demonstration of an acceptable level of responsible operation either as a licensee during the preceding 3 years or as a manager with substantial experience in serving alcoholic liquor.

(2) A full-year license issued by the commission expires on April 30 following the date of issuance or the date fixed by the commission. A license issued under this act is a contract between the commission and the licensee and shall be signed by both parties. If a licensee dies, the commission may approve a personal representative or independent personal representative appointed by a court of competent jurisdiction to operate the establishment, pending the settlement of the estate of the deceased licensee. The commission may approve a receiver or trustee appointed by a court of competent jurisdiction to operate the licensed establishment of a licensee. The commission may grant a part-year license for a proportionate part of the license fee specified in section 525. In a resort area the commission shall grant a license for a period of time as short as 3 months. A license may be transferred with the consent of the commission. A class C or specially designated distributor license obtained in a manner other than by transfer must not be transferred within 3 years after it is issued except under circumstances where the licensee clearly and convincingly demonstrates that unusual hardship will result if the transfer does not receive the consent of the commission. An application for a license to sell alcoholic liquor for consumption on the premises, except in a city having a population of 600,000 or more, must be approved by the local legislative body in which the applicant's place of business is located before the license is granted by the commission, except that for an application for renewal of an existing license, if an objection to a renewal has not been filed with the commission by the local legislative body not less than 30 days before the date of expiration of the license, the approval of the local legislative body is not required. The commission shall provide the local legislative body and the local chief of police with the name, home and business addresses, and home and business phone numbers to accomplish the local legislative reviews of new and transferred license applications required by this subsection. On request of the local legislative body after due notice and proper hearing by the local legislative body and the commission, the commission shall revoke the license of a licensee granted a license to sell alcoholic liquor for consumption on the premises or any permit held in conjunction with that license.

(3) A local legislative body, by resolution, may request that the commission revoke the license of a licensee granted a license to sell alcoholic liquor for consumption off the premises whose place of business is
located within the local legislative body's jurisdiction and that has been determined in commission violation hearings to have sold or furnished alcoholic liquor, on at least 3 separate occasions in a consecutive 12-month period, to a minor if those violations did not involve the use of falsified or fraudulent identification by the minor. If the commission verifies that the licensee who is the subject of the resolution has been found to have committed the violations as prescribed in this subsection, the commission may suspend or revoke the licensee's license and any permit held in conjunction with that license.

(4) This act does not prohibit a hotel that is or was the holder of a license authorizing the retail sale of alcoholic liquor for consumption on the premises from applying for and receiving under this act any other and different type of license authorizing the retail sale of alcoholic liquor for consumption on the premises. The application for the license is not considered a new application for a license if the total number of public licenses for consumption on the premises does not exceed the authorized total established in this act and the sale of alcoholic liquor is approved by the electors. The commission may divide the state into 3 zones and establish for each zone an anniversary date for renewal of full-year retail licenses in the licensing year. The commission shall promulgate rules under the administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328, for the effective administration of the renewal of licenses.

(5) The commission, with the written approval of the department of agriculture and rural development for the Michigan state fairgrounds and the Upper Peninsula state fairgrounds, may issue without regard to the quota provision of section 531 a tavern license to a person as concessionaire leasing or renting a portion of either the Upper Peninsula state fairgrounds or the state fairgrounds, or both, to service the licensed area in use for recreational or exhibition purposes other than at the time of the annual Upper Peninsula state fair under section 2 of 1927 PA 89, MCL 285.142. A license issued under this subsection is not transferable.

(6) The application for initial licensure or for a transfer of a license shall contain a notice in substantial compliance with the following:

When purchasing a license, a buyer can be held liable for tax debts incurred by the previous owner. Prior to committing to the purchase of any license or establishment, the buyer should request a tax clearance certificate from the seller that indicates that all taxes have been paid up to the date of issuance. Obtaining sound professional assistance from an attorney or accountant can be helpful to identify and avoid any pitfalls and hidden liabilities when buying even a portion of a business. Sellers can make a request for the tax clearance certificate through the Michigan department of treasury.


436.1502 Salesperson license; issuance; expiration; renewal; fee; conduct not requiring license; accreditation program; curriculum; administrator; definitions.

Sec. 502. (1) Subject to subsection (3), the commission shall issue a salesperson license to an individual who is a designated employee of any of the following persons:

(a) A manufacturer of beer.
(b) A manufacturer of wine.
(c) A manufacturer of mixed spirit drink.
(d) An outstate seller of beer.
(e) An outstate seller of wine.
(f) An outstate seller of mixed spirit drink.
(g) A wholesaler.
(h) A broker that represents 1 or more persons described in subdivisions (a) to (g).
(i) A broker described in subdivision (h) that also represents 1 or more of the following persons:

(i) A vendor of spirits.
(ii) A manufacturer of spirits.
(j) A vendor of spirits.
(k) A manufacturer of spirits.
(l) A broker that represents only 1 or more of the following:

(i) A vendor of spirits.
(ii) A manufacturer of spirits.
(2) A salesperson license issued under this section after April 15, 2018 but before April 30, 2020 expires on April 30, 2020. A salesperson license issued under this section is renewable every 3 years with the first triennial renewal cycle beginning May 1, 2020. The commission may charge a reasonable initial license fee and triennial renewal fee. The commission shall establish a fee under this section by written order. The nonrefundable inspection fee under section 529(4) is not required for an application for a new salesperson license issued under this section.
license or transfer of a salesperson license. A salesperson license issued or renewed under R 436.1853 of the Michigan Administrative Code expires on the earlier of the following dates:
(a) Three years after the date of the issuance or renewal.
(b) April 30, 2020.
(3) The commission shall not impose any other requirement or consider any other factor beyond the accreditation required in this section for issuance or renewal of a salesperson license. Except as otherwise provided in this subsection, the commission shall not issue a salesperson license under this section unless the applicant submits with his or her application written documentation that the applicant has successfully completed a salesperson accreditation program. Except as otherwise provided in this subsection, the commission shall not renew a salesperson license issued under this section or under R 436.1853 of the Michigan Administrative Code unless the licensee submits with his or her application proof acceptable to the commission that the licensee has successfully completed a salesperson accreditation program no more than 120 days before the date the licensee submits his or her renewal application. An applicant's completion of a salesperson accreditation program is not a condition for issuance or renewal of a salesperson license for any of the following applicants:
(a) A designated employee of a manufacturer of spirits.
(b) A designated employee of a vendor of spirits.
(c) A designated employee of a broker described in subsection (1)(l).
(4) Except as provided in subsection (5), an individual shall not sell, deliver, promote, or otherwise assist in the sale of alcoholic liquor in any manner to a retailer in this state unless licensed under this section or under R 436.1853 of the Michigan Administrative Code. An individual licensed as a salesperson under R 436.1853 of the Michigan Administrative Code before April 15, 2018 shall comply with the requirements of this section on renewal of his or her salesperson license, application for a subsequent salesperson license under a different employer, or a request to transfer his or her salesperson license to a different employer.
(5) This section does not require an individual who is at least 16 years of age and who only does any of the following to be licensed as a salesperson:
(a) Builds a display of those brands that are represented or sold by the individual's employer for an off-premises retailer.
(b) Marks the price on those brands that are represented or sold by the individual's employer for an off-premises retailer.
(c) Rotates brands that are represented or sold by the individual's employer for an off-premises retailer.
(d) Places brands that are represented or sold by the individual's employer on shelves for an off-premises retailer.
(e) For an individual who holds a Michigan commercial driver license or chauffeur's license, transports, in a vehicle licensed by the commission under section 525, and delivers alcoholic liquor to a retailer.
(6) The commission shall approve a salesperson license accreditation program designed for salesperson licensees if the commission determines that the program's curriculum includes an understanding of all of the following:
(a) Section 609.
(b) Section 609a.
(c) Section 609b.
(d) Section 610d.
(e) The provisions of section 1013 that require the sale or purchase of alcoholic liquor by a licensee for cash only.
(f) R 436.1315 of the Michigan Administrative Code.
(g) R 436.1726 of the Michigan Administrative Code.
(h) The commission's order for on-premises brand promotions issued October 27, 1999.
(i) Product adjustments as provided for in this act.
(7) A person described in subsection (1)(a) to (g) or a qualified trade association may apply to the commission for qualification as an administrator for the offering of a salesperson accreditation program.
(8) On approval of a salesperson accreditation program under subsection (6), the commission shall appoint the person or qualified trade association sponsoring the salesperson accreditation program as administrator of that program.
(9) As used in this section:
(a) "Administrator" means a person described in subsection (1)(a) to (g) or a qualified trade association authorized by the commission to offer salesperson accreditation programs.
(b) "Broker" means that term as defined in R 436.1001 of the Michigan Administrative Code.
(c) "Designated employee" means an individual who sells, delivers, promotes, or otherwise assists in the
sale of alcoholic liquor.

(d) "Qualified trade association" means a trade association that represents a person described in subsection (1)(a) to (g) that employs individuals to act as salespersons.

(e) "Salesperson accreditation program" means a program that the commission approves under subsection (6) and that is offered by an administrator.


Compiler's note: Enacting section 1 of Act 112 of 2020 provides:
"Enacting section 1. R 436.1319 of the Michigan Administrative Code is rescinded."

### 436.1503 License; proximity of contemplated location to church or school building; measurement of distance; exceptions; presumption of validity; waiver; objection; hearing; transfer to location farther from church or school.

Sec. 503. (1) The commission shall deny a new application for a license to sell alcoholic beverages at retail or a request to transfer location of an existing license if the contemplated location is within 500 feet of a church or a school building. The distance between the church or school building and the contemplated location must be measured along the center line of the street or streets of address between 2 fixed points on the center line determined by projecting straight lines, at right angles to the center line, from the part of the church or school building nearest to the contemplated location and from the part of the contemplated location nearest to the church or school building.

(2) This section does not apply to specially designated merchants not in conjunction with on the premises licenses.

(3) This section does not apply to an outstanding license issued before March 1, 2017, for a location within the distance described in subsection (1) or to the renewal or transfer of the outstanding license at the location. A license issued, renewed, or transferred as described in this subsection is conclusively presumed to be valid for purposes of this section only.

(4) The commission may waive this section for all classes of licenses. If an objection is not filed by the church or school, the commission may issue the license under this act. If an objection is filed, the commission shall hold a hearing under rules established by the commission before making a decision on issuing the license.

(5) This section does not prevent the transfer of a license to a location farther from a church or school, if the license to be transferred is within the 500-foot radius described in subsection (1).


### 436.1504 Limited production manufacturer license; fees; conditional sales and purchases; restrictions and prohibitions; registration and federal brewer's notice required; definitions.

Sec. 504. (1) The commission may issue a limited production manufacturer license to a person that purchases beer from another brewer, micro brewer, or out-of-state equivalent of a brewer or micro brewer for purposes of taking ownership of the beer and performing any of the manufacturing process as described in section 109(1).

(2) The commission shall charge an initial and renewal license fee for a license under this section of $1,000.00.

(3) Notwithstanding section 204, a brewer, micro brewer, or out-of-state equivalent of a brewer or micro brewer may sell beer to a limited production manufacturer and a limited production manufacturer may buy beer from a brewer, micro brewer, or an out-of-state equivalent of a brewer or micro brewer if all of the following conditions are met:

(a) The brewer, micro brewer, or out-of-state equivalent of a brewer or micro brewer relinquishes ownership of the beer to the purchasing limited production manufacturer.

(b) The limited production manufacturer modifies the beer by performing all or part of the manufacturing process as described in section 109(1).

(c) The brewer, micro brewer, or out-of-state equivalent of a brewer or micro brewer notifies the commission in writing of the sale and the amount of beer being sold to a purchasing limited production manufacturer before each sale. The notification must be in the form required by the commission.

(d) The brewer, micro brewer, or out-of-state equivalent of a brewer or micro brewer and the limited production manufacturer maintain records of the sale, in the manner required by the commission, for 3 years.

(4) A limited production manufacturer may only sell beer to a wholesaler or a person located outside of this state regardless of whether the person is licensed under this act. Notwithstanding section 109(10) or R
436.1609(2) of the Michigan Administrative Code, beer sold by a limited production manufacturer to a person located outside of this state that holds an outstate seller of beer license may be sold to a wholesaler in this state by the outstate seller of beer.

(5) A limited production manufacturer must not be licensed as or hold a financial interest in another licensed supplier except for purposes of purchasing beer in the manner allowed in this section.

(6) A limited production manufacturer shall not hold a license in the wholesaler tier or retailer tier as provided in section 603(13).

(7) Except as otherwise provided in this section, a limited production manufacturer shall comply with all provisions of this act that apply to the activities of a brewer, including, but not limited to, sections 401, 403, 409, 603, and 609.

(8) A limited production manufacturer shall not self-distribute.

(9) Before selling beer in this state to a wholesaler, a limited production manufacturer shall register the beer and receive a registration number of approval under R 436.1611 of the Michigan Administrative Code.

(10) A limited production manufacturer must be the holder of a federal brewer’s notice issued by the United States Department of Treasury, Alcohol and Tobacco Tax and Trade Bureau in accordance with 27 CFR 25.61 to 25.85.

(11) As used in this section:
  (a) “Limited production manufacturer” means a person licensed under this section.
  (b) “Supplier” means that term as defined in section 603.


436.1505 Class “C” or class “B” hotel license; state-owned airport; nontransferable.

Sec. 505. Notwithstanding section 501, the commission, with the approval of the bureau of aeronautics, may issue without regard to the quota provision of section 531, not more than 1 class C or class B hotel license for each state-owned airport serviced by scheduled commercial passenger airlines. Such license shall not be transferable.


436.1507 Liquor licenses; publicly owned airports; issuance.

Sec. 507. The commission may issue, without regard to the quota provisions of section 531, licenses to the owner or lessee, or both, to sell alcoholic beverages for consumption on the premises of buildings in the passenger terminal complex of each publicly owned airport that is served by scheduled commercial passenger airlines certificated to enplane and deplane passengers on a scheduled basis by the federal aviation agency or the civil aeronautics board. A license issued under this section is not transferable.


436.1509 Liquor licenses; municipal civic center or civic auditorium; conditions and limitations.

Sec. 509. (1) The commission may issue, without regard to the quota provisions of section 531, licenses to a commission, board, or authority governing or operating a municipal civic center or civic auditorium or to 1 or more of its concessionaires, or to both, if all of the following apply:
  (a) The center or auditorium is within a city or township having a population of not less than 5,500.
  (b) The center or auditorium is owned and operated as a municipal enterprise.
  (c) The legislative body of the municipality first authorizes the operating authority of the civic center or civic auditorium or its concessionaire to apply to the commission for a license.

(2) Licenses issued under this section are not transferable, must not be issued to an educational institution or for a facility operated in connection with an educational institution, and must authorize the sale of alcoholic liquor only in connection with a scheduled event at the licensed premises.


436.1511 Class “C” or class “B” hotel license for hotel located within Mackinac Island state park; class “C” license for certain concessionaire; license for sale of alcoholic liquor at Presque Isle harbor marina; nontransferability of license.

Sec. 511. (1) Notwithstanding section 501, the commission may issue the following licenses without regard to the quota provisions of section 531:
  (a) With the approval of the Mackinac Island state park commission, not more than 1 class C or class B hotel license for each hotel which is located within the Mackinac Island state park and is owned by the Mackinac Island state park commission and not more than 1 class C license to a concessionaire of the


436.1518 License for sale of alcoholic liquor at beverages at Presque Isle harbor marina; nontransferability of license.
Mackinac Island state park commission who operates a restaurant located within Fort Mackinac.

(b) A license for the sale of alcoholic liquor for consumption on or off the premises at the Presque Isle harbor marina.

(2) A license issued under this section is not transferable as to ownership or location.


Compiler's note: For transfer of Mackinac Island state park commission from department of natural resources and environment to department of natural resources, see E.R.O. No. 2011-1, compiled at MCL 324.99921.

436.1513 Licenses; issuance to governing board of college or university; restrictions and prohibition; sale of alcoholic liquor on hotel or restaurant premises located on land owned by Central Michigan University, Wayne State University, Western Michigan University, or Northern Michigan University; conditions; golf course clubhouse; nontransferability; fee; “college,” “university,” and “conference center” defined.

Sec. 513. (1) The commission may issue to the governing board of a college or university, without regard to the quota provisions of section 531, a license to sell alcoholic liquor for consumption on the premises of a conference center operated by the governing board. Licenses granted under this subsection may be used only for the sale of alcoholic liquor at regularly scheduled conference center activities. The sale of alcoholic liquor to unscheduled patrons or at unscheduled events is prohibited under this subsection.

(2) Subject to section 531, the commission may issue a license to a private entity for the sale of alcoholic liquor for consumption on the premises of a hotel located on land owned by Central Michigan University if both of the following circumstances exist:

(a) The land is leased or subleased at fair market value to a private entity that owns, leases, or subleases the hotel building and its fixtures.

(b) The hotel and land are located within an industrial, research, or commercial development park established by the governing board of Central Michigan University.

(3) Subject to section 531, the commission may issue a license to a private entity for the sale of alcoholic liquor for consumption on the licensed premises of a restaurant located on land owned by Wayne State University if both of the following circumstances exist:

(a) The land is leased or subleased at fair market value to a private entity that owns, leases, or subleases the licensed premises for the operation of a restaurant.

(b) The restaurant is located within an area designated for industrial, research, or commercial development by the governing board of Wayne State University.

(4) Subject to section 531, the commission may issue a license to a private entity for the sale of alcoholic liquor for consumption on the licensed premises of a restaurant located on land owned by Western Michigan University if both of the following circumstances exist:

(a) The land is leased or subleased at fair market value to a private entity that owns, leases, or subleases the licensed premises for the operation of a restaurant.

(b) The restaurant is located within an area designated industrial, research, or commercial development by the governing board of Western Michigan University.

(5) Subject to section 531, the commission may issue to the governing board of Northern Michigan University a license for the sale of alcoholic liquor for consumption on the licensed premises of a restaurant located on land owned and operated by Northern Michigan University if both of the following apply:

(a) The license was originally acquired on the open market at fair market value.

(b) The restaurant is located within an area designated for community development or conference activities by the governing board of Northern Michigan University.

(6) Subject to section 531, the commission may issue a license to a golf course clubhouse and any adjacent outdoor service area owned or operated by a college or university for the sale of alcoholic liquor for consumption on the premises of the golf course clubhouse and any adjacent outdoor service area.

(7) Subject to section 531, the commission may issue a license to a private entity for the sale of alcoholic liquor for consumption on the premises of a baseball stadium located on land owned by Eastern Michigan University if the baseball stadium and adjacent outdoor service area is leased or subleased at fair market value during the summer period between the end of the university's spring term and the beginning of its fall term.

(8) Subject to section 531, the commission may issue a license to a private entity for the sale of alcoholic liquor for consumption on the premises of a baseball stadium located on land owned by Oakland University if the baseball stadium and adjacent outdoor service area is leased or subleased at fair market value during the summer period between the end of the university’s spring term and the beginning of its fall term.

(9) Licenses issued under this section are nontransferable, and the licensee shall pay the fee required under section 525.
As used in this section:
(a) "College" or "university" means a 2-year or 4-year state supported institution of higher education.
(b) "Conference center" means a building or portion of a building, other than a student residence hall or student center, that has meeting rooms, banquet areas, social halls, overnight accommodations, and related facilities for special activities scheduled by the college or university, and that, in the judgment of the commission, has been regularly used for conferences and lodging of guests. All of the following are considered conference centers for the purpose of this act:
   (i) The convocation center, the corporate education center, Pease Auditorium, and McKenny Hall at Eastern Michigan University.
   (ii) The Kirkhof and Eberhard Centers at Grand Valley State University.
   (iii) The student center with the name designated by the governing board of Western Michigan University and Heritage Hall Alumni Center at Western Michigan University.
   (iv) The Wadsworth Center at Michigan Technological University.
   (v) The West Complex, Fredericks Sculpture Museum, and Alumni Building at Saginaw Valley State University.
   (vi) The Conference Center at Big Rapids, the Applied Technology Center at Grand Rapids, and the FSU-GR Conference Center of Ferris State University, Grand Rapids Junior College.
   (vii) The Waterman Campus Center at Schoolcraft College.
   (viii) The Mendel Center at Lake Michigan Community College.
   (ix) The McGregor Memorial Conference Center at Wayne State University.
   (x) The Michigan State University Management Educational Center.
   (xi) The Superior Dome at Northern Michigan University.
   (xii) The Walker Cisler Center at Lake Superior State University.
   (xiii) The Marie Prahl College Center at Mott Community College.
   (xiv) The West Hall Innovation Center, the Gerald and Frances Oleson Center, the Dennos Museum Center, and the Great Lakes Campus at Northwestern Michigan College.
   (xv) The Farmhouse at Delta College.
   (xvi) The Oakland Community College Culinary Studies Institute.
   (xvii) The Performing Arts and Cultural Center Complex at Macomb Community College.
   (xviii) Meadow Brook Hall, Golf Pavilion, Oakland Center, O'Rena, and Shotwell-Gustafson Pavilion at Oakland University.
   (xix) The John G. Kulhavi Events Center at Central Michigan University.


436.1513a Sale of alcoholic liquor for consumption at community college's or university's culinary or hospitality program's location; license; prohibition; submission of documents; cancellation of license; use; license to private entity; catering permit; definitions.

Sec. 513a. (1) Beginning October 1, 2011, the commission may issue to the governing board of a community college or university that is accredited by a nationally recognized accrediting agency as determined by the United States secretary of education under 20 USC 1099b and that operates an accredited culinary or hospitality program, without regard to the quota provisions of section 531, a license to sell alcoholic liquor for consumption at the community college's or university's culinary or hospitality program's location for activities that further the community college's or university's community or academic mission.

(2) Except as otherwise provided in subsection (7), the sale of alcoholic liquor to patrons at a location other than the community college's or university's culinary or hospitality program's location or at activities that do not further the community college's or university's community or academic mission, including, but not limited to, public and private gatherings or meetings that do not have a direct correlation to the community college's or university's community or academic mission, is prohibited under this section.

(3) To obtain a license under this section, a community college or university shall submit both of the following to the commission:
   (a) Documentation verifying that the community college or university is accredited by a nationally recognized accrediting agency as determined by the United States secretary of education under 20 USC 1099b.
   (b) Either of the following:
(i) Documentation verifying that the community college's or university's culinary or hospitality program is accredited by a regionally recognized accrediting body.

(ii) Within 180 days after the effective date of the amendatory act that added this section, a copy of the community college's or university's application to a regionally recognized accrediting body for accreditation of its culinary or hospitality program.

(4) The commission shall cancel a license issued under this section if, within 2 years of applying for a license under this section, the community college's or university's culinary or hospitality program is not accredited by a regionally recognized accrediting body, unless the community college or university demonstrates good cause for an extension of time to obtain accreditation by a regionally recognized accrediting body.

(5) Except as otherwise provided in subsection (7), a liquor license issued under this section shall be granted and registered to the community college's or university's culinary or hospitality program's location.

(6) Except as otherwise provided in subsection (7), a liquor license issued under this section shall be used by the community college or university and not by a private entity.

(7) Subject to section 531, the commission may issue a license to a private entity for the sale of alcoholic liquor for consumption on the premises of an outdoor stadium located on land owned by Lake Michigan college and leased to a private entity. The prohibition in section 531(7) on licenses at outdoor stadiums does not apply to a license issued under this subsection.

(8) A community college or university that holds a liquor license under this section shall not obtain a catering permit under section 547.

(9) As used in this section:
   (a) "Community college" means a community college established under the community college act of 1966, 1966 PA 331, MCL 389.1 to 389.195.
   (b) "University" means a public university described in section 4, 5, or 6 of article VIII of the state constitution of 1963.


436.1514 Hotel and conference center owned and operated by university; issuance of class B hotel license; conditions; limitation; "hospitality program" defined.

Sec. 514. (1) Notwithstanding section 501 and subject to the quota system under this act, the commission may issue a class B hotel license to a hotel and conference center owned and operated by a university meeting at least all of the following:
   (a) Contains a hotel with at least 150 guest rooms.
   (b) Has a restaurant seating at least 125 guests that serves a full-menu breakfast, lunch, and dinner.
   (c) Has over 30,000 square feet of flexible meeting space.
   (d) Is open year-round to provide services to the public and to serve the mission of the hospitality program.
   (e) Has a hospitality program providing at least all of the following at the site of the hotel and conference center as part of that program:
      (i) Student education classrooms.
      (ii) A working hospitality laboratory setting.
      (iii) Utilization of rotational interns each semester or equivalent time period.

(2) In public areas of the hotel and conference center, the sale and consumption of alcoholic liquor is limited to table service only unless the public areas are reserved for private functions.

(3) As used in this section, "hospitality program" means a course of academic study that, at a minimum, is a nationally accredited program at baccalaureate and graduate levels in the hospitality business that requires at least 120 semester credits or the equivalent for completion of the baccalaureate degree and that has a teaching and research staff predominated by individuals with at least doctoral degrees.


436.1514a Hotel and conference center owned and operated by university; issuance of class B hotel license; conditions; limitation; "hospitality program" defined.

Sec. 514a. (1) Notwithstanding section 501 and subject to the quota system under this act, the commission may issue a class B hotel license to a hotel and conference center owned and operated by a university that holds a class B hotel license issued under section 514 and meets at least all of the following:
   (a) Contains a hotel with at least 45 guest rooms.
   (b) Has a restaurant seating at least 90 guests that serves a full-menu breakfast, lunch, and dinner.
   (c) Has over 13,000 square feet of flexible meeting space.
   (d) Is open year-round to provide services to the public and to serve the mission of the hospitality program.
(e) Has a hospitality program providing at least 2 of the following at the site of the hotel and conference
center as part of that program:

(i) Student education classrooms.
(ii) A working hospitality laboratory setting.
(iii) Utilization of rotational interns each semester or during the summer.

(2) In public areas of the hotel and conference center, the sale and consumption of alcoholic liquor is
limited to table service only unless the public areas are reserved for private functions.

(3) As used in this section, "hospitality program" means a course of academic study that, at a minimum, is
a nationally accredited program at baccalaureate and graduate levels in the hospitality business that requires at
least 120 semester credits or the equivalent for completion of the baccalaureate degree and that has a teaching
and research staff predominated by individuals with at least doctoral degrees.


436.1515 Class “C” license or tavern license for certain golf courses; transfer of license to
another location prohibited; surrender of license.

Sec. 515. (1) The commission may issue in a county with a population of 1,000,000 or more, without
regard to the quota provisions of section 531, a class C license for a golf course that is owned by a county,
city, village, or township and is open to the public.

(2) The commission may issue in a county with a population of between 500,000 and 700,000, without
regard to the quota provisions of section 531, 1 tavern license for a golf course that is owned by a city with a
population of over 190,000 but under 300,000 and is open to the public.

(3) The commission shall not transfer a license issued under this section to another location. If a licensee
who receives a license under this section goes out of business, the license issued under this section shall be
surrendered to the commission.


436.1517 International sporting event licenses; issuance in connection with international golf
tournament; circumstances; duration; limitation; list; recommendation by governing body;
certification of compliance; fee.

Sec. 517. (1) The commission may issue international sporting event licenses for the sale of alcoholic
liquor for consumption on the premises in connection with an international golf tournament conducted during
calendar year 2004 if all of the following circumstances are found by the commission to exist:

(a) The local governmental unit in which the international sporting event is to be conducted is the host
governmental unit for that event.

(b) The premises to be licensed are located in a theme area or theme areas designated by the governing
body of the host governmental unit in connection with the international sporting event or are operated in
conjunction with that event.

(c) The commission determines that the international sporting event will attract a substantial number of
tourists from outside this state.

(d) The international sporting event is conducted under the auspices of a national or international
sanctioning body.

(e) The applicant is any of the following:

(i) A Michigan licensee for the sale of alcoholic liquor for consumption on the premises.

(ii) The promoter of the international sporting event or an affiliate of the promoter.

(iii) A person who has entered into a written concession or catering agreement with the promoter of the
international sporting event or its affiliate, which agreement has been approved by the commission.

(iv) An organization qualified for licensure as a special licensee under section 111(13) and the rules of the
commission.

(2) Licenses issued under this section must be for a period of not more than 30 consecutive days and are
not transferable as to ownership or location. The license must be for specific designated time periods that
include the international sporting event and activities associated with the event.

(3) Not more than 40 licenses shall be issued under this section for use at the same time in a theme area or
theme areas.

(4) The governing body of a host governmental unit described in subsection (1) shall supply to the
commission for the commission's review a list containing the names of applicants and the locations of the
premises to be licensed under this section. The governing body of the host governmental unit shall
recommend the number of licenses to be issued pursuant to this section in the theme area or theme areas. The
commission shall not issue any licenses pursuant to this section that are not recommended by the governing
body of the host governmental unit.

(5) The governing body of the host governmental unit shall provide, in conjunction with the list described in subsection (4), written certification to the commission that all premises to be licensed under this section comply with applicable state and local building, safety, and health laws, rules, and regulations.

(6) A license issued pursuant to this section is not subject to section 503.

(7) An applicant for a license under this section shall pay to the commission a license fee of $1,000.00 at the time of application.


436.1517a National sporting event license; issuance; circumstances; duration; limitation on number of licenses issued; recommendation of governing body of host governmental unit; certification of compliance with applicable laws, rules, and regulations; fee; "national sporting event" defined.

Sec. 517a. (1) The commission may issue national sporting event licenses for the sale of alcoholic liquor for consumption on the premises concerning a national sporting event, if the commission determines that all of the following circumstances exist:

(a) The local governmental unit in which the national sporting event is to be conducted is the host governmental unit for the national sporting event.

(b) The premises to be licensed are located in a theme area or theme areas designated by the governing body of the host governmental unit in connection with the national sporting event or are operated in conjunction with the national sporting event.

(c) The national sporting event will attract a substantial number of tourists from outside this state.

(d) The national sporting event is conducted under the auspices of a national sanctioning body.

(e) The applicant is any of the following:

(i) A Michigan licensee for the sale of alcoholic liquor for consumption on the premises.

(ii) The promoter of the national sporting event or an affiliate of the promoter.

(iii) A person who has entered into a written concession or catering agreement with the promoter of the national sporting event or its affiliate, which agreement has been approved by the commission.

(iv) An organization qualified for licensure as a special licensee under section 111(13) and the rules of the commission.

(2) A license issued under this section must be for a period of not more than 30 consecutive days and is not transferable as to ownership or location. The license must be for specific designated time periods that include the national sporting event and activities associated with the national sporting event.

(3) The commission shall not issue more than 40 licenses under this section for use at the same time in a theme area or theme areas.

(4) The governing body of a host governmental unit described in subsection (1) shall supply to the commission for the commission's review a list containing the names of applicants and the locations of the premises to be licensed under this section. The governing body of the host governmental unit shall recommend the number of licenses to be issued under this section in the theme area or theme areas. The commission shall not issue a license under this section that is not recommended by the governing body of the host governmental unit.

(5) The governing body of the host governmental unit shall provide, in conjunction with the list described in subsection (4), written certification to the commission that all premises to be licensed under this section comply with applicable state and local building, safety, and health laws, rules, and regulations.

(6) A license issued under this section is not subject to section 503.

(7) An applicant for a license under this section shall pay to the commission a license fee of $1,000.00 at the time of application.

(8) As used in this section, "national sporting event" means a sports related event considered of national prominence and includes only the following:

(a) The Major League Baseball All-Star Game during calendar year 2005.

(b) The National Football League Super Bowl during calendar year 2006.

(c) The Professional Golfers' Association Championship during calendar year 2008.

(d) The National Collegiate Athletic Association Final Four games during calendar year 2009.

(e) The United States Golf Association Amateur Championship during calendar year 2016.

(f) The Professional Golfers' Association Tour Champions Tournament.

(g) The Ladies Professional Golf Association Tour Champions Tournament during the following calendar years:
436.1518 Definitions; issuance of motorsports event licenses; consumption and possession of beer and wine in motorsports entertainment complex; civil liability.

Sec. 518. (1) As used in this section:
(a) "Motorsports entertainment complex" means a closed-course motorsports facility and its ancillary grounds that comply with all of the following:
(i) Has at least 1,500 fixed seats for race patrons.
(ii) Has at least 2 scheduled days of motorsports events each calendar year.
(iii) Serves food and beverages at the facility during sanctioned motorsports events each calendar year through concession outlets, which may be staffed by individuals who represent or are members of 1 or more nonprofit civic or charitable organizations that directly financially benefit from the concession outlets' sales.
(iv) Engages in tourism promotion.
(b) "Motorsports event" means a motorsports race and its ancillary activities that have been sanctioned by a sanctioning body.
(c) "Owner" means a person that owns and operates a motorsports entertainment complex.
(d) "Sanctioning body" means the American Motorcycle Association (AMA); Auto Racing Club of America (ARCA); IndyCar; International Motor Sports Association (IMSA); National Association for Stock Car Auto Racing (NASCAR); National Hot Rod Association (NHRA); Sports Car Club of America (SCCA); United States Auto Club (USAC); Michigan State Promoters Association; or any successor organization or any other nationally or internationally recognized governing body of motorsports that establishes an annual schedule of motorsports events and grants rights to conduct the events, that has established and administers rules and regulations governing all participants involved in the events and all persons conducting the events, and that requires certain liability assurances, including insurance.
(2) Notwithstanding the quota provisions of section 531, the commission may issue motorsports event licenses for the sale of beer and wine or beer, wine, mixed spirit drink, and spirits for consumption on the premises to the owner of a motorsports entertainment complex for use during sanctioned motorsports events only. The sale of beer, wine, mixed spirit drink, and spirits at concession outlets or additional locations within the motorsports entertainment complex during motorsports sanctioned events are not considered additional bars for the purpose of determining a license fee under section 525(1)(o). An applicant for a license under this section that elects to sell beer and wine only shall pay to the commission a license fee of $250.00. An applicant for a license under this section that elects to sell beer, wine, mixed spirit drink, and spirits shall pay to the commission a license fee of $600.00.
(3) For a period of time not to exceed 7 consecutive days during which public access is permitted to a motorsports entertainment complex in connection with a motorsports event, members of the general public at least 21 years or older may bring beer and wine not purchased at the licensed motorsports entertainment complex into the motorsports entertainment complex and possess and consume that beer and wine. Possession and consumption of beer and wine under this section are allowed only in portions of the motorsports entertainment complex open to the general public that are also part of the licensed premises of a retail licensee under both of the following circumstances:
(a) The licensed premises are located within the motorsports entertainment complex.
(b) The retail licensee holds a license for consumption on the licensed premises of the motorsports entertainment complex.
(4) A person holding a license for the sale of alcoholic liquor for consumption on the premises at a motorsports entertainment complex is subject to the civil liability provisions of section 801 if the civil action is brought by or on behalf of an individual who suffers damage or is personally injured by a minor or visibly intoxicated person by reason of the unlawful consumption of alcoholic liquor on the licensed premises by that minor or visibly intoxicated person if the unlawful consumption is proven to be a proximate cause of the damage, injury, or death of the individual, whether the alcoholic liquor was sold or furnished by the licensee or was brought onto the licensed premises under subsection (3).

436.1519 Property or establishment situated in or on state owned land.

Sec. 519. (1) Except as otherwise provided in this act, the commission shall not issue a license to sell alcoholic liquor, either on or off the premises, if the property or establishment to be covered by the license is situated in or on state owned land.

(2) Subsection (1) does not apply to a special license that has been approved by the governing authority of that state owned land.

(3) Subsection (1) does not apply to any of the following:
   (a) The Michigan state fairgrounds.
   (b) The Upper Peninsula state fairgrounds.
   (c) Armories, air bases, and naval installations owned or leased by the federal government by either lease, license, or use permit and used by outside parties of a nonmilitary or nonstate governmental nature.
   (d) Land that was under lease to a person licensed in the calendar year 1954 and on which a licensed establishment is presently located.

   (e) Land located in the Upper Peninsula that was owned or leased by the federal government, used as a military installation, and transferred to this state before December 31, 2000 under 1978 PA 151, MCL 3.551 to 3.561, or 1993 PA 159, MCL 3.571 to 3.580. The commission may issue 2 additional licenses under this subdivision for establishments located on this state land without regard to or without an effect on the quota provisions of section 531 in the local governmental unit in which the license will be issued subject to the recommendation of the authority established under 1978 PA 151, MCL 3.551 to 3.561, or 1993 PA 159, MCL 3.571 to 3.580. A person issued a license under this subdivision may renew the license and transfer ownership of the license, without regard to or without an effect on the quota provisions of section 531, if title to the property covered by the license is transferred from this state to another person or to another governmental unit. The commission shall not transfer a license issued under this subdivision to another location. Before the issuance of a license, and annually thereafter before the issuance of a license for a new licensing period, the applicant for a license shall submit to the commission a certificate from the department or agency charged with control of the land setting forth that the issuance of a license is not incompatible with the objects and purposes entrusted to that department or agency under the law establishing control of the land in the department or agency. This subsection does not prohibit the issuance of a license under section 513.

   (f) Property owned by the Michigan state waterways commission and leased to persons under part 791 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.79101 to 324.79118. The commission may issue a license under this subdivision to a lessee without regard to the quota provisions of section 531. However, the commission shall not issue a license under this subdivision without the written approval of the Michigan state waterways commission or its designee. A license issued under this subdivision is not transferable as to ownership or location, and, if the licensee goes out of business, the license must be surrendered to the commission.

   (g) Property owned by the state treasurer of this state when acting in the capacity of custodian of the assets of the state retirement systems created by the public school employees retirement act of 1979, 1980 PA 300, MCL 38.1301 to 38.1437; the state employees’ retirement act, 1943 PA 240, MCL 38.1 to 38.69; the state police retirement act of 1986, 1986 PA 182, MCL 38.1601 to 38.1675; and the judges retirement act of 1992, 1992 PA 234, MCL 38.2101 to 38.2670.

   (h) A building to which all of the following apply:
      (i) The building is owned by this state.
      (ii) The land on which the building is located is owned by this state.
      (iii) The building is more than 1,000,000 square feet.
      (iv) Space within the building is leased to a private entity to which both of the following apply:
         (A) In the building, the private entity provides services to the general public.
         (B) The private entity holds a license to sell alcoholic liquor as provided by this act.


436.1521 Limitation on tavern or class C licenses; renewal of license; conditions; revocation; transfer of license; "development district" defined.

Sec. 521. (1) Beginning December 29, 2006, the commission shall not issue a tavern or class C licenses under this section. However, those licenses issued under this section before December 29, 2006 remain valid and may be renewed if in compliance with this section. The commission shall renew licenses issued under this
section before December 29, 2006 for persons who operate businesses that meet all of the following conditions:

(a) The business is a full service restaurant, is open to the public, and prepares food on the premises.
(b) The business is open for food service not less than 10 hours per day, 5 days a week.
(c) At least 50% of the gross receipts of the business are derived from the sale of food for consumption on the premises. For purposes of this subdivision, food does not include beer and wine.
(d) The business has dining facilities to seat not less than 25 persons.
(e) The business is located in a development district with a population of not more than 50,000, in which the district, after a public hearing, has found that the issuance of the license would prevent further deterioration within the development district and promote economic growth within the development district.

(2) If in any licensing year the sale of food for consumption on the premises of the business represents less than 50% of the gross receipts for the business, the commission, after due notice and proper hearing, shall revoke the license issued under subsection (1).

(3) A license issued under this section is transferable as to ownership or location only within the development district.

(4) As used in this section, "development district" means any of the following:
(a) An authority district established under part 3 of the recodified tax increment financing act, 2018 PA 57, MCL 125.4301 to 125.4329.
(b) An authority district established under part 4 of the recodified tax increment financing act, 2018 PA 57, MCL 125.4401 to 125.4420.
(c) A downtown district established under part 2 of the recodified tax increment financing act, 2018 PA 57, MCL 125.4201 to 125.4230.
(d) A principal shopping district established under 1961 PA 120, MCL 125.981 to 125.990n, before January 1, 1996.


436.1521a Public on-premises licenses; issuance to businesses; conditions; commercial investment in redevelopment project area; time period; total investment; number of licenses; requirements; fee; transfer of license prohibited; attempt to secure on-premises escrowed license or quota license; definitions.

Sec. 521a. (1) In order to allow cities, villages, and townships to enhance the quality of life for their residents and visitors to their communities, the commission may issue public on-premises licenses in addition to those quota licenses allowed in cities, villages, and townships under section 531(1). The commission may issue a license under this section to a business that meets either of the following conditions:
(a) Is located in a redevelopment project area meeting the criteria described in subsections (3) and (4) and is engaged in activities determined by the commission to be related to dining, entertainment, or recreation.
(b) Is located in a development district or area that is any of the following:
(i) An authority district established under part 3 of the recodified tax increment financing act, 2018 PA 57, MCL 125.4301 to 125.4329.
(ii) A development area established under part 6 of the recodified tax increment financing act, 2018 PA 57, MCL 125.4602 to 125.4629.
(iii) A downtown district established under part 2 of the recodified tax increment financing act, 2018 PA 57, MCL 125.4201 to 125.4230.
(iv) A principal shopping district established under 1961 PA 120, MCL 125.981 to 125.990n.

(2) The commission shall not issue a license under subsection (1)(a) unless the applicant fulfills the following in relation to the licensed premises:

(a) Provides the activity described in subsection (1)(a) not less than 5 days per week.
(b) Is open to the public not less than 10 hours per day, 5 days per week.
(c) Presents verification of redevelopment project area status to the commission that includes the following:
(i) A resolution of the governing body of the city, village, or township establishing its status as a redevelopment project area.
(ii) An affidavit from the assessor, as certified by the clerk of the city, village, or township, stating the total amount of investment in real and personal property within the redevelopment project area of the city, village, or township during the preceding 3 years.

(3) A license issued under this section is transferable as to ownership or location only within the development district.

(4) As used in this section, "development district" means any of the following:
(a) An authority district established under part 3 of the recodified tax increment financing act, 2018 PA 57, MCL 125.4301 to 125.4329.
(b) An authority district established under part 4 of the recodified tax increment financing act, 2018 PA 57, MCL 125.4401 to 125.4420.
(c) A downtown district established under part 2 of the recodified tax increment financing act, 2018 PA 57, MCL 125.4201 to 125.4230.
(d) A principal shopping district established under 1961 PA 120, MCL 125.981 to 125.990n, before January 1, 1996.

development within the redevelopment project area of the city, village, or township during the preceding 3 years.

(3) Relative to the licenses issued under subsection (1)(a), the amount of commercial investment in the redevelopment project area within the city, village, or township must constitute not less than 25% of the total investment in real and personal property in that redevelopment project area as evidenced by an affidavit of the assessor of the city, village, or township. This subsection does not prevent the city, village, or township from realigning the redevelopment project area in the presentation of verification provided for under subsection (2)(c).

(4) In relation to a license issued under subsection (1)(a), an applicant must be located in a city, village, or township that meets at least 1 of the investment requirements of subsection (1)(a) during the 3 years preceding the submission of its application. The total investment in real and personal property in the redevelopment project area within the city, village, or township over the appropriate time period described in this subsection must be at least 1 of the following:

(a) Not less than $50,000,000.00 in cities, villages, or townships having a population of 50,000 or more.

(b) Not less than an amount reflecting $1,000,000.00 per 1,000 people in cities, villages, or townships having a population of less than 50,000.

(5) The commission may issue a license under subsection (1)(a) for each monetary threshold described in subsection (4)(a) and (b), and, after reaching the initial threshold, 1 additional license for each major fraction of the monetary threshold above that original threshold.

(6) The following apply to a license issued under subsection (1)(b):

(a) The amount expended for new construction, or to rehabilitate or restore the building that housed the licensed premises, must be not less than $75,000.00 over a period of the preceding 5 years or a commitment for a capital investment of at least that amount in the building that houses or will house the licensed premises, that must be expended before the issuance of the license.

(b) The total amount of public and private investment in real and personal property within the development district or area must not be less than $200,000.00 over a period of the preceding 5 years as verified to the commission by means of an affidavit from the assessor, as certified by the clerk of the city, village, or township.

(c) The licensed business is engaged in dining, entertainment, or recreation, is open to the general public, and has a seating capacity of not less than 25 persons.

(7) The commission may issue 1 license under subsection (1)(b) for each monetary threshold described in subsections (6)(a) and (6)(b), or for each major fraction of the monetary threshold. The initial enhanced license fee for a license issued under this section is $20,000.00.

(8) The commission shall not transfer a license issued under this section to another location. If the licensee goes out of business, the licensee shall surrender the license to the commission. The governing body of the city, village, or township may approve another applicant within a redevelopment project area described in subsection (1)(a) or development district or area described in subsection (1)(b) to replace a licensee who has surrendered the license issued under this section provided the new applicant's business meets the requirements of this section but without regard to subsections (2)(c), (3), and (4) or subsection (6)(b).

(9) The individual signing the application for the license shall state and demonstrate that the applicant attempted to secure an appropriate on-premises escrowed license or quota license issued under section 531 and that, to the best of his or her knowledge, an on-premises escrowed license or quota license issued under section 531 is not readily available within the county in which the applicant proposes to operate.

(10) As used in this section:

(a) "Escrowed license" means a license in which the rights of the licensee in the license or to the renewal of the license are still in existence and are subject to renewal and activation in the manner provided for in R 436.1107 of the Michigan Administrative Code.

(b) "Readily available" means available under a standard of economic feasibility, as applied to the specific circumstances of the applicant, that includes, but is not limited to, the following:

(i) The fair market value of the license based on where the applicant will be located, if determinable.

(ii) The size and scope of the proposed operation.

(iii) The existence of mandatory contractual restrictions or inclusions attached to the sale of the license.


436.1522 Banquet facility permits.

Sec. 522. (1) The commission may issue 1 banquet facility permit to an on-premise licensee, as an extension of that on-premise license, for the serving of alcoholic liquor only on the permitted premises. This
section does not limit the number of banquet facility permits that the commission may issue within any local unit of government. The banquet facility shall be used only for scheduled functions and events, shall not have regular meal service, and shall not be generally open to the public. The applicant shall provide documentation that demonstrates a preexisting ownership or lease interest in the banquet facility.

(2) The commission shall charge an initial permit issuance fee and, upon renewal of the permit, a permit renewal fee sufficient to cover the cost of administering the issuance and renewal of the permit. The fees shall be $600.00.

(3) The banquet facility permit expires on the same date as the on-premise license and may be renewed in conjunction with that license. The commission shall issue the permit only to a licensee to which the following apply:
   (a) The licensee does not have a record of any prior offenses or violations that the commission considers to be of such a nature as to pose a threat to the general public if a permit is issued.
   (b) The licensee has demonstrated to the commission that at least 50% of the gross receipts of the on-premise license are derived from the sale of food and nonalcoholic beverages prepared for consumption on the licensed premises.

(4) The licensee shall apply on forms provided by the commission and provide information considered necessary by the commission to protect the public interest and welfare including, but not limited to, a diagram of the premises and evidence that the premises meets local safety, building, and health codes.

(5) The commission shall not issue a banquet facility permit unless issuance is approved through adoption of a resolution of the legislative body of the local unit of government within which the permitted facility is located.

Administrative rules: R 436.1501 et seq. of the Michigan Administrative Code.

436.1523 Liquor licenses; ineligibility of law enforcement officers; exception; "law enforcement personnel" defined.
Sec. 523. (1) A person who holds or whose spouse holds, either by appointment or election, a public office which involves the duty to enforce any of the penal laws of the United States, or the penal laws of this state, or a penal ordinance or resolution of any municipal subdivision of the state, except civil defense volunteer police, mayors or council members of cities, or village presidents, or mayors of home rule cities whose law enforcement authority under the city charter is restricted to emergency situations, or the state treasurer of this state when acting in the capacity of custodian of the assets of the state retirement systems created by the public school employees retirement act of 1979, 1980 PA 300, MCL 38.1301 to 38.1437; the state employees' retirement act, 1943 PA 240, MCL 38.1 to 38.69; the state police retirement act of 1986, 1986 PA 182, MCL 38.1601 to 38.1675; and the judges retirement act of 1992, 1992 PA 234, MCL 38.2101 to 38.2670, and members of these state retirement systems only if the state treasurer makes an investment in the name of the respective retirement system to which the members belong, must not be issued a license, or have an interest, directly or indirectly, in a license if the activity regulated by the license occurs in the same local unit of government within which the person enforces those state or local penal laws unless the official is contractually prohibited from enforcing this act. This subsection does not apply to a spouse of an appointed or elected official holding an office which involves the duty to enforce a penal law described in this subsection if the spouse held a license or an interest in a license for not less than 3 years before marrying the appointed or elected official or if the spouse has voting rights in a public or private club holding the license, which voting rights are derived from ownership of shares to the club, and the spouse participates as a member in good standing of the public or private club or of an advisory board but does not participate in the day-to-day operation of the club. For a licensee excepted from the general prohibition under this section, the commission may periodically review all circumstances of the licensee and his or her spouse regarding the exception. The commission may review and monitor any complaints it receives regarding inappropriate enforcement of this act by or against a person excepted from this section. However, a nonprofit fraternal organization incorporated under the laws of this state, whose membership is not totally composed of law enforcement personnel or public officeholders charged with the duty of enforcing any penal laws or ordinances of a governmental body, may be issued a club liquor license if the organization is otherwise qualified.

(2) As used in this section, "law enforcement personnel" does not include the mayor of a city or the state treasurer of this state when acting in the capacity of custodian of the assets of the state retirement systems created by the public school employees retirement act of 1979, 1980 PA 300, MCL 38.1301 to 38.1437, the state employees' retirement act, 1943 PA 240, MCL 38.1 to 38.69, the state police retirement act of 1986, 1986 PA 182, MCL 38.1601 to 38.1675, and the judges retirement act of 1992, 1992 PA 234, MCL 38.2101 to 38.2670, and members of these state retirement systems only if the state treasurer makes an investment in
the name of the respective retirement system to which the members belong.


### 436.1525 License fees; fingerprints; criminal history check; filing completed application; issuance of license within certain period of time; conditional license; report; "completed application" defined.

Sec. 525. (1) Except as otherwise provided in this section, the following license fees must be paid at the time of filing applications or as otherwise provided in this act and are subject to allocation under section 543:

(a) Manufacturers of spirits, not including makers, blenders, and rectifiers of wines containing 21% or less alcohol by volume, $1,000.00.

(b) Manufacturers of beer, $50.00 per 1,000 barrels, or fraction of a barrel, production annually with a maximum fee of $1,000.00, and in addition $50.00 for each motor vehicle used in delivery to retail licensees. A fee increase does not apply to a manufacturer of less than 15,000 barrels production per year.

(c) Outstate seller of beer, delivering or selling beer in this state, $1,000.00.

(d) Wine makers, blenders, and rectifiers of wine, including makers, blenders, and rectifiers of wines containing 21% or less alcohol by volume, $100.00. The small wine maker license fee is $25.00. A small wine maker must pay $50.00 for each motor vehicle used for delivery of wine to a retailer.

(e) Outstate seller of wine, delivering or selling wine in this state, $300.00.

(f) Outstate seller of mixed spirit drink, delivering or selling mixed spirit drink in this state, $300.00.

(g) Dining cars or other railroad or Pullman cars selling alcoholic liquor, $100.00 per train.

(h) Wholesale vendors other than manufacturers of beer, $300.00 for the first motor vehicle used in delivery to retail licensees and $50.00 for each additional motor vehicle used in delivery to retail licensees.

(i) Watercraft, licensed to carry passengers, selling alcoholic liquor, a minimum fee of $100.00 and a maximum fee of $500.00 per year computed on the basis of $1.00 per passenger capacity.

(j) Specially designated merchants, for selling beer, wine, or mixed spirit drink for consumption off the premises only but not at wholesale, $100.00 for each location regardless of whether the location is part of a system or chain of merchandising.

(k) Specially designated distributors licensed by the commission to distribute spirits in the original package for the commission for consumption off the premises, $150.00 per year, and an additional fee of $3.00 for each $1,000.00 or major fraction of that amount in excess of $25,000.00 of the total retail value of merchandise purchased under each license from the commission during the previous calendar year.

(l) Hotels of class A selling beer, wine, and mixed spirit drink, a minimum fee of $250.00 and $1.00 for each bedroom in excess of 20, but not more than $500.00 total.

(m) Hotels of class B selling beer, wine, mixed spirit drink, and spirits, a minimum fee of $600.00 and $3.00 for each bedroom in excess of 20. If a hotel of class B sells beer, wine, mixed spirit drink, and spirits in more than 1 public bar, a fee of $350.00 must be paid for each additional public bar, other than a bedroom.

(n) Taverns, selling beer, wine, and mixed spirit drink, $250.00.

(o) Class C license selling beer, wine, mixed spirit drink, and spirits, $600.00. Subject to section 518(2), if a class C licensee sells beer, wine, mixed spirit drink, and spirits in more than 1 bar, a fee of $350.00 must be paid for each additional bar. In municipally owned or supported facilities in which nonprofit organizations operate concession stands, a fee of $100.00 must be paid for each additional bar.

(p) Clubs selling beer, wine, mixed spirit drink, and spirits, $300.00 for clubs having 150 or fewer accredited members and $1.00 for each member in excess of 150. Clubs shall submit a list of members by an affidavit 30 days before the closing of the license year. The affidavit must be used only for determining the license fees to be paid under this subdivision. This subdivision does not prevent the commission from checking a membership list and making its own determination from the list or otherwise. The list of members and additional members is not required of a club paying the maximum fee. The maximum fee must not exceed $750.00 for any 1 club.

(q) Warehousers, to be fixed by the commission with a minimum fee for each warehouse of $50.00.

(r) Special licenses, a fee of $50.00 per day, except that the fee for the license or permit issued to a bona fide nonprofit association, organized and in continuous existence for 1 year before the filing of its application, is $25.00. The commission shall not grant more than 12 special licenses to any organization, including an auxiliary of the organization, in a calendar year.

(s) Airlines licensed to carry passengers in this state that sell, offer for sale, provide, or transport alcoholic liquor, $600.00.

(t) Brandy manufacturer, $100.00.

(u) Mixed spirit drink manufacturer, $100.00. A mixed spirit drink manufacturer must pay $50.00 for each motor vehicle used for delivery of mixed spirit drink to retailers under section 203b.
(v) Brewpub, $100.00.
(w) Class G-1, $1,000.00.
(x) Class G-2, $500.00.
(y) Motorsports event license, the amount as described and determined under section 518(2).
(z) Small distiller, $100.00. A qualified small distiller must pay $50.00 for each motor vehicle used for delivery to retailers under section 203(20).
(aa) Wine auction license, $50,000.00.
(bb) Nonpublic continuing care retirement center license, $600.00.
(cc) Conditional license approved under subsection (6) and issued under subsection (7), $300.00.
(dd) Outstate self-distributor license, $300.00. An outstate self-distributor must pay $50.00 for each motor vehicle used for delivery of alcoholic liquor to retailers under sections 203(20), 203a, or 203b.

(2) The fees provided in this act for the various types of licenses must not be prorated for a portion of the effective period of the license. Notwithstanding subsection (1), the initial license fee for a license issued under section 531(3) or (4) is $20,000.00. The renewal license fee is the amount described in subsection (1). However, the commission shall not impose the $20,000.00 initial license fee for applicants whose license eligibility was already approved on July 20, 2005.

(3) If the commission requires an applicant to submit fingerprints, the applicant shall have the fingerprints taken by a local law enforcement agency, the department of state police, or any other person qualified to take fingerprints as determined by the department of state police. The applicant shall submit the fingerprints and the appropriate state and federal fees, which shall be borne by the applicant, to the department of state police and the Federal Bureau of Investigation for a criminal history check. After conducting the criminal history check, the department of state police shall provide the commission with a report of the criminal history check. The report must include criminal history record information concerning the person who is the subject of the criminal history check that is maintained by the department of state police. If a criminal arrest fingerprint card is subsequently submitted to the department of state police and matches against a fingerprint that was submitted under this act and stored in its automated fingerprint identification system (AFIS) database, the department of state police shall notify the commission.

(4) Except for a resort or resort economic development license issued under section 531(2), (3), (4), or (5) or a license issued under section 521a, the commission shall issue an initial or renewal license not later than 90 days after the applicant files a completed application. The application is considered to be received the date the application is received by an agency or department of this state. If the commission determines that an application is incomplete, the commission shall notify the applicant in writing, or make the information electronically available, within 30 days after receipt of the incomplete application, describing the deficiency and requesting the additional information. The determination of the completeness of an application is not an approval of the application for the license and does not confer eligibility on an applicant determined otherwise ineligible for issuance of a license. The 90-day period is tolled for the following periods under any of the following circumstances:

(a) If notice is sent by the commission of a deficiency in the application, until the date all of the requested information is received by the commission.

(b) For the time required to complete actions required by a person, other than the applicant or the commission, including, but not limited to, completion of construction or renovation of the licensed premises; mandated inspections by the commission or by any state, local, or federal agency; approval by the legislative body of a local unit of government; criminal history or criminal record checks; financial or court record checks; or other actions mandated by this act or rule or as otherwise mandated by law or local ordinance.

(5) If the commission fails to issue or deny a license within the time required by this section, the commission shall return the license fee and shall reduce the license fee for the applicant's next renewal application, if any, by 15%. The failure to issue a license within the time required under this section does not allow the commission to otherwise delay the processing of the application, and the application, on completion, must be placed in sequence with other completed applications received at that same time. The commission shall not discriminate against an applicant in the processing of the application because the license fee was refunded or discounted under this subsection.

(6) If, in addition to a completed application under this section, an applicant submits a separate form requesting a conditional license with an acceptable proof of financial responsibility form under section 803, an executed property document, and, for an application to transfer the location of an existing retailer license other than specially designated distributor license, a church or school proximity affidavit on a form prescribed by the commission attesting that the proposed location is not within 500 feet of a church or school building using the method of measurement required under section 503, the commission shall, after considering the arrest and conviction records or previous violation history in the management, operation, or ownership of a
licensed business, approve or deny a conditional license. A conditional license issued under subsection (7) must only include any existing permits and approvals held in connection with the license, other than permits or approvals for which the conditional applicant does not meet the requirements in this act or rules promulgated under this act, or permits or approvals that the conditional applicant has requested to cancel as part of the application that serves as the basis for the conditional license. The commission shall not issue a new permit with a conditional license issued under subsection (7). The following applicants may request a conditional license:

(a) An applicant seeking to transfer ownership of an existing retailer license at the same location to sell alcoholic liquor for consumption on or off the premises.

(b) An applicant seeking to transfer the ownership and location of an existing retailer license, other than a specially designated distributor license, to sell alcoholic liquor for consumption on or off the premises.

(c) An applicant seeking a new specially designated merchant license, other than a specially designated merchant license issued under section 533(6), not to be held in conjunction with a license for the sale of alcoholic liquor for consumption on the premises.

(7) The commission shall issue a conditional license to applicants approved under subsection (6) within 20 business days after receipt of a completed application and a completed conditional license request form and documentation for a conditional license at a single location. The commission may take up to 30 business days to issue conditional licenses to approved applicants seeking conditional licenses at multiple locations. However, for an applicant described under this subsection that is seeking a specially designated merchant license under section 533(7), the commission may take up to 45 business days to issue a conditional license. Notwithstanding the applicant's submission of a church or school proximity affidavit under subsection (6), if the commission determines that a conditional license in conjunction with an application to transfer the location of an existing retailer license has been issued under this subsection at a proposed location that is within 500 feet of a church or school building, the commission shall suspend the conditional license and notify the church or school of the proposed location under the rules promulgated under this act. If the commission issues a conditional license under this subsection based on a church or school proximity affidavit under subsection (6) without knowledge that the representations included in the affidavit are incorrect, this state is not liable to any person for the commission's issuance of the conditional license. The commission may assume without inquiry the existence of the facts contained in the affidavit.

(8) A conditional license approved under subsection (6) and issued under subsection (7) is nontransferable and nonrenewable. A conditional licensee is required to comply with the server training requirements in section 501(1) beginning on the date a conditional license is issued under subsection (7) regardless of whether the conditional licensee is actively operating under the conditional license.

(9) A conditional license approved under subsection (6) and issued under subsection (7) expires when the first of the following occurs:

(a) The commission issues an order of denial of the license application that serves as the basis for the conditional license and all administrative remedies before the commission have been exhausted.

(b) The commission issues the license under subsection (4) for which the applicant submitted the license application that serves as the basis for the conditional license.

(c) The licensee or conditional licensee notifies the commission in writing that the initial or conditional application should be canceled.

(d) One year passes after the date the conditional license was issued, notwithstanding any suspension of the conditional license by the commission.

(10) If a conditional licensee fails to maintain acceptable proof of its financial responsibility as required under section 803, the commission shall summarily suspend the conditional license under section 92(2) of the administrative procedures act of 1969, 1969 PA 306, MCL 24.292, until the conditional licensee files an acceptable proof of financial responsibility form under section 803. If a conditional license is revoked, the conditional licensee shall not recover from this state or a unit of local government any compensation for property, future income, or future economic loss because of the revocation.

(11) On issuing a conditional license under subsection (7), the commission shall, until the conditional license expires under subsection (9), place the existing license under subsection (4) for which the applicant submitted the application that serves as the basis for the conditional license in escrow in compliance with R 436.1107 of the Michigan Administrative Code. If the conditional license expires under subsection (9), an existing licensee may do 1 of the following:

(a) Request that the commission release the license from escrow.

(b) Keep the license in escrow. The escrow date for compliance with R 436.1107 of the Michigan Administrative Code is the date the conditional license expires.

(12) The chair of the commission shall submit a report by December 1 of each year to the standing...
committees and appropriations subcommittees of the senate and house of representatives concerned with liquor license issues. The chair of the commission shall include all of the following information in the report concerning the preceding fiscal year:

(a) The number of initial and renewal applications the commission received and completed within the 90-day time period described in subsection (4).
(b) The number of applications denied.
(c) The number of applicants not issued a license within the 90-day time period and the amount of money returned to licensees under subsection (5).

(13) As used in this section, "completed application" means an application complete on its face and submitted with any applicable licensing fees as well as any other information, records, approval, security, or similar item required by law or rule from a local unit of government, a federal agency, or a private entity but not from another department or agency of this state.


**Constitutionality:** In *Granholm v Heald*, 544 US 460 (2005), the United States Supreme Court held that Michigan laws regulating direct shipment of alcohol to in-state consumers discriminated against interstate commerce in violation of clause 3 of section 8 of article 1 of the United States Constitution, and that the powers granted to states under the 21st Amendment to the United States Constitution do not authorize violation of other constitutional provisions.

### 436.1526 Beer festival; issuance of special license; limitation; buying directly from licensed brewpub; showcasing beer; serving age requirement; “beer festival” defined.

Sec. 526. (1) The commission may issue a special license under this section to an organization conducting a beer festival. The application must conform to the following:

(a) Be submitted by a nonprofit entity composed primarily of brewers, micro brewers, and brewpubs, as determined by the commission.
(b) Involve an event having for its primary purpose the showcasing of beer and its production.
(c) Be accompanied by a fee of $25.00 per day of the event.

(2) The special license must not allow more than 6 events per calendar year conforming to the requirements of subsection (1). For purposes of this subsection, a beer festival that spans 2 or more consecutive days is considered 1 event.

(3) A holder of a special license issued under this section may buy a quantity of beer directly from any licensed brewpub or wholesaler or directly from a micro brewer eligible to self-distribute to the beer festival for consumption only at the licensed event.

(4) Beer that is dispensed to consumers for showcasing beer at a beer festival is considered a sample. A holder of a special license issued under this section may offer beer described in this subsection without consideration.

(5) A member, who is 18 years of age or older, of an organization that holds a special license issued under this section may serve beer at the event.

(6) As used in this section and section 413, "beer festival" means an event at which the various types and kinds of beer and the production of that beer are showcased to the general public and at which the general public can purchase and sample the beer being showcased for consumption on the licensed premises.


### 436.1527 Special license for nonprofit charitable organization; issuance; nontransferable; fee; auction.

Sec. 527. (1) The commission may issue a special license to a nonprofit charitable organization that is exempt from the payment of taxes under the internal revenue code for the purpose of allowing the organization to sell, at auction, wine donated to the organization.

(2) A special license issued pursuant to subsection (1) is not transferable. The organization applying for the special license shall pay the fee required under section 525(1)(r).

(3) An auction permitted under subsection (1) may occur upon premises which are otherwise licensed under this act to allow the sale of alcoholic liquor for consumption on the licensed premises.


### 436.1529 Transfer of license or interest in license; notice of transfer of stock in licensed

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corporation or licensed limited partnership; investigation to ensure compliance; approval; transfer fee; inspection fee.

Sec. 529. (1) A license or an interest in a license shall not be transferred from 1 person to another without the prior approval of the commission. For purposes of this section, the transfer in the aggregate to another person during any single licensing year of more than 10% of the outstanding stock of a licensed corporation or more than 10% of the total interest in a licensed limited partnership shall be considered to be a transfer requiring the prior approval of the commission.

(2) Not later than July 1 of each year, each privately held licensed corporation and each licensed limited partnership shall notify the commission as to whether any of the shares of stock in the corporation, or interest in the limited partnership, have been transferred during the preceding licensing year. The commission may investigate the transfer of any number of shares of stock in a licensed corporation, or any amount of interest in a licensed limited partnership, for the purpose of ensuring compliance with this act and the rules promulgated under this act.

(3) Except as otherwise provided in subdivisions (a) through (f), upon approval by the commission of a transfer subject to subsection (1), there shall be paid to the commission a transfer fee equal to the fee provided in this act for the class of license being transferred. A transfer fee shall not be prorated for a portion of the effective period of the license. If a person holding more than 1 license or more than 1 interest in a license at more than 1 location, but in the name of a single legal entity, transfers all of the licenses or interests in licenses simultaneously to another single legal entity, the transfers shall be considered 1 transfer for purposes of determining a transfer fee, payable in an amount equal to the highest license fee provided in this act for any of the licenses, or interests in licenses, being transferred. A transfer fee shall not be required in regard to any of the following:

(a) The transfer, in the aggregate, of less than 50% of the outstanding shares of stock in a licensed corporation or less than 50% of the total interest in a licensed limited partnership during any licensing year.

(b) The exchange of the assets of a licensed sole proprietorship, licensed general partnership, or licensed limited partnership for all outstanding shares of stock in a corporation in which either the sole proprietor, all members of the general partnership, or all members of the limited partnership are the only stockholders of that corporation. An exchange under this subdivision shall not be considered an application for a license for the purposes of section 501.

(c) The transfer of the interest in a licensed business of a deceased licensee, a deceased stockholder, or a deceased member of a general or limited partnership to the deceased person's spouse or children.

(d) The removal of a member of a firm, a stockholder, a member of a general partnership or limited partnership, or association of licensees from a license.

(e) The addition to a license of the spouse, son, daughter, or parent of any of the following:

(i) A licensed sole proprietor.

(ii) A stockholder in a licensed corporation.

(iii) A member of a licensed general partnership, licensed limited partnership, or other licensed association.

(f) The occurrence of any of the following events:

(i) A corporate stock split of a licensed corporation.

(ii) The issuance to a stockholder of a licensed corporation of previously unissued stock as compensation for services performed.

(iii) The redemption by a licensed corporation of its own stock.

(4) A nonrefundable inspection fee of $70.00 shall be paid to the commission by an applicant or licensee at the time of filing any of the following:

(a) An application for a new license or permit.

(b) A request for approval of a transfer of ownership or location of a license.

(c) A request for approval to increase or decrease the size of the licensed premises, or to add a bar.

(d) A request for approval of the transfer in any licensing year of any of the shares of stock in a licensed corporation from 1 person to another, or any part of the total interest in a licensed limited partnership from 1 person to another.

(5) An inspection fee shall be returned to the person by whom it was paid if the purpose of the inspection was to inspect the physical premises of the licensee, and the inspection was not actually conducted. An inspection fee shall not be required for any of the following:

(a) The issuance or transfer of a special license, salesperson license, limited alcohol buyer license, corporate salesperson license, hospital permit, military permit, or Sunday sale of spirits permit.

(b) The issuance of a new permit, or the transfer of an existing permit, if the permit is issued or transferred simultaneously with the issuance or transfer of a license or an interest in a license.
The issuance of authorized but previously unissued corporate stock to an existing stockholder of a licensed corporation.

(d) The transfer from a corporation to an existing stockholder of any of the corporation's stock that is owned by the corporation itself.

(6) All inspection fees collected under this section shall be deposited in the special fund in section 543 for carrying out of the licensing and enforcement provisions of this act.


436.1531 Public license and resort license; on-premises escrowed license; limitations and quotas; additional licenses for certain establishments; license for certain events at public university; outdoor stadium; economic development factors; exceptions as to certain veterans and airports; special state census of local governmental unit; rules; availability of transferable licenses held in escrow; on-premises escrowed or quota license; issuance of available licenses; report; hotels; escrowed specially designated distributor license; transfer; applicability of administrative rule; definitions.

Sec. 531. (1) A public license shall not be granted for the sale of alcoholic liquor for consumption on the premises in excess of 1 license for each 1,500 of population or major fraction thereof. An on-premises escrowed license issued under this subsection may be transferred, subject to local legislative approval under section 501(2), to an applicant whose proposed operation is located within any local governmental unit in a county in which the escrowed license was located. If the local governmental unit within which the former licensee's premises were located spans more than 1 county, an escrowed license may be transferred, subject to local legislative approval under section 501(2), to an applicant whose proposed operation is located within any local governmental unit in either county. If an escrowed license is activated within a local governmental unit other than that local governmental unit within which the escrowed license was originally issued, the commission shall count that activated license against the local governmental unit originally issuing the license. This quota does not bar the right of an existing licensee to renew a license or transfer the license and does not bar the right of an on-premises licensee of any class to reclassify to another class of on-premises license in a manner not in violation of law or this act, subject to the consent of the commission. The upgrading of a license resulting from a request under this subsection is subject to approval by the local governmental unit having jurisdiction.

(2) In a resort area, the commission may issue no more than 550 licenses for a period not to exceed 12 months without regard to a limitation because of population and with respect to the resort license the commission, by rule, shall define and classify resort seasons by months and may issue 1 or more licenses for resort seasons without regard to the calendar year or licensing year.

(3) In addition to the resort licenses authorized in subsection (2), the commission may issue not more than 5 additional licenses per year to establishments whose business and operation, as determined by the commission, is designed to attract and accommodate tourists and visitors to the resort area, whose primary purpose is not for the sale of alcoholic liquor, and whose capital investment in real property, leasehold improvement, and fixtures for the premises to be licensed is $75,000.00 or more. Further, the commission shall issue 1 license under this subsection per year to an applicant located in a rural area that has a poverty rate, as defined by the latest decennial census, greater than the statewide average, or that is located in a rural area that has an unemployment rate higher than the statewide average for 3 of the 5 preceding years. In counties having a population of less than 50,000, as determined by the last federal decennial census or as determined under subsection (11) and subject to subsection (16) in the case of a class A hotel or a class B hotel, the commission shall not require the establishments to have dining facilities to seat more than 50 persons. The commission may cancel the license if the resort is no longer active or no longer qualifies for the license. Before January 16 of each year the commission shall transmit to the legislature a report giving details as to all of the following:

(a) The number of applications received under this subsection.
(b) The number of licenses granted and to whom.
(c) The number of applications rejected and the reasons they were rejected.
(d) The number of the licenses revoked, suspended, or other disciplinary action taken and against whom and the grounds for revocation, suspension, or disciplinary action.

(4) In addition to any licenses for the sale of alcoholic liquor for consumption on the premises that may be available in the local governmental unit under subsection (1) and the resort licenses authorized in subsections (2) and (3), the commission may issue not more than 15 resort economic development licenses per year. A person is eligible to apply for a resort economic development license under this subsection upon submitting
an application to the commission and demonstrating all of the following:

(a) The establishment's business and operation, as determined by the commission, is designed to attract and accommodate tourists and visitors to the resort area.

(b) The establishment's primary business is not the sale of alcoholic liquor.

(c) The capital investment in real property, leasehold improvement, fixtures, and inventory for the premises to be licensed is in excess of $1,500,000.00.

(d) The establishment does not allow or permit casino gambling on the premises.

(5) In governmental units having a population of 50,000 or less, as determined by the last federal decennial census or as determined under subsection (11), in which the quota of specially designated distributor licenses, as provided by section 533, has been exhausted, the commission may issue not more than a total of 15 additional specially designated distributor licenses per year to established merchants whose business and operation, as determined by the commission, is designed to attract and accommodate tourists and visitors to the resort area. A specially designated distributor license issued under this subsection may be issued at a location within 2,640 feet of existing specially designated distributor license locations. A specially designated distributor license issued under this subsection shall not bar another specially designated distributor licensee from transferring location to within 2,640 feet of that licensed location. A specially designated distributor license issued under section 533 may be located within 2,640 feet of a specially designated distributor license issued under this subsection. The person signing the application for a specially designated distributor license under this subsection shall state that he or she attempted to secure an escrowed specially designated distributor license or quota license and that, to the best of his or her knowledge, an escrowed specially designated distributor license or quota license is not readily available within the county in which the applicant for the specially designated distributor license under this subsection proposes to operate.

(6) In addition to any licenses for the sale of alcoholic liquor for consumption on the premises that may be available in the local governmental unit under subsection (1), and the resort or resort economic development licenses authorized in subsections (2), (3), and (4), and notwithstanding section 519, the commission may issue not more than 5 additional special purpose licenses in any calendar year for the sale of beer and wine for consumption on the premises. A special purpose license issued under this subsection shall be issued only for events that are to be held from May 1 to September 30, are artistic in nature, and that are to be held on the campus of a public university with an enrollment of 30,000 or more students. A special purpose license is valid for 30 days or for the duration of the event for which it is issued, whichever is less. The fee for a special purpose license is $50.00. A special purpose license may be issued only to a corporation that meets all of the following requirements:

(a) Is a nonprofit corporation organized under the nonprofit corporation act, 1982 PA 162, MCL 450.2101 to 450.3192.

(b) Has a board of directors constituted of members of whom half are elected by the public university at which the event is scheduled and half are elected by the local governmental unit.

(c) Has been in continuous existence for not less than 6 years.

(7) Notwithstanding the local legislative body approval provision of section 501(2) and notwithstanding the provisions of section 519, the commission may issue, without regard to the quota provisions of subsection (1) and with the approval of the governing board of the university, either a tavern or class C license which may be used only for regularly scheduled events at a public university's established outdoor program or festival at a facility on the campus of a public university having a head count enrollment of 10,000 students or more. A license issued under this subsection may only be issued to the governing board of a public university, a person that is the lessee or concessionaire of the governing board of the university, or both. A license issued under this subsection is not transferable as to ownership or location. Except as otherwise provided in this subsection, a license issued under this subsection may not be issued at an outdoor stadium customarily used for intercollegiate athletic events. A license may be issued at an outdoor stadium customarily used for intercollegiate athletic events for not more than 30 consecutive days to a concessionaire of an entity granted exclusive use of a public university's property in conjunction with a hockey game sanctioned by an unincorporated not-for-profit association that operates a major professional ice hockey league consisting of teams located in Canada and in the United States or in conjunction with a professional international soccer match between 2 international soccer clubs as part of a tournament sanctioned by a not-for-profit association that is the governing body for soccer in the United States and organized and promoted by a match agent that is licensed by the international governing body for soccer if the concessionaire has entered into an agreement granting it control of the licensed premises for the purposes of complying with this act and rules promulgated under this act regarding the sale of alcoholic liquor. A nationally televised game between 2 professional hockey teams or 2 professional international soccer clubs played outdoors is considered an established outdoor program for the purposes of this subsection. Notwithstanding any provision of this act or any rule.
promulgated under this act, a concessionaire obtaining a license under this subsection may share the profits generated from that license with an unincorporated not-for-profit association that operates a major professional ice hockey league consisting of teams located in Canada and in the United States or an affiliated entity under a written contract reviewed by the commission or with a licensed match agent and a promoter that organizes and promotes international soccer matches under a written contract reviewed by the commission. If the established outdoor program is a nationally televised game between 2 professional hockey teams or 2 professional international soccer clubs, the commission may allow the promotion and advertising of alcoholic liquor brands on the campus of a public university where a concessionaire has been issued a license under this subsection for the duration of the license.

(8) In issuing a resort or resort economic development license under subsection (3), (4), or (5), the commission shall consider economic development factors of the area in issuing licenses to establishments designed to stimulate and promote the resort and tourist industry. The commission shall not transfer a resort or resort economic development license issued under subsection (3), (4), or (5) to another location. If the licensee goes out of business the license shall be surrendered to the commission.

(9) The limitations and quotas of this section are not applicable to issuing a new license to a veteran of the armed forces of the United States who was honorably discharged or released under honorable conditions from the armed forces of the United States and who had by forced sale disposed of a similar license within 90 days before or after entering or while serving in the armed forces of the United States, as a part of the person's preparation for that service if the application for a new license is submitted for the same governmental unit in which the previous license was issued and within 60 days after the discharge of the applicant from the armed forces of the United States.

(10) The limitations and quotas of this section are not applicable to issuing a new license or renewing an existing license where the property or establishment to be licensed is situated in or on land on which an airport owned by a county or in which a county has an interest is situated.

(11) For purposes of implementing this section a special state census of a local governmental unit may be taken at the expense of the local governmental unit by the federal bureau of census or the secretary of state under section 6 of the home rule city act, 1909 PA 279, MCL 117.6. The special census shall be initiated by resolution of the governing body of the local governmental unit involved. The secretary of state may promulgate additional rules necessary for implementing this section pursuant to the administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328.

(12) Before granting an approval as required in section 501(2) for a license to be issued under subsection (2), (3), or (4), a local legislative body shall disclose the availability of transferable licenses held in escrow for more than 1 licensing year within that respective local governmental unit. The local governmental unit shall provide public notice of the meeting to consider the granting of the license by the local governmental unit 2 weeks before the meeting.

(13) The person signing the application for an on-premises resort or resort economic development license shall state and verify that he or she attempted to secure an on-premises escrowed license or quota license and that, to the best of his or her knowledge, an on-premises escrowed license or quota license is not readily available within the county in which the applicant for the on-premises resort or resort economic development license proposes to operate.

(14) The commission shall not issue an on-premises resort or resort economic development license if the county within which the resort or resort economic development license applicant proposes to operate has not issued all on-premises licenses available under subsection (1) or if an on-premises escrowed license exists and is readily available within the local governmental unit in which the applicant for the on-premises resort or resort economic development license proposes to operate. The commission may waive the provisions of this subsection upon a showing of good cause.

(15) The commission shall annually report to the legislature the names of the businesses issued licenses under this section and their locations.

(16) The commission shall not require a class A hotel or a class B hotel licensed under subsection (2), (3), or (4) to provide food service to registered guests or to the public.

(17) Subject to the limitation and quotas of subsection (1) and to local legislative approval under section 501(2), the commission may approve the transfer of ownership and location of an on-premises escrowed license within the same county to a class G-1 or class G-2 license or may approve the reclassification of an existing on-premises license at the location to be licensed to a class G-1 license or to a class G-2 license, subject to subsection (1). Resort or economic development on-premises licenses created under subsection (3) or (4) may not be issued as, or reclassified to, a class G-1 or class G-2 license.

(18) An escrowed specially designated distributor license may be transferred, with the consent of the commission, to an applicant whose proposed operation is located within any local governmental unit in a
counties in which the specially designated distributor license is located. If the local governmental unit within which the escrowed specially designated distributor license is located spans more than 1 county, the license may be transferred to an applicant whose proposed operation is located within any local governmental unit in either county. If the specially designated distributor license is activated within a local governmental unit other than that local governmental unit within which the specially designated distributor license was originally issued, the commission shall count that activated license against the local governmental unit originally issuing the specially designated distributor license.

(19) Subsection (8) of R 436.1135 of the Michigan administrative code does not apply to a transfer under subsection (18).

(20) As used in this section:
(a) "Escrowed license" means a license in which the rights of the licensee in the license or to the renewal of the license are still in existence and are subject to renewal and activation in the manner provided for in R 436.1107 of the Michigan administrative code.
(b) "Readily available" means available under a standard of economic feasibility, as applied to the specific circumstances of the applicant, that includes, but is not limited to, the following:

(i) The fair market value of the license, if determinable.
(ii) The size and scope of the proposed operation.
(iii) The existence of mandatory contractual restrictions or inclusions attached to the sale of the license.


436.1532 "Bona fide member" defined; issuance of club license; public notice; annual filing by club; conduct of club affairs and management.

Sec. 532. (1) A club license allows the licensee to sell, for consumption on the licensed premises, beer, wine, mixed spirit drink, and spirits only to bona fide members of the club who have attained the age of 21 years. As used in this subsection, "bona fide member" means an individual admitted as a charter member or admitted in accordance with the bylaws of the club, who maintains current membership by the payment of annual dues, whose name and address is entered on the list of members, and who has voting rights to regularly elect the board of directors, officers, executive committee, or similar body that conducts the affairs and management of the club. For an incorporated or unincorporated nonprofit veterans' organization that is a branch or chapter of a national organization or an organization chartered by the United States Congress, a bona fide member includes a member of another branch or chapter who possesses an identification card indicating current membership in the same national or congressionally chartered veterans' organization. For a branch, chapter, lodge, aerie, or other local unit of a national fraternal nonprofit association that is exempt from federal income taxes under section 501(c)(8) or 501(c)(10) of the internal revenue code, 26 USC 501, a bona fide member includes a member of another branch, chapter, lodge, aerie, or local unit who possesses an identification card indicating current membership in the same national fraternal nonprofit association.

(2) Except as otherwise provided in subsection (3), the commission shall not issue a license to a club unless the club has been in existence for a period of not less than 2 years before the application for the license.

(3) A club shall give public notice of the intent of the commission to issue the club a club license by publication in a newspaper published or in general circulation within the local governmental unit at least 10 days before the commission issues the license. A club that is a chapter of a national organization that has had a license for 10 or more years may apply for a license without a waiting period. Public notice of the commission's intent to renew the club license is not required.

(4) Except for a club paying a maximum fee, within 10 days after February 1 of each year the club shall file with the commission a list of names and residences of its members and make a similar filing of the name and residence with the commission within 10 days after the election of an additional member. The annual filing must also include a statement that the club's annual aggregate membership fees or dues and other income, exclusive of the proceeds from the sale of alcoholic liquor, are sufficient to defray the annual rental of its leased or rented premises or, if the premises are owned by the club, are sufficient to meet the taxes, insurance, repairs, and interest on a mortgage on the premises.

(5) The affairs and management of the club must be conducted by a board of directors, executive committee, or similar body chosen by the members. A member, officer, agent, or employee of the club must not be paid, or directly or indirectly receive in the form of salary or other compensation, profits from the disposition of alcoholic liquor to the club or to the members of the club, beyond the amount of salary fixed...
and voted at meetings by the members or by its directors or other governing body and as reported by the club to the commission, within 3 months after the meeting.


436.1533 Specially designated merchant license; specially designated distributor license; issuance; quota; waiver; transfer; limitation; owner or operator of motor vehicle fuel pump on or adjacent to licensed premises; issuance to marina; license fees; determination of population.

Sec. 533. (1) Subject to subsection (12), the commission shall not issue a new specially designated merchant license or transfer an existing specially designated merchant license unless the applicant is an approved type of business. An applicant is not an approved type of business unless the applicant meets 1 or more of the following conditions:

(a) The applicant holds and maintains a retail food establishment license issued under the food law, 2000 PA 92, MCL 289.1101 to 289.8111. As used in this subdivision, "retail food establishment" means that term as defined in section 1111 of the food law, 2000 PA 92, MCL 289.1111.

(b) The applicant holds and maintains an extended retail food establishment license issued under the food law, 2000 PA 92, MCL 289.1101 to 289.8111. As used in this subdivision, "extended retail food establishment" means that term as defined in section 1107 of the food law, 2000 PA 92, MCL 289.1107.

(c) The applicant holds or the commission approves the issuance of a specially designated distributor license to the applicant.

(d) The applicant holds or the commission approves the issuance of a class C license to the applicant.

(e) The applicant holds or the commission approves the issuance of a class A hotel license to the applicant.

(f) The applicant holds or the commission approves the issuance of a class B hotel license to the applicant.

(g) The applicant holds or the commission approves the issuance of a club license to the applicant.

(h) The applicant holds or the commission approves the issuance of a tavern license to the applicant.

(i) The applicant holds or the commission approves the issuance of a class G-1 license to the applicant.

(j) The applicant holds or the commission approves the issuance of a class G-2 license to the applicant.

(2) A specially designated distributor may apply for a license as a specially designated merchant.

(3) A specially designated distributor license issued under subsection (4) or section 531(5) may be held in conjunction with any of the following licenses:

(a) A specially designated merchant license.

(b) Subject to subsection (13), a class B hotel license.

(c) Subject to subsection (13), a class C license.

(d) Subject to subsection (13), a combination of licenses in subdivisions (a) and (b) or (a) and (c).

(4) In cities, incorporated villages, or townships, the commission shall issue only 1 specially designated distributor license for each 3,000 of population, or fraction of 3,000. The commission may waive the quota requirement under this subsection if there is no existing specially designated distributor licensee within 2 miles of the applicant, measured along the nearest traffic route.

(5) Except as otherwise provided in this section, in cities, incorporated villages, or townships, the commission shall issue only 1 specially designated merchant license for each 1,000 of population, or fraction of 1,000. The commission may waive the quota under this subsection does not apply to any of the following:

(a) An applicant for a specially designated merchant license that is an applicant for or the holder of a license listed in subsection (1)(d) to (j).

(b) An applicant for or the holder of a specially designated merchant license whose licensed establishment meets 1 or more of the following conditions:

(i) Meets both of the following conditions:

(A) The licensed establishment is at least 20,000 square feet.

(B) The licensed establishment's gross receipts derived from the sale of food are at least 20% of the total gross receipts.

(ii) The licensed establishment is also a pharmacy as that term is defined in section 17707 of the public health code, 1978 PA 368, MCL 333.17707.

(c) A secondary location permit issued to a specially designated merchant under section 541.

(d) A specially designated merchant license issued under subsection (7).

(e) A specially designated merchant license issued to a marina under section 539.

(6) The commission may waive the quota under subsection (5) if there is no existing specially designated merchant within 2 miles of the applicant, measured along the nearest traffic route.

(7) The commission shall waive the quota under subsection (5) if both of the following apply:
(a) The applicant applies for the specially designated merchant license within 60 days after January 4, 2017.

(b) The applicant is a retail dealer that holds a license issued under section 6(1) of the motor fuels quality act, 1984 PA 44, MCL 290.646. The applicant shall include a copy of the license described in this subdivision with the applicant's application under this subsection. As used in this subdivision, "retail dealer" means that term as defined in section 2 of the motor fuels quality act, 1984 PA 44, MCL 290.642.

(8) A specially designated merchant license issued under this section may be transferred to an applicant whose proposed operation is located within any local governmental unit in a county in which the specially designated merchant license was located. If the local governmental unit within which the former licensee's premises were located spans more than 1 county, a specially designated merchant license may be transferred to an applicant whose proposed operation is located within any local governmental unit in either county. If a specially designated merchant license is transferred to a local governmental unit other than that local governmental unit within which the specially designated merchant license was originally issued, the commission shall count that transferred specially designated merchant license against the local governmental unit originally issuing the specially designated merchant license.

(9) Except as otherwise provided in subsection (10), the quota under subsection (5) does not bar the right of an existing specially designated merchant to renew the specially designated merchant license or transfer the specially designated merchant license. This subsection applies to a specially designated merchant license issued or renewed before, on, or after January 4, 2017.

(10) A specially designated merchant license issued after January 4, 2017 to a person described in subsection (5)(a) or (b) or to a specially designated merchant license issued under subsection (6) may not be transferred to another location.

(11) An applicant for or the holder of a specially designated merchant license that owns or operates a motor vehicle fuel pump on or adjacent to the licensed premises is not required to meet the conditions under section 541 as that section existed before January 4, 2017.

(12) For a marina that maintains motor vehicle fuel pumps on or adjacent to the licensed premises, or maintains a financial interest in any motor vehicle fuel pumps, the commission may only issue a special designated merchant license to the marina under section 539.

(13) License fees for a specially designated distributor license held in conjunction with a class B hotel license or a class C license as described in subsection (3) must be calculated under section 525(1)(k) based on the total retail value of merchandise purchased from the commission under the specially designated distributor license during the previous calendar year plus the total retail value of the merchandise purchased from the commission under either the class B hotel license or the class C license.

(14) For purposes of this section, population is determined by the latest federal decennial census, by a special census under section 6 of the home rule city act, 1909 PA 279, MCL 117.6, or section 7 of the Glenn Steil state revenue sharing act of 1971, 1971 PA 140, MCL 141.907, or by the latest census and corrections published by the United States Department of Commerce, Bureau of the Census, whichever is later.


436.1534 Small distiller license.

Sec. 534. (1) Upon application in a manner acceptable to the commission and payment of the appropriate license fee, the commission shall issue a small distiller license to a person annually manufacturing in this state spirits in an amount not exceeding 60,000 gallons, of all brands combined.

(2) A small distiller may have an approved tasting room and sell at retail in accordance with sections 536 and 537.

(3) This section does not allow the sale of spirits transacted or caused to be transacted by means of any mail order, internet, telephone, computer, device, or other electronic means.


436.1535 Vendor as authorized to do business.

Sec. 535. A vendor shall be a person authorized to do business under the laws of this state.


436.1536 Multiple manufacturing licenses; eligibility requirements; operating multiple tasting rooms; compliance requirements; limitations; sale of alcoholic liquor under certain circumstances; samples; earmark for liquor control enforcement and license investigation
revolving fund; local approval exceptions; samples of mixed spirit drink.

Sec. 536. (1) Except as provided in section 105(13), the commission shall allow a person to be licensed as more than 1 type of manufacturer in this state.

(2) A person that holds more than 1 type of manufacturing license in this state shall meet all applicable provisions of this act for each type of manufacturing license the person holds.

(3) Subject to the requirements of this section and section 537, the commission may approve a licensed manufacturer to operate 1 or more tasting rooms.

(4) Brewers and micro brewers shall not have more approved tasting rooms than allowed in section 411.

(5) A tasting room may be jointly operated by 2 or more manufacturers if either of the following conditions is met:

(a) The manufacturers are owned by the same person and their manufacturing premises share the same address.

(b) The manufacturers are not owned by the same person and their manufacturing premises do not share the same address.

(6) A tasting room is treated as licensed premises for purposes of this act.

(7) An approved tasting room located on the manufacturing premises of 1 or more manufacturers that are owned by the same person and whose manufacturing premises share the same address must comply with all of the following:

(a) The commission must approve and issue an on-premises tasting room permit to the manufacturer or manufacturers.

(b) The manufacturer or manufacturers must pay the $100.00 initial permit fee, which is renewable annually.

(c) The manufacturer or manufacturers must be approved for the on-premises tasting room permit by the local legislative body in which the proposed licensed premises will be located, except in a city having a population of 600,000 or more or as provided in subsection (18).

(d) The manufacturer or manufacturers must comply with the server training requirements of section 906.

(e) The manufacturer or manufacturers must file with the commission proof of financial responsibility providing security for liability under section 801(2) of not less than $50,000.00 as provided in section 803.

(f) A separate on-premises tasting room permit is not required for each license type for a person licensed by the commission under any combination of brewer, micro brewer, wine maker, small wine maker, distiller, small distiller, brandy manufacturer, or mixed spirit drink manufacturer licenses issued to that person at the same manufacturing premises.

(g) The commission shall not issue to a manufacturer or manufacturers a Sunday sales permit, catering permit, entertainment permit, specific purpose permit, extended hours permit, or authorization for outdoor service unless the commission has issued an on-premises tasting room permit to the manufacturer or manufacturers. A Sunday sales permit, catering permit, dance permit, entertainment permit, specific purpose permit, extended hours permit, or authorization for outdoor service may be issued concurrently with the issuance of an on-premises tasting room permit.

(h) A brewer, micro brewer, wine maker, small wine maker, distiller, small distiller, brandy manufacturer, or mixed spirit drink manufacturer may own and operate a restaurant or allow another person to operate a restaurant on the manufacturing premises. If the brewer, micro brewer, wine maker, small wine maker, distiller, small distiller, brandy manufacturer, or mixed spirit drink manufacturer allows another person to operate a restaurant on the manufacturing premises, the brewer, micro brewer, wine maker, small wine maker, distiller, small distiller, brandy manufacturer, or mixed spirit drink manufacturer must hold a participation permit naming as a participant the other person. The other person must meet the requirements for a participant in R 436.1041(3) of the Michigan Administrative Code.

(8) Subject to subsection (10), an approved tasting room located off the manufacturing premises of 1 or more manufacturers, other than a brewer, micro brewer, or mixed spirit drink manufacturer, that are owned by the same person and whose manufacturing premises share the same address must comply with all of the following:

(a) The commission must approve and issue an off-premises tasting room license to the manufacturer or manufacturers.

(b) The manufacturer or manufacturers must pay the $100.00 initial license fee, which is renewable annually.

(c) The manufacturer or manufacturers must be approved for the off-premises tasting room license by the local legislative body in which the proposed licensed premises will be located, except in a city having a population of 600,000 or more or as provided in subsection (18).
(d) The manufacturer or manufacturers must comply with the server training requirements of section 906 at the off-premises tasting room.

(e) The manufacturer or manufacturers must file with the commission proof of financial responsibility providing security for liability under section 801(2) of not less than $50,000.00 as provided in section 803 for the off-premises tasting room.

(f) A separate off-premises tasting room license is not required for each license type for a person licensed by the commission under any combination of wine maker, small wine maker, distiller, small distiller, or brandy manufacturer licenses issued to that person at the same manufacturing premises.

(g) The commission shall not issue to a manufacturer or manufacturers a Sunday sales permit, catering permit, dance permit, entertainment permit, specific purpose permit, extended hours permit, authorization for outdoor service, or permission to maintain a direct connection to unlicensed premises unless the commission has issued an off-premises tasting room license to the manufacturer or manufacturers. A Sunday sales permit, catering permit, dance permit, entertainment permit, specific purpose permit, extended hours permit, authorization for outdoor service, or permission to maintain a direct connection to unlicensed premises may be issued concurrently with the issuance of an off-premises tasting room license.

(9) Subject to subsection (10), an approved jointly operated tasting room located off the manufacturing premises of 2 or more manufacturers, other than a brewer, micro brewer, or mixed spirit drink manufacturer, that are not owned by the same person and whose manufacturing premises do not share the same address must comply with all of the following:

(a) The commission must approve and issue a joint off-premises tasting room license to each of the manufacturers.

(b) Each manufacturer must pay the $100.00 initial license fee, which is renewable annually.

(c) Each manufacturer must be approved for a joint off-premises tasting room license by the local legislative body in which the proposed licensed premises will be located, except in a city having a population of 600,000 or more or as provided in subsection (18).

(d) Each manufacturer must comply with the server training requirements of section 906 at the jointly operated off-premises tasting room.

(e) Each manufacturer must file with the commission proof of financial responsibility providing security for liability under section 801(2) of not less than $50,000.00 as provided in section 803 for the jointly operated off-premises tasting room.

(f) Any management agreements with an unlicensed manager of the jointly operated off-premises tasting room must comply with the requirements of R 436.1041 of the Michigan Administrative Code and all the manufacturers must hold a participation permit naming as a participant the unlicensed manager. The unlicensed manager must meet the requirements for a participant in R 436.1041(3) of the Michigan Administrative Code.

(g) A Sunday sales permit, dance permit, entertainment permit, specific purpose permit, extended hours permit, authorization for outdoor service, or permission to maintain a direct connection to unlicensed premises may be issued in conjunction with a jointly operated off-premises tasting room. All manufacturers licensed at the jointly operated off-premises tasting room location must hold the same permits, permissions, and authorizations at the location.

(h) A violation of this act or the administrative rules by any manufacturer on the premises of the jointly operated off-premises tasting room is a violation by all the manufacturers licensed at the jointly operated off-premises tasting room.

(10) Approved off-premises tasting rooms or jointly operated off-premises tasting rooms described in subsections (8) and (9) must comply with all of the following:

(a) A wine maker, small wine maker, distiller, small distiller, or brandy manufacturer may have 1 of the following:

(i) No more than 5 off-premises tasting room licenses issued under subsection (8) under which alcoholic liquor manufactured by the wine maker, small wine maker, distiller, small distiller, or brandy manufacturer may be sold by the glass for consumption on the premises or samples may be sold or given away for consumption on the premises as provided in subsection (14)(b) and (c).

(ii) No more than 5 joint off-premises tasting room licenses issued under subsection (9) under which alcoholic liquor manufactured by the wine maker, small wine maker, distiller, small distiller, or brandy manufacturer may be sold by the glass for consumption on the premises or samples may be sold or given away for consumption on the premises as provided in subsection (14)(b) and (c).

(iii) A combination of no more than 5 off-premises tasting room licenses issued under subsection (8) and joint off-premises tasting room licenses issued under subsection (9) under which alcoholic liquor manufactured by the wine maker, small wine maker, distiller, small distiller, or brandy manufacturer may be
sold by the glass for consumption on the premises or samples may be sold or given away for consumption on the premises as provided in subsection (14)(b) and (c).

(iv) No more than the equivalent number of off-premises tasting room licenses issued under subsection (8), joint off-premises tasting room licenses issued under subsection (9), or a combination of off-premises tasting room licenses issued under subsection (8) and joint off-premises tasting room licenses issued under subsection (9) that were issued before October 1, 2018 under which alcoholic liquor manufactured by the wine maker, small wine maker, distiller, small distiller, or brandy manufacturer may be sold by the glass for consumption on the premises or samples may be sold or given away for consumption on the premises as provided in subsection (14)(b) and (c).

(b) Notwithstanding the limitation in subdivision (a), a wine maker, small wine maker, distiller, small distiller, or brandy manufacturer may have any number of off-premises tasting room licenses or joint off-premises tasting room licenses under which alcoholic liquor manufactured by the wine maker, small wine maker, distiller, small distiller, or brandy manufacturer may only be sold or given away as samples for consumption on the premises as provided in subsection (14)(d).

(c) A wine maker, small wine maker, distiller, small distiller, or brandy manufacturer must designate at the time of application whether the tasting room location for which the off-premises tasting room license or the joint off-premises tasting room license application is being made will sell by the glass as provided in subdivision (a) or provide only samples as provided in subdivision (b). The designation made for the off-premises tasting room license or the joint off-premises tasting room license must not be changed after the license has been issued.

(d) All wine makers, small wine makers, distillers, small distillers, or brandy manufacturers licensed at the same approved jointly operated off-premises tasting room must have an identical designation under subdivision (c).

(e) A wine maker, small wine maker, distiller, small distiller, or brandy manufacturer that has an off-premises tasting room or jointly operated off-premises tasting room location that was approved by the commission before December 19, 2018 must submit to the commission in writing a designation as required under subdivision (c) by April 1, 2019.

(11) A wine maker, small wine maker, brewer, micro brewer, distiller, small distiller, brandy manufacturer, or mixed spirit drink manufacturer may add a nonalcoholic mixing ingredient or an alcoholic mixing ingredient manufactured by the wine maker, small wine maker, brewer, micro brewer, distiller, small distiller, brandy manufacturer, or mixed spirit drink manufacturer to sampled or purchased alcoholic liquor if the sampled or purchased alcoholic liquor is consumed on the premises of the approved tasting room.

(12) A manufacturer is not a retailer under this act merely because the manufacturer has a tasting room.

(13) A manufacturer with an approved tasting room may sample and sell alcoholic liquor only as specifically allowed in this act.

(14) A manufacturer may do all of the following:

(a) Sell alcoholic liquor it manufactured for consumption off the premises in an approved tasting room under subsections (7) to (9).

(b) Subject to subsection (10)(a), sell alcoholic liquor it manufactured by the glass for consumption on the premises of an approved tasting room under subsections (7) to (9).

(c) Subject to subsection (10)(a), sell or give away samples of any size of alcoholic liquor it manufactured for consumption on the premises of an approved tasting room under subsections (7) to (9).

(d) Subject to subsection (10)(b), sell or give away samples of alcoholic liquor it manufactured for consumption on the premises of an approved tasting room under subsections (8) and (9) under all of the following conditions:

(i) A wine maker or small wine maker may offer samples of wine that do not exceed 3 ounces per sample.

(ii) A brandy manufacturer may offer samples of brandy that do not exceed 1/2 ounce per sample.

(iii) A distiller or small distiller may offer samples of spirits or mixed drinks that do not exceed 1/2 ounce per sample.

(15) An on-premises tasting room permit issued under subsection (7) and an off-premises tasting room license issued under subsection (8) may be held in conjunction at the same location by the same person if either of the following conditions is met:

(a) The person holds the on-premises tasting room permit issued under subsection (7) in conjunction with a brewer or micro brewer license only and no other manufacturing license, and the off-premises tasting room license issued under subsection (8) at the same location.

(b) Both of the following conditions are met:

(i) The person holds an on-premises tasting room permit issued under subsection (7) in conjunction with a micro brewer, small distiller, or small wine maker license, or any combination of micro brewer, small
distiller, or small wine maker licenses, and the off-premises tasting room license issued under subsection (8) at the same location.

(iii) The commission issued to the person both the permit and applicable licenses described in subparagraph (i), or their equivalent at the time of issuance, before October 1, 2018.

(16) A manufacturer issued a license before December 19, 2018 that intends to sell for consumption off its licensed premises or sell, serve, and allow consumption on its licensed premises of alcoholic liquor as allowed under this section and section 537 must comply with this section by April 1, 2019.

(17) The revenue received from subsection (7) must be deposited into the liquor control enforcement and license investigation revolving fund under section 543(9).

(18) Local approval under subsection (7)(c), (8)(c), or (9)(c) is not required for a tasting room that was in existence before December 19, 2018.

(19) A small distiller or distiller that also holds a mixed spirit drink manufacturer license may do all of the following:

(a) Sell mixed spirit drink it manufactured for consumption off the licensed premises of an approved tasting room under subsections (8) and (9).

(b) Subject to subsection (10)(a), sell mixed spirit drink it manufactured for consumption on the premises of an approved tasting room under subsections (8) and (9).

(c) Subject to subsection (10)(a), sell or give away samples of any size of mixed spirit drink it manufactured for consumption on the premises of an approved tasting room under subsections (8) and (9).

(d) Subject to subsection (10)(b), sell or give away samples that do not exceed 3 ounces per sample of mixed spirit drink it manufactured for consumption on the premises of an approved tasting room under subsections (8) and (9).


Compiler's note: Enacting section 1 of Act 347 of 2020 provides:

"Enacting section 1. This amendatory act does not take effect unless all of the following bills of the 100th Legislature are enacted into law:

(a) Senate Bill No. 1138.
(b) Senate Bill No. 1139.
(c) Senate Bill No. 1140."

Senate Bill Nos. 1138, 1139, and 1140, referred to in enacting section 1, were pocket vetoed by the governor on January 5, 2021. Act 347 of 2020 does not go into effect.

436.1537 Classes of vendors permitted to sell alcoholic liquor at retail; beer and wine drink tastings; filling and selling growlers with beer; sale of nonalcoholic beverages; definitions.

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

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

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

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

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

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

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

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

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

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

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

(i) Class C.
(ii) Tavern.
(iii) Class A hotel.
(iv) Class B hotel.

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

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

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

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

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

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

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

(iii) As otherwise provided for in this act.

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

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

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

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

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

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

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

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

(t) 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, where wine manufactured or bottled by the small wine maker and shiners may be sampled and sold at a farmers' market for consumption off the licensed premises.

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

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

(2) Notwithstanding section 1025(1), an outstate seller of beer, an outstate seller of wine, a wine maker, a brewer, a micro brewer, or a specially designated merchant, or an agent of any of those persons, that does not hold a license allowing the consumption of alcoholic liquor on the premises at the same licensed address, may conduct beer and wine tastings on the licensed premises of a specially designated merchant under the following conditions:

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

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

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

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

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

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

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

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

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

(b) The growler is sealed and has a label affixed to it that includes at least 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 label
conditions described in this subdivision do not apply to either of the following:

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

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

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

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

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

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

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

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

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

(8) As used in this section:

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

(b) "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 1
gallon.


436.1537a Sale of alcoholic liquor for off the premises consumption; requirements; delivery
of alcoholic liquor within this state; original package prohibited; inapplicable after January
1, 2026; definitions.

Sec. 537a. (1) Notwithstanding anything in this act to the contrary, a qualified licensee may fill and sell
qualified containers with alcoholic liquor for consumption off the premises under the following conditions:

(a) The qualified licensee or his or her agent or employee does not fill the qualified container in advance of
the sale.

(b) The qualified licensee complies with all applicable rules promulgated by the commission.

(c) The qualified licensee or his or her agent seals the qualified container.

(2) Notwithstanding anything in this act to the contrary, a qualified licensee may deliver alcoholic liquor to
a consumer in this state if all of the following conditions are met:

(a) The qualified licensee complies with all laws of this state, including, but not limited to, the prohibition
on sales to minors.

(b) The qualified licensee stamps, prints, or labels on the outside of the qualified container "Contains
Alcohol. Must be delivered to a person 21 years of age or older.". The recipient at the time of the delivery
shall provide identification verifying his or her age.

(c) The qualified licensee or his or her agent seals the qualified container.

(d) If the qualified licensee is a retailer, the alcoholic liquor is delivered by the qualified licensee's
employee or a third party facilitator service, as that term is defined in section 203.

(e) If the qualified licensee is a manufacturer, the alcoholic liquor is delivered by the qualified licensee's employee.

(3) Except as otherwise allowed under this act, a qualified licensee shall not sell alcoholic liquor in its original package under this section.

(4) This section does not apply after January 1, 2026.

(5) As used in this section:
(a) "Consumer" means that term as defined in section 203.
(b) "Qualified container" means a clean, sealable container that is for the sale of alcoholic liquor for consumption off the premises, that has a liquid capacity that does not exceed 1 gallon, and that, after it is filled, is sealed with a device or material that is used to fully close off the container securely with no perforations or straw holes.
(c) "Qualified licensee" means any of the following:
   (i) A retailer that holds a license, other than a special license, to sell alcoholic liquor for consumption on the licensed premises.
   (ii) A manufacturer with an on-premises tasting room permit issued under section 536.
   (iii) A manufacturer that holds an off-premises tasting room license issued under section 536.
   (iv) A manufacturer that holds a joint off-premises tasting room license issued under section 536.


436.1539 Marina as specially designated merchant or specially designated distributor; license; conditions.

Sec. 539. A marina that is situated on 1 of the Great Lakes, on that part of an inland waterway or tributary connected to and navigable to 1 of the Great Lakes, or on a Great Lakes connecting waterway may be issued a license as a specially designated merchant or specially designated distributor, notwithstanding the fact that the marina maintains motor vehicle fuel pumps on or adjacent to the licensed premises, or maintains a financial interest in any motor vehicle fuel pumps, if all of the following conditions are met:

(a) The marina's primary business is the sale of boats or the provision of services and supplies to recreational power cruisers and sailboats of the type that typically travel on the Great Lakes.
(b) The fuel pumps are used for dispensing fuel only to boats described in subdivision (a).
(c) The marina is an approved type of business as provided in section 533(1).


436.1541 Motor vehicle fuel pumps.

Sec. 541. (1) Except as provided in section 539 or subsections (2) to (5), the commission shall not allow an applicant for or the holder of a specially designated distributor license to own or operate motor vehicle fuel pumps on or adjacent to the licensed premises, unless both of the following conditions are met:

(a) One or both of the following conditions exist:
   (i) The applicant or licensee is located in a neighborhood shopping center.
   (ii) The applicant or licensee maintains a minimum inventory on the premises, excluding alcoholic liquor and motor vehicle fuel, of not less than $250,000.00, at cost, of those goods and services customarily marketed by approved types of businesses.

(b) The site of payment of alcoholic liquor and selection of alcoholic liquor is not less than 5 feet from that point where motor vehicle fuel is dispensed.

(2) The commission shall not prohibit an applicant for or the holder of a specially designated distributor license from owning or operating motor vehicle fuel pumps on or adjacent to the licensed premises, if all of the following conditions are met:

(a) The applicant is located in a township with a population of 7,000 or less that is not contiguous with any other township. For purposes of this subdivision, a township is not considered contiguous by water.
(b) The applicant or licensee maintains a minimum inventory on the premises, excluding alcoholic liquor and motor vehicle fuel, of not less than $12,500.00, at cost, of those goods and services customarily marketed by approved types of businesses.
(c) The applicant has the approval of the township, as evidenced by a resolution adopted by the township and submitted with the application to the commission.

(3) The commission shall not prohibit an applicant for or the holder of a specially designated distributor license from owning or operating motor vehicle fuel pumps on or adjacent to the licensed premises if both of the following conditions are met:

(a) The applicant or licensee is located in either of the following:
(i) A city, incorporated village, or township with a population of 3,500 or less and a county with a population of 31,000 or more.

(ii) A city, incorporated village, or township with a population of 4,000 or less and a county with a population of less than 31,000.

(b) The applicant or licensee maintains a minimum inventory on the premises, excluding alcoholic liquor and motor vehicle fuel, of not less than $12,500.00, at cost, of those goods and services customarily marketed by approved types of businesses.

(4) A person that was issued a specially designated merchant license or specially designated distributor license at a location at which another person owned, operated or maintained motor vehicle fuel pumps at the same location may have or acquire an interest in the ownership, operation or maintenance of those motor vehicle fuel pumps.

(5) The commission may transfer ownership of a specially designated merchant license or specially designated distributor license to a person that owns or is acquiring an interest in motor vehicle fuel pumps already in operation at the same location at which the license is issued.

(6) The commission shall not prohibit an applicant for or the holder of a specially designated merchant license from owning or operating motor vehicle fuel pumps on or adjacent to the licensed premises if the site of payment of alcoholic liquor and selection of alcoholic liquor is not less than 5 feet from that point where motor vehicle fuel is dispensed. This subsection does not apply to a specially designated merchant license issued to a marina under section 539.

(7) If a specially designated merchant's licensed premises are a primary location, the commission may issue a secondary location permit to the specially designated merchant, as an extension of the specially designated merchant's license, for the sale of beer, wine, or both, at the secondary location. The commission shall issue a secondary location permit only to a specially designated merchant to which both of the following apply:

(a) The holder of the specially designated merchant license for the primary location premises or a subsidiary or affiliate of the license holder owns or leases the secondary location.

(b) The holder of the specially designated merchant license for the primary location or a subsidiary or affiliate of the license holder owns or operates motor vehicle fuel pumps at the secondary location.

(8) An applicant for a secondary location permit shall submit an application to the commission in a format provided by the commission and accompanied by an application and initial permit fee of $100.00. The application must include a diagram of the secondary location with building dimensions and a depiction of the distance measurement described in subsection (6). The secondary location permit expires on the same date as the specially designated merchant license and may be renewed in conjunction with the specially designated merchant license. The secondary location permit holder may renew the secondary location permit by submitting a permit renewal fee of $100.00 and a completed renewal application.

(9) After a specially designated merchant is issued a secondary location permit under subsection (7), if a subsidiary or affiliate of the specially designated merchant owns or operates the secondary location and the subsidiary or affiliate shares the same ultimate controlling party of the specially designated merchant, the secondary location may receive and sell beer, wine, or both under the specially designated merchant's license.

(10) The holder of a secondary location permit shall prominently display the secondary location permit at the secondary location in the point-of-sale area.

(11) As used in this section:

(a) "Neighborhood shopping center" means 1 commercial establishment, or a group of commercial establishments organized or operated as a unit, that is related in location, size, and type of shop to the trade area that the unit serves, and consists of not less than 50,000 square feet of leasable retail space, and has access to off-street parking spaces.

(b) "Primary location" means licensed premises that meets both of the following conditions:

(i) One or both of the following conditions exist:

(A) The applicant or licensee is located in a neighborhood shopping center.

(B) The applicant or licensee maintains a minimum inventory on the premises, excluding alcoholic liquor and motor vehicle fuel, of not less than $250,000.00, at cost, of those goods and services customarily marketed by approved types of businesses.

(ii) The site of payment of alcoholic liquor and selection of alcoholic liquor is not less than 5 feet from that point where motor vehicle fuel is dispensed.

(c) "Secondary location" means a business operation of the holder of a specially designated merchant license for a primary location, or a subsidiary or affiliate of that license holder, that takes place on real property, that includes at least 1 building and 1 or more motor vehicle fuel pumps, and that is located on or adjacent to the primary location. On commission approval of the secondary location permit, the secondary location permit holder may sell beer, wine, or both, at the secondary location in the point-of-sale area.
location is considered licensed premises and an extension of the licensed primary location.


436.1543 Disposition and use of license and license renewal fees; liquor control enforcement and license investigation revolving fund; "license fee enhancement" defined.

Sec. 543. (1) Quarterly, on the commission's recommendation, this state shall pay pursuant to appropriation in the manner prescribed by law to the city, village, or township in which a full-time police department or full-time ordinance enforcement department is maintained or, if a police department or full-time ordinance enforcement department is not maintained, to the county, to be credited to the sheriff's department of the county in which the licensed premises are located, 55% of the amount of the proceeds of the retailers' license fees and license renewal fees collected in that jurisdiction, for the specific purpose of enforcing this act and the rules promulgated under this act. Forty-one and one-half percent of the amount of the proceeds of retailers' license and license renewal fees collected must be deposited in a special fund to be annually appropriated to the commission for carrying out the licensing and enforcement provisions of this act. Any unencumbered or uncommitted money in the special fund must revert to the general fund of this state 12 months after the end of each fiscal year in which the money was collected. The legislature shall appropriate 3-1/2% of the amount of the proceeds of retailers' license and license renewal fees collected to be credited to a special fund in the state treasury for the purposes of promoting and sustaining programs for the prevention, rehabilitation, care, and treatment of alcoholics. This subsection does not apply to retail license fees collected for railroad or Pullman cars, watercraft, aircraft, or wine auctions or to the transfer fees provided in section 529.

(2) All license and license renewal fees, other than retail license and license renewal fees and wholesale vendor license and license renewal fees, must be credited to the Michigan craft beverage council fund created in section 303a. On the effective date of the 2018 amendatory act that amended this section, any money in the former grape and wine industry council account is transferred to the Michigan craft beverage council fund.

(3) All retail license fees collected for railroad or Pullman cars, watercraft, or aircraft and the transfer fees provided in section 529 must be deposited into the special fund created in subsection (1) for carrying out the licensing and enforcement provisions of this act.

(4) The license fee enhancement imposed for licenses issued under section 531(3) and (4) must be deposited into a special fund to be annually appropriated to the commission for enforcement and other related projects determined appropriate by the commission. The money representing that amount of the license fees for identical licenses not issued under section 531(3) and (4) must be allocated and appropriated under subsection (1).

(5) The license fee imposed on direct shipper licenses and any violation fines imposed by the commission must be deposited into the direct shipper enforcement revolving fund. The direct shipper enforcement revolving fund is created within the state treasury. The state treasurer shall direct the investment of the fund. The state treasurer shall credit to the fund interest and earnings from fund investments. Money in the fund at the close of the fiscal year must remain in the fund and must not lapse to the general fund. The commission shall expend money from the fund, on appropriation, only for enforcement of section 203 and related projects.

(6) One hundred percent of the wine auction license fee imposed in section 525(1)(aa) must be deposited into the general fund.

(7) Notwithstanding any other provision of this section, the additional $160.00 license fee imposed on a licensee selling alcoholic liquor between the hours of 7 a.m. on Sunday and 12 noon on Sunday is allocated to the general fund.

(8) Wholesale vendor license fees and license renewal fees must be deposited into the liquor control enforcement and license investigation revolving fund created under subsection (9).

(9) The liquor control enforcement and license investigation revolving fund is created within the state treasury. The state treasurer shall direct the investment of the fund. The state treasurer shall credit to the fund interest and earnings from fund investments. Money in the fund at the close of the fiscal year must remain in the fund and must not lapse to the general fund. The commission shall expend money from the fund, on appropriation, only for enforcement of this act and the rules promulgated under this act and for license investigations. The commission shall not use more than 35% of the money appropriated to the fund under this subsection to carry out the licensing provisions of this act.

(10) As used in this section, "license fee enhancement" means the money representing the difference between the license fee imposed for a license under section 525(1) and the additional amount imposed for resort and resort economic development licenses under section 525(2).
436.1545 "Nonpublic continuing care retirement center" defined; license; limitation.

Sec. 545. (1) As used in this act, "nonpublic continuing care retirement center" means a residential community that, as determined by the commission, meets both of the following conditions:

(a) Provides full-time residential housing predominantly for individuals over the age of 62.

(b) Meets 1 of the following conditions:

(i) Is registered as a facility under former 1976 PA 440 or the continuing care community disclosure act, 2014 PA 448, MCL 554.901 to 554.993.

(ii) Is a home for the aged licensed under part 213 of the public health code, 1978 PA 368, MCL 333.21301 to 333.21335.

(2) The commission, on submission of a completed application, shall grant a nonpublic continuing care retirement center license to an applicant complying with this section. Subject to subsection (4), the commission shall not issue more than 25 licenses under this section. If the holder of a license issued under this section goes out of business, the license must be surrendered to the commission. The commission may allow the transfer of a surrendered license to a new business owner on transfer of the owner's interest in the business if the new business owner meets the same condition under subsection (1)(b) as the previous business owner.

(3) The holder of a nonpublic continuing care retirement center license may sell at retail and serve on the licensed premises beer, wine, mixed spirit drink, mixed wine drink, and spirits, for consumption by a resident or the bona fide guests accompanying the resident, only on the licensed premises.

(4) The commission shall not issue more than 20 licenses under this section to facilities described in subsection (1)(b)(i). The commission shall not issue more than 5 licenses under this section to homes for the aged described in subsection (1)(b)(ii).


436.1547 Definitions; catering permits.

Sec. 547. (1) As used in this section:

(a) "Private event" means an event where no consideration, as defined in section 913, is paid by the guests.

(b) "Catering permit" means a permit issued by the commission to a specially designated distributor, specially designated merchant, or holder of a public on-premises license for the sale of beer, wine, or spirits, or any combination thereof, that is also licensed as a food service establishment or retail food establishment under the food law of 2000, 2000 PA 92, MCL 289.1101 to 289.8111, which permit authorizes the permit holder to sell and deliver beer, wine, and spirits in the original sealed container to a person for off-premises consumption but only if the sale is not by the glass or drink and the permit holder serves the beer, wine, or spirits. The permit does not allow the permit holder to deliver, but not serve, the beer, wine, or spirits.

(2) Spirits sold by a specially designated distributor, specially designated merchant, or on-premises licensee under a catering permit shall not be sold at less than the minimum retail selling price fixed by the commission, including under rules promulgated by the commission for specially designated distributors under section 229.

(3) The commission may issue a catering permit to a specially designated distributor, specially designated merchant, or public on-premises licensee, as a supplement to that license, to allow the sale and delivery of beer, wine, or spirits in the original sealed container at locations other than the licensed premises and to require the catering permit holder to serve beer, wine, or spirits at the private event where the alcoholic liquor is not resold to guests. The commission shall not issue a catering permit to an applicant who delivers beer, wine, or spirits but does not serve the beer, wine, or spirits.

(4) This section does not limit the number of catering permits the commission may issue within any local unit of government.

(5) This section does not prevent a catering permit holder from using the catering permit at multiple locations and events during the same time period.

(6) This section does not prohibit a catering permit holder from selling beer, wine, or spirits to a person who has obtained a special license if that catering permit holder serves the beer, wine, or spirits and complies with all catering permit rules promulgated by the commission.

(7) An applicant for a catering permit shall apply on a form approved and provided by the commission and pay an application and processing fee of $70.00 and a catering permit fee of $100.00 on the issuance of the catering permit. The applicant shall also pay the catering permit fee on renewal of the specially designated...
distributed, specially designated merchant, or on-premises licensee.

(8) The person delivering the beer, wine, or spirits under a catering permit shall verify that the individual accepting delivery is at least 21 years of age. The catering permit holder may utilize a third party that provides delivery service to municipalities in this state that are surrounded by water and inaccessible by motor vehicle to deliver beer, wine, or spirits to the designated location of the private event if the delivery service is approved by the commission and agrees to verify that the individual accepting delivery of the beer, wine, or spirits is at least 21 years of age.

(9) A catering permit holder providing the service, or an employee of the catering permit holder, shall successfully complete a server training program approved by the commission before providing the service.

(10) A catering permit holder delivering the beer, wine, or spirits, or an employee of the catering permit holder, shall have in his or her possession while delivering the beer, wine, or spirits documentation demonstrating that the beer, wine, or spirits being delivered are for a private event being conducted under this section.

(11) A catering permit holder who prepares food or drink for direct consumption through service on the premises or elsewhere shall comply with the requirements for food service establishments under the food law of 2000, 2000 PA 92, MCL 289.1101 to 289.8111.

(12) A catering permit holder is subject to all sanctions, liabilities, and penalties provided under this act or under law.


436.1548 Public swimming pool permit; fees; requirements; "public swimming pool" defined.

Sec. 548. (1) The commission may issue an on-premises public swimming pool permit to an on-premises licensee that is licensed to operate a public swimming pool under part 125 of the public health code, 1978 PA 368, MCL 333.12501 to 333.12546. The commission shall charge an initial and an annual fee for an on-premises public swimming pool permit of $350.00. An on-premises public swimming pool permit issued under this section is not transferrable by location.

(2) A holder of an on-premises public swimming pool permit may sell and serve alcoholic liquor in a public swimming pool located on the licensed premises if both of the following conditions are met:

(a) The sales performed under the on-premises public swimming pool permit are made within an exclusive area that is well defined, clearly marked, and not accessible to minors. As an example, and not by way of limitation, an exclusive area is well defined and clearly marked if the exclusive area is delineated by a buoy line. An individual who purchased alcoholic liquor in the exclusive area described in this subdivision may possess alcoholic liquor sold by the holder of the on-premises public swimming pool permit only in the exclusive area and the licensed premises adjacent to the exclusive area.

(b) The sales are conducted by employees of the holder of the on-premises public swimming pool permit who have completed a server training program as provided for in section 906 and the rules promulgated by the commission.

(3) The commission shall develop an application for an annual on-premises public swimming pool permit allowing for licensed activities under this section.

(4) As used in this section, "public swimming pool" means that term as defined in section 12521 of the public health code, 1978 PA 368, MCL 333.12521.


436.1551 Social district permit; local management and maintenance plans; revocation; notice; liquor sale requirements within district; special license; removal of container requirements; annual permit; fee; definitions.

Sec. 551. (1) The governing body of a local governmental unit may designate a social district that contains a commons area that may be used by qualified licensees that obtain a social district permit. A governing body of a local governmental unit shall not designate a social district that would close a road unless the governing body receives prior approval from the road authority with jurisdiction over the road. If the governing body of a local governmental unit designates a social district that contains a commons area under this section, the governing body must define and clearly mark the commons area with signs. The governing body shall establish local management and maintenance plans, including, but not limited to, hours of operation, for a commons area and submit those plans to the commission. The governing body shall maintain the commons area in a manner that protects the health and safety of the community. Subject to this subsection, the governing body may revoke the designation if it determines that the commons area threatens the health, safety, or welfare of the public or has become a public nuisance. Before revoking the designation, the governing body must hold at least 1 public hearing on the proposed revocation. The governing body shall give
notice as required under the open meetings act, 1976 PA 267, MCL 15.261 to 15.275, of the time and place of the public hearing before the public hearing. The governing body shall file the designation or the revocation of the designation with the commission. As used in this subsection:

(a) "Local road agency" means a county road commission or designated county road agency or city or village that is responsible for the construction or maintenance of public roads within this state.

(b) "Road authority" means a local road agency or the state transportation department.

(2) The holder of a social district permit may sell alcoholic liquor for consumption within the confines of a commons area if both of the following requirements are met:

(a) The holder of the social district permit sells and serves alcoholic liquor only on the holder's licensed premises.

(b) The holder of the social district permit serves alcoholic liquor to be consumed in the commons area only in a container to which all of the following apply:

(i) The container prominently displays the social district permittee's trade name or logo or some other mark that is unique to the social district permittee under the social district permittee's on-premises license.

(ii) The container prominently displays a logo or some other mark that is unique to the commons area.

(iii) The container is not glass.

(iv) The container has a liquid capacity that does not exceed 16 ounces.

(3) If the commission issues a special license to a special licensee whose event is to be held within a commons area located within a social district, for the effective period of the special license, and subject to the commission's approval, the governing body of the local unit of government shall delineate the portion of the commons area to be utilized exclusively by the special licensee and the portion of the commons area to be used exclusively by social district permittees.

(4) A purchaser may remove a container of alcoholic liquor sold by a holder of a social district permit under subsection (2) from the social district permittee's licensed premises if both of the following conditions are met:

(a) Except as otherwise provided in subdivision (b), the purchaser does not remove the container from the commons area.

(b) While possessing the container, the purchaser does not enter the licensed premises of a social district permittee other than any of the following:

(i) The social district permittee from which the purchaser purchased the container.

(ii) A social district permittee whose licensed premises is a class B hotel.

(5) The consumption of alcoholic liquor from a container described in subsection (2)(b) in the commons area as allowed under this section may occur only during the hours of operation under the local management and maintenance plans established by the governing body of the local unit of government under subsection (1).

(6) A qualified licensee whose licensed premises is shared by and contiguous to a commons area in a social district designated by the governing body of a local governmental unit under this section may obtain from the commission an annual social district permit as provided in this section. The social district permit must be issued for the same period and may be renewed in the same manner as the license held by the applicant. The commission shall develop an application for a social district permit and shall charge a fee of $250.00 for a social district permit. An application for a social district permit must be approved by the governing body of the local governmental unit in which the applicant's place of business is located before the application is submitted to the commission and before the permit is granted by the commission. The $250.00 permit fee under this subsection must be deposited into the liquor control enforcement and license investigation revolving fund under section 543(9).

(7) As used in this section:

(a) "Commons area" means an area within a social district clearly designated and clearly marked by the governing body of the local governmental unit that is shared by and contiguous to the premises of at least 2 other qualified licensees. Commons area does not include the licensed premises of any qualified licensee.

(b) "Local governmental unit" means a city, township, village, or charter authority.

(c) "Qualified licensee" means any of the following:

(i) A retailer that holds a license, other than a special license, to sell alcoholic liquor for consumption on the licensed premises.

(ii) A manufacturer with an on-premises tasting room permit issued under section 536.

(iii) A manufacturer that holds an off-premises tasting room license issued under section 536.

(iv) A manufacturer that holds a joint off-premises tasting room license issued under section 536.

436.1552 Alcohol dispensing machines; requirements and limitations; violations; penalties; rescission of R 436.1045; "on-premises licensee" defined.

Sec. 552. (1) Except as otherwise provided in this section, a licensee shall not allow on the licensed premises a machine that dispenses alcoholic liquor directly to a customer.

(2) Subsection (1) does not apply to a dispensing machine that is located in a bedroom or suite of a hotel of a class A or class B hotel licensee.

(3) Subsection (1) does not apply to a dispensing machine that is located at an on-premises licensed establishment if all of the following conditions are met:

(a) The dispensing machine is located at a customer's table or booth.

(b) The dispensing machine does not dispense more than 96 ounces of beer, wine, or mixed spirit drink in a single order.

(c) The dispensing machine does not dispense spirits.

(d) The customer orders the beer, wine, or mixed spirit drink from a clerk, servant, agent, or employee of the licensee.

(e) The on-premises licensee does not sell, offer to sell, or advertise the sale of an unlimited quantity of beer, wine, or mixed spirit drink from the dispensing machine.

(f) The on-premises licensee or a clerk, servant, agent, or employee of the on-premises licensee monitors the sale, service, and consumption of beer, wine, or mixed spirit drink from the dispensing machine to ensure compliance with this act and the rules promulgated under this act.

(4) Subsection (1) does not apply to a dispensing machine that is located at an on-premises licensed establishment if all of the following conditions are met:

(a) The dispensing machine is not located at a customer's booth or table.

(b) The customer activates the dispensing machine with a secure key card supplied by the on-premises licensee or a clerk, servant, agent, or employee of the on-premises licensee.

(c) The secure key card under subdivision (b) is attached to the customer at all times, either through a necklace or bracelet, or other means of securing the key card to the customer.

(d) For each serving, the dispensing machine does not dispense more than 16 ounces of beer, 12 ounces of wine, or 12 ounces of mixed spirit drink.

(e) The dispensing machine does not dispense more than 32 ounces of any alcoholic liquor before the secure key card under subdivision (b) is reactivated by the on-premises licensee or a clerk, servant, agent, or employee of the on-premises licensee.

(f) The dispensing machine does not dispense spirits.

(g) The on-premises licensee or a clerk, servant, agent, or employee of the on-premises licensee monitors the sale, service, and consumption of beer, wine, or mixed spirit drink from the dispensing machine to ensure compliance with this act and the rules promulgated under this act.

(5) An on-premises licensee or a clerk, servant, agent, or employee of the on-premises licensee that supplies a secure key card under subsection (4)(b) or reactivates a secure key card under subsection (4)(e) shall comply with section 801.

(6) If an on-premises licensee has a dispensing machine described in subsection (4) located at the on-premises licensed establishment, the commission or any commissioner or authorized agent of the commission designated by the chairperson of the commission may assess a penalty of not more than $2,000.00 on the on-premises licensee for each violation of section 801(1) instead of assessing the penalty under section 903(1) if the on-premises licensee, or clerk, servant, or employee of the on-premises licensee violates section 801(1) regardless of whether the violation is associated with the dispensing machine. If the commission, or any commissioner or authorized agent of the commission designated by the chairperson of the commission assesses a penalty under this subsection, the commission may also suspend or revoke the on-premises licensee's license under section 903(1).

(7) R 436.1045 of the Michigan Administrative Code is rescinded.

(8) As used in this section, "on-premises licensee" means any of the following:

(a) A retailer that holds a license, other than a special license, to sell alcoholic liquor for consumption on the licensed premises.

(b) A manufacturer with an on-premises tasting room permit issued under section 536.

(c) A manufacturer that holds an off-premises tasting room license issued under section 536.

(d) A manufacturer that holds a joint off-premises tasting room license issued under section 536.

436.1601 Importation, sale, transportation, and delivery of beer, wine, mixed spirit drink, and mixed wine drink for sale by wholesaler; requirements; commission authority to inspect and seize or destroy.

Sec. 601. (1) Pursuant to section 2 of Amendment XXI of the Constitution of the United States, this state has an interest in ensuring the safety of beer, wine, mixed spirit drink, and mixed wine drink that is intended to be sold or is sold by wholesalers to retailers for purposes of human consumption. In order to protect the public health and safety, the commission must be able to inspect and seize beer, wine, mixed spirit drink, and mixed wine drink that is in the possession of a wholesaler being offered for sale in this state. The purpose of the inspection described in this subsection is to ensure that the beer, wine, mixed spirit drink, or mixed wine drink meets all of the following conditions:

(a) The beer, wine, mixed spirit drink, or mixed wine drink has been registered for sale with the commission.
(b) The beer, wine, mixed spirit drink, or mixed wine drink is not subject to a government mandated or supplier initiated recall.
(c) The beer, wine, mixed spirit drink, or mixed wine drink is not counterfeit.
(d) The beer, wine, mixed spirit drink, or mixed wine drink is labeled in conformance with applicable laws, rules, and regulations.
(e) The beer, wine, mixed spirit drink, or mixed wine drink can be tested by the commission or an agent assigned by the commission.
(f) The beer, wine, mixed spirit drink, or mixed wine drink is not prohibited by this state.

(2) The commission may seize or destroy beer, wine, mixed spirit drink, and mixed wine drink that does not meet the conditions of subsection (1).

(3) To enable the commission to carry out the functions described in subsections (1) and (2) and to randomly inspect records required to be maintained by a wholesaler under section 217 and R 436.1641 of the Michigan Administrative Code, a wholesaler or an applicant for a wholesaler license must have a warehouse located in this state and licensed by the commission for the storage, sale, and distribution of beer, wine, mixed spirit drink, and mixed wine drink before operating as a wholesaler in this state. This subsection does not require a wholesaler to hold a warehouser license for the wholesaler's licensed premises.

(4) To ensure that all beer, wine, mixed spirit drink, and mixed wine drink sold in this state is subject to this section, the importation, sale, transportation, and delivery of all beer, wine, mixed spirit drink, and mixed wine drink offered for sale by a wholesaler must meet the requirements of section 204.


436.1602 Termination, cancellation, nonrenewal, or discontinuation of agreement; voidance.

Sec. 602. A manufacturer's termination, cancellation, nonrenewal, or discontinuation of an agreement with a wholesaler as allowed under sections 305(13) and 403(13), as applicable, is void if the manufacturer sells the brand or brands of beer or wine, as applicable, subject to the termination, cancellation, nonrenewal, or discontinuation to a wholesaler or retailer within this state before the expiration of 24 months after the effective date of the written notice provided to a wholesaler as required under section 305(13) or 403(13), as applicable.


436.1603 Interest in business of other vendor prohibited; placing stock in portfolio under arrangement, trust agreement, or investment trust agreement; issuance and sale of participating shares within state; prohibitions; sale of brandy and spirits by manufacturer or small distiller; conditions; sale by small distiller; interest of brewpub in other locations; interest in business of other supplier; approval pursuant to R 436.1023(3); interest of manufacturer in wholesaler prohibited; delivery of wine by wine maker to retail licensees prohibited; tiers; application of subsection (13); definitions.

Sec. 603. (1) Except as provided in subsections (6) to (14) and section 605, a supplier, warehouser, or wholesaler shall not have any direct or indirect financial interest in the establishment, maintenance, operation, or promotion of the business of any other vendor.

(2) Except as provided in subsections (6) to (14) and section 605, a supplier, warehouser, or wholesaler or a stockholder of a supplier, warehouser, or wholesaler shall not have any direct or indirect interest by ownership in fee, leasehold, mortgage, or otherwise in the establishment, maintenance, operation, or promotion of the business of any other vendor.

(3) Except as provided in subsections (6) to (14) and section 605, a supplier, warehouser, or wholesaler
shall not have any direct or indirect interest by interlocking directors in a corporation or by interlocking stock ownership in a corporation in the establishment, maintenance, operation, or promotion of the business of any other vendor.

(4) Except as provided in subsections (6) to (14) and section 605, a person shall not buy the stocks of a supplier, warehouse, or wholesaler and place the stock in any portfolio under an arrangement, written trust agreement, or form of investment trust agreement, issue participating shares based upon the portfolio, trust agreement, or investment trust agreement, and sell the participating shares within this state.

(5) The commission may approve a brandy manufacturer or small distiller to sell brandy and spirits made by that brandy manufacturer or small distiller in a restaurant for consumption on or off the premises if the restaurant is owned by the brandy manufacturer or small distiller or operated by another person under an agreement approved by the commission and is located on premises where the brandy manufacturer or small distiller is licensed. Brandy and spirits sold for consumption off the premises under this subsection must be sold at the uniform price established by the commission.

(6) The commission shall allow a small distiller to sell brands of spirits it manufactures for consumption on the licensed premises at that distillery.

(7) A brewpub may have an interest in up to 5 other brewpubs if the combined production of all the locations in which the brewpub has an interest does not exceed 18,000 barrels of beer per calendar year.

(8) This section does not prohibit a supplier from having any direct or indirect interest in any other supplier.

(9) The commission may approve the following under R 436.1023(3) of the Michigan Administrative Code, subject to the written approval of the United States Department of Treasury Alcohol and Tobacco Tax and Trade Bureau:

(a) A wine maker participating with 1 or more wine makers in an alternating proprietor operation in accordance with 27 CFR 24.136.

(b) A brewer participating with 1 or more brewers in an alternating proprietor operation in accordance with 27 CFR 25.52.

(10) A manufacturer shall not have any direct or indirect interest in a wholesaler.

(11) A wine maker shall not collectively deliver wine, with any other wine maker, to retail licensees.

(12) Except for a licensed warehouse, all licensees in this state must be separated into 3 distinct and independent tiers composed of the following:

(a) Supplier tier, comprising suppliers.

(b) Wholesaler tier, comprising wholesalers.

(c) Retailer tier, comprising retailers.

(13) Except as otherwise provided in subsection (14), beginning April 30, 2011, the commission shall not allow any of the following:

(a) A retailer to hold, directly or indirectly, a license in the wholesaler or supplier tier.

(b) A wholesaler to hold, directly or indirectly, a license in the retailer or supplier tier.

(c) A supplier to hold, directly or indirectly, a license in the wholesaler or retailer tier.

(14) Subsection (13) does not prohibit a class C, tavern, class A hotel, or class B hotel licensee from receiving a brewpub license or a micro brewer or brewer from having an on-site restaurant.

(15) As used in this section:

(a) "Manufacturer" means, notwithstanding section 109(2), a wine maker, small wine maker, brewer, micro brewer, manufacturer of spirits, distiller, small distiller, brandy manufacturer, mixed spirit drink manufacturer, direct shipper, a licensee with an approved tasting room, or a person licensed by the commission to perform substantially similar functions.

(b) "Supplier" means a manufacturer, mixed spirit drink manufacturer, outstate seller of beer, outstate seller of wine, outstate seller of mixed spirit drink, and vendor of spirits or a person licensed by the commission to perform substantially similar functions but does not include a master distributor.


436.1605 Acquisition, development, sale, lease, financing, maintenance, operation, or promotion of real property occupied or to be occupied by another vendor; conditions; denial or approval of arrangement or contract; review; denial, revocation, or suspension of license; wholesaler as party to arrangement or contract prohibited; acquisition, development, sale, lease, financing, maintenance, operation, or promotion of
condominium project or unit; exception.

Sec. 605. (1) A brewer, wine maker, distiller, brandy manufacturer, or the parent company, a subsidiary or an affiliate of a brewer, wine maker, distiller, or brandy manufacturer which parent company, subsidiary, or affiliate is located in this state may acquire, develop, sell, lease, finance, maintain, operate, or promote real property occupied or to be occupied by another vendor, except a wholesaler, if all of the following exist:

(a) The brewer, wine maker, distiller, or brandy manufacturer has received written approval of the commission before entering into any arrangement or contract between the parties regarding the real property.

(b) The legislative body of the city, village, or township where the property is located certifies to the commission that the real property is in an urban, commercial, or community redevelopment area.

(c) Any arrangement or contract entered into between the brewer, wine maker, distiller, brandy manufacturer, its parent company, subsidiary, or affiliate and another vendor shall not directly or indirectly influence or control the brand of alcoholic liquor sold or to be sold by the vendor and shall only be concerned with real property.

(d) The brewer, wine maker, distiller, brandy manufacturer, its parent company, subsidiary, or affiliate has not acquired, developed, sold, leased, financed, or maintained, operated, or promoted more than 7 real properties that are occupied or to be occupied by another vendor, except a wholesaler.

(2) The commission may deny or approve an arrangement or contract to be entered into under this section. In denying or approving an arrangement or contract, the commission shall consider all of the following:

(a) That the arrangement or contract to be entered into is concerned only with real property.

(b) That the certification required under subsection (1)(b) has been received by the commission.

(c) That the arrangement or contract does not violate this act or the rules promulgated under this act.

(3) The commission may review any arrangement or contract under this section at the time that 1 of the parties to the arrangement or contract applies for or renews a license. The commission may deny, revoke, or suspend the license of a party to the arrangement or contract if the commission finds that the party to the arrangement or contract has violated this act or the rules promulgated under this act.

(4) Except as otherwise provided in subsection (5), a wholesaler shall not be a party to, directly or indirectly, an arrangement or contract under this section.

(5) A manufacturer, mixed spirit drink manufacturer, warehouser, wholesaler, authorized distribution agent, outstate seller of beer, outstate seller of wine, outstate seller of mixed spirit drink, or vendor of spirits may acquire, develop, sell, lease, finance, maintain, operate, or promote a condominium project or own a condominium unit as its sole property, under the condominium act, 1978 PA 59, MCL 559.101 to 559.276, if that condominium unit is not the licensed premises owned separately by a retailer and if all of the following apply:

(a) Condominium assessments in the condominium project are based on the proportional area each condominium unit has to the total area.

(b) A condominium unit operating as a licensed premises operates under a separate name from the condominium project except that cooperative advertising shall be permitted among owners of condominium units for the purpose of promoting the condominium project if the name of a brand or brands of an alcoholic liquor is not mentioned in the advertising.

(c) Ownership of a condominium unit and participation in a condominium association under this section is not considered a financial interest, interest by ownership, or interest by interlocking directors on stock ownership prohibited by section 603.

(d) A retailer separately owning a separate condominium unit as sole property does not directly purchase alcoholic liquor from the manufacturer, warehouser, wholesaler, outstate seller of mixed spirit drink, or vendor of spirits who owns, leases, maintains, finances, or operates the condominium project.

(e) A wholesaler that has a direct or indirect interest in a condominium unit in which a retailer is located does not sell alcoholic liquor to any licensed retail business in which that retailer, or any person having an ownership interest in that retailer, has an ownership interest; and, a retail licensed business in which that retailer, or any person having an ownership interest in that retailer, has an ownership interest does not purchase alcoholic liquor from a wholesaler that has a direct or indirect interest in a condominium or condominium unit in which that retailer is located.

(f) A retailer acquiring a separate condominium unit as sole property pays the fair market value for the unit.

(6) Subsection (5) does not apply to a manufacturer, mixed spirit drink manufacturer, warehouser, wholesaler, authorized distribution agent, outstate seller of beer, outstate seller of wine, outstate seller of mixed spirit drink, or vendor of spirits with a direct or indirect interest in a license under the Michigan gaming control and revenue act, 1996 IL 1, MCL 432.201 to 432.226. Subsection (5) does not prohibit a
direct physical connection between a condominium unit that is the licensed premises and a condominium unit that is not the licensed premises.


### 436.1607 Eligibility for license as specially designated merchant or specially designated distributor; prohibitions; small distiller; wine maker and small wine maker; brewer as specially designated merchant; brewery hospitality room; sales or deliveries by wholesaler.

Sec. 607. (1) Except as provided in section 536(7)(h), a warehouser, mixed spirit drink manufacturer, wholesaler, outstate seller of beer, outstate seller of wine, outstate seller of mixed spirit drink, or vendor of spirits shall not be licensed as a specially designated merchant or a specially designated distributor. A person licensed as a small distiller is not considered to be a specially designated distributor. Beginning December 23, 2007 and in addition to the persons described in this subsection, a wine maker and a small wine maker shall also not be licensed as a specially designated merchant or a specially designated distributor. Any wine maker or small wine maker holding a specially designated merchant or specially designated distributor license on December 23, 2007 may continue to hold a specially designated merchant or specially designated distributor license.

(2) A specially designated distributor or specially designated merchant or any other retailer shall not hold a mixed spirit drink manufacturer, wholesale, warehouse, outstate seller of beer, outstate seller of mixed spirit drink, or outstate seller of wine license. Beginning December 23, 2007, a specially designated distributor or specially designated merchant shall not hold a wine maker or small wine maker license in addition to being prohibited from holding any other license described in this subsection. Any specially designated distributor or specially designated merchant holding a wine maker or small wine maker license on December 23, 2007 may continue to hold a wine maker or small wine maker license.

(3) A brewer, warehouser, or wholesaler shall not be licensed as a specially designated merchant. This subsection does not affect the operation of a brewery hospitality room.

(4) A wholesaler may sell or deliver beer and alcoholic liquor to hospitals, military establishments, governments of federal Indian reservations, and churches requiring sacramental wines and may sell to the wholesaler's own employees to a limit of 2 cases of 24 12-ounce units or its equivalent of malt beverage per week, or 1 case of 12 1-liter units or its equivalent of wine or mixed spirit drink per week.


### 436.1608 Distribution and sale of alcoholic beverages; prohibited conduct by manufacturers; violation; civil fine; financial records.

Sec. 608. (1) The purpose of this section is to exercise this state's authority under section 2 of Amendment XXI of the Constitution of the United States to ensure an orderly market for the distribution and sale of alcoholic beverages.

(2) It is the intent of this state to provide access to this state's alcoholic beverage market to all licensed manufacturers of alcoholic beverages by ensuring the independence of wholesalers to distribute the brands of beer, wine, mixed spirit drinks, and mixed wine drinks of multiple manufacturers free from the interference or control of any 1 manufacturer.

(3) A manufacturer shall not do any of the following:

(a) Subject to subsection (5), require a wholesaler to provide financial records directly or indirectly related to any of the following:

(i) The wholesaler's distribution of the brands manufactured or sold to the wholesaler by another manufacturer.

(ii) The compensation of a wholesaler's employees.

(iii) The wholesaler's business operations not directly related to the distribution of the brands manufactured or sold to the wholesaler by the manufacturer.

(b) Request a wholesaler to submit any of the wholesaler's financial records as a requirement for renewing or retaining an agreement.

(c) Require a wholesaler to spend a set amount of resources marketing or promoting the brands manufactured or sold by the manufacturer to the wholesaler that is based on the sales revenue derived by the wholesaler's distribution of the brands manufactured or sold to the wholesaler by the manufacturer.

(d) Intentionally ship beer, wine, mixed spirit drink, or mixed wine drink to a wholesaler that exceeds the order placed by the wholesaler or the forecast submitted by the wholesaler. For purposes of this subdivision, a manufacturer is considered to have intentionally taken an action described in this subdivision if the

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manufacturer has invoiced or initiated an electronic funds transfer for the amount shipped in excess.

(e) Prohibit a wholesaler from distributing the brands the manufacturer manufactured or sold to the wholesaler in licensed vehicles that have markings or logos of brands manufactured or sold to the wholesaler by other manufacturers.

(f) Prohibit a wholesaler from distributing the brands manufactured or sold to the wholesaler by another manufacturer on a licensed vehicle that has the marking or logos of brands manufactured or sold to the wholesaler by the manufacturer.

(g) Require a distributor to pay for the development, installation, or use of reporting software owned or mandated by the manufacturer. This subdivision does not prohibit a manufacturer from requiring a distributor to maintain electronic information systems that are compatible with systems and standards adopted by the manufacturer.

(h) Require a wholesaler to pay a fee or penalty, of any description, for noncompliance with a manufacturer requirement. This subdivision does not prohibit a wholesaler from paying damages to a supplier as provided in section 305 or 403.

(i) Set or attempt to set the rates of compensation for wholesaler employees, including incentives.

(j) Prohibit a wholesaler from utilizing any wholesaler-owned, leased, or controlled property or equipment to market, promote, deliver, or distribute the brands manufactured or sold by another manufacturer to the wholesaler.

(4) A manufacturer that violates this section may be ordered to pay a civil fine as follows:

(a) For a first violation, a civil fine of not more than $1,000.00.

(b) For a second violation, a civil fine of not more than $2,000.00.

(c) For a third or subsequent violation, a civil fine of not more than $5,000.00.

(5) A manufacturer may request and a wholesaler may provide financial records if any of the following circumstances apply:

(a) The wholesaler is attempting to purchase the manufacturer's brands from another wholesaler.

(b) The wholesaler and manufacturer are entering into an initial distribution agreement.

(c) The financial records are solely related to the brands sold by the manufacturer to the wholesaler.

(6) As used in this section, "manufacturer" includes a brewer, micro brewer, wine maker, small wine maker, mixed spirit drink manufacturer, outstate seller of beer, outstate seller of wine, or outstate seller of mixed spirit drink.


436.1609 Aiding or assisting other vendor prohibited; exception; refunding amount of price reductions; providing licensee with advertising items; providing licensee with goods and services; approval by commission; sale of brand logoed items; possession and use of brand logoed barware; conditions for promotion of brand under R 436.1321(1) to (3); unauthorized providing or selling of barware; fine; on-premises brand promotional event; removal of merchandise; purchase and sale of brand logoed inventory by retailer holding off-premises license; adding or removing item by rule; definitions.

Sec. 609. (1) Except as provided in this section and sections 605 and 1029, a manufacturer, mixed spirit drink manufacturer, warehouser, wholesaler, outstate seller of beer, outstate seller of wine, outstate seller of mixed spirit drink, or vendor of spirits shall not aid or assist any other vendor by gift, loan of money or property of any description, or other valuable thing, or by the giving of premiums or rebates, and a vendor shall not accept the same. However, if manufacturers of spirits reduce the price of their products, the manufacturer of spirits may refund the amount of the price reductions to specially designated distributor licensees in a manner prescribed by the commission.

(2) A manufacturer, mixed spirit drink manufacturer, warehouser, wholesaler, outstate seller of beer, outstate seller of wine, outstate seller of mixed spirit drink, or vendor of spirits may, in a manner consistent with rules, regulations, and orders made by the commission, provide another licensee with an advertising item that promotes the brands and prices of alcoholic liquor produced by the manufacturer; sold by the outstate seller of beer, the outstate seller of wine, or the outstate seller of mixed spirit drink; or distributed by the wholesaler. Except as otherwise allowed under subsection (3), (4), (5), or (6), the advertising item must not have any use or value beyond the actual advertising of brands and prices of the alcoholic liquor.

(3) Except for those orders that were approved for specific sponsorships or festivals, a manufacturer, mixed spirit drink manufacturer, warehouser, wholesaler, outstate seller of beer, outstate seller of wine, outstate seller of mixed spirit drink, or vendor of spirits may provide goods and services to another licensee that were approved by the commission under rules or orders adopted before January 1, 2014 and the following
items:
   (a) Alcoholic liquor recipes literature.
   (b) Calendars and matchbooks.
   (c) Removable tap markers or signs.
   (d) Table tents.
   (e) Shelf talkers.
   (f) Bottle neckers.
   (g) Cooler stickers.
   (h) Buttons, blinking and nonblinking.
   (i) Menu clip-ons.
   (j) Mirrors.
   (k) Napkin holders.
   (l) Spirits cold shot tap machines.
   (m) Alcoholic liquor drink menus.
   (n) Keg couplers that are lent to an on-premises retailer.
   (o) Sporting event or entertainment tickets.
   (p) Suction cups.
   (q) Cooler door attachments.
   (r) Tear pad holders.
   (s) A wholesaler may sell brand logoed items to an off-premises licensee if those brand logoed items are contained within the packaging of an alcoholic liquor product that is to be sold to a consumer.
   (t) A retailer shall not use or possess, at its licensed premises, advertising items that have a use or value beyond the actual advertising of brands and prices of alcoholic liquor except for those items allowed in subsection (3), (4), or (6), or as otherwise allowed under this subsection. A retailer may possess and use brand logoed barware that advertises spirits if the items are purchased from a manufacturer of spirits, vendor of spirits, salesperson, broker, or barware retailer. A retailer may possess and use brand logoed barware that advertises beer or wine if the items are purchased from a barware retailer. A retailer shall maintain the receipts of all purchased brand logoed barware for at least 3 years and shall make those receipts available for inspection by the commission as provided in section 217. Beginning in the 2015 licensing year, a retailer shall disclose, in a manner as prescribed by the commission on the application for renewal of an existing license, if any barware was purchased by the retailer during the immediately preceding license year.
   (u) A manufacturer, outstate seller, or vendor of spirits may provide brand logoed merchandise to an on-premises retailer and off-premises retailer to promote the brand and price of its products under R 436.1321(1) to (3) of the Michigan Administrative Code. All of the following apply to brand logoed merchandise under this subsection:
      (a) Brand logoed merchandise must be used for display purposes only.
      (b) Brand logoed merchandise may only provide brand advertising when used in a display.
      (c) Brand logoed merchandise must be returned to the alcoholic beverage supplier or wholesaler on completion of the display.
      (d) Brand logoed merchandise must not be given to the retailer or the retailer's employee or any other person for their personal use.
      (e) The value of the brand logoed merchandise on display must not exceed $200.00 per item.
      (f) Brand logoed merchandise that a retailer could use in the daily operation of the retailer's business is prohibited.
      (g) Brand logoed merchandise must be unilluminated.
      (h) Brand logoed merchandise must not be more than 3,500 square inches in dimension.
      (i) Brand logoed merchandise must be owned by the manufacturer or supplier. The ownership of brand logoed merchandise may not be transferred to the retailer, the retailer's employee, or any other person.
      (j) A wholesaler may deliver and install a display using brand logoed merchandise provided without charge by a manufacturer, outstate seller of beer, outstate seller of wine, or outstate seller of mixed drink.
   (v) In addition to the penalties provided under section 903, a manufacturer of beer or wine, mixed spirit drink manufacturer, warehouser, wholesaler, outstate seller of beer, outstate seller of wine, or outstate seller of mixed spirit drink that provides or sells barware and is not authorized to provide or sell barware is subject to a fine in an amount of up to $2,500.00 as determined by the commission. Multiple violations resulting from the same incident may be treated as a single violation for purposes of issuance of any penalty imposed under this act.
   (w) An on-premises retailer that hosts an on-premises brand promotional event conducted by a wholesaler or supplier has 14 days after the event to remove from the premises any brand logoed merchandise from the
event to maintain compliance with this section.

(9) This act and rules promulgated under this act do not prevent a retailer that holds an off-premises license only from purchasing brand logoed inventory and selling that inventory to its customers.

(10) Beginning after September 25, 2015, the commission may, by rule, add an item to or remove an item from the definition of barware. The commission shall not add or remove more than 1 item per rule and shall not promulgate more than 1 rule at a time on the definition of barware. The commission shall not issue a rule that adds refrigerator systems, draft systems, or furniture to the definition of barware. A rule, regulation, or order adopted after January 1, 2014 that is not adopted in accordance with this subsection and that is not consistent with this section or is in conflict with this section is void and unenforceable.

(11) As used in this section:
(a) "Barware" means the following brand logoed items:
   (i) Trays.
   (ii) Coasters.
   (iii) Napkins.
   (iv) Shirts.
   (v) Hats.
   (vi) Pitchers.
   (vii) Drinkware that is intended to be reused.
   (viii) Bar mats.
   (ix) Buckets.
   (x) Bottle openers.
   (xi) Stir rods.
   (xii) Patio umbrellas.
   (xiii) Any packaging used to hold and deliver the alcoholic liquor purchased by the retailer.
   (xiv) Any other items that have been added by the commission under subsection (10).
(b) "Barware retailer" means a person that offers brand logoed barware for sale to retailers, whether or not it is in their ordinary course of business, and that is not licensed as, or directly or indirectly affiliated with, a manufacturer of beer or wine, mixed spirit drink manufacturer, warehouser, wholesaler, outstate seller of beer, outstate seller of wine, or outstate seller of mixed spirit drink. For purposes of this subdivision, a licensing agreement that authorizes use of a brand logo is not a direct or indirect affiliation.
(c) "Broker" means a person, other than an individual, that is licensed by the commission and that is employed or otherwise retained by a manufacturer of spirits or a vendor of spirits to sell, promote, or otherwise assist in the sale or promotion of spirits.
(d) "Indirectly affiliated" means, for purposes of this section only, that a person owns 5% or more of the voting interest of another person.
(e) "Other valuable thing" means a good, service, or intangible good that is given, loaned, leased, or sold to another licensee that has value regardless of whether the value is nominal. Other valuable thing includes, but is not limited to, a good, service, or intangible good that provided a benefit, regardless of how nominal, to the licensee other than advertising the brands and prices of alcoholic liquor produced by the manufacturer; sold by the outstate seller of beer, the outstate seller of wine, or the outstate seller of mixed spirit drink; or distributed by the wholesaler, except for consumable goods and those goods, services, or intangible goods approved by rule or order of the commission before January 1, 2014.
(f) "Salesperson" means, for purposes of this subsection only, a person who is employed by a vendor of spirits or a broker and who is licensed by the commission to sell, deliver, or promote, or otherwise assist in the sale of, spirits in this state.


436.1609a Filing by manufacturer or wholesaler; schedule of net cash prices; beer package price; sale of beer at quantity discount prohibited; disclosure of filing under subsections (1) and (2); comparison of filing under subsections (1) and (2) with tax filing; inapplicability to a brewpub; reasons for regulation.

Sec. 609a. (1) A manufacturer or wholesaler shall file with the commission a schedule of net cash prices to the retailer for all brands of case and keg beer for its market area. If a person sells beer that has not received a registration number from the commission in violation of subrule (1)(d) of R 436.1611 of the Michigan Administrative Code and if a wholesaler files a schedule of net cash prices as required under this subsection, both of the following apply:
(a) The wholesaler is not considered to have violated subrule (1)(d) of R 436.1611 of the Michigan Administrative Code.

(b) A retailer is not considered to have violated subrule (1)(d) of R 436.1611 of the Michigan Administrative Code.

(2) A manufacturer or wholesaler shall file with the commission a beer package price reduction for its market area. The manufacturer or wholesaler shall file the price reduction before its effective date. A price reduction under this subsection must continue for at least 90 days after the effective date.

(3) The beer package price for a market area may be increased during the 90-day period described in subsection (2) for any of the following reasons:
   (a) To reflect a tax increase in the market area.
   (b) To reflect a general industry price increase in the market area.

(4) The beer package price for a market area may be decreased during the 90-day period described in subsection (2) if both of the following conditions are met:
   (a) The price reduction is not greater on a cents-per-case basis than the price reduction filed by the competition.
   (b) The price reduction continues for the balance of the 90 days filed by the competition.

(5) A manufacturer or wholesaler shall not sell beer at a quantity discount.

(6) A net cash price filed under subsection (1) and a price reduction filed under subsection (2) are exempt from disclosure under section 13 of the freedom of information act, 1976 PA 442, MCL 15.243, until 1 year after the net cash price or price reduction is filed, as applicable.

(7) The commission shall periodically compare a manufacturer's or wholesaler's filing under subsection (1) or (2) with the manufacturer's or wholesaler's tax filing under section 409.

(8) This section does not apply to a brewpub.

(9) Beginning on the effective date of the amendatory act that added this subsection, the commission shall not implement or enforce subrule (1)(c) and (d) of R 436.1611 of the Michigan Administrative Code for products manufactured by a brewer and for products that a micro brewer or brewer sell exclusively at its tasting room or at a beer festival. As used in this subsection, "beer festival" means that term as defined in section 526.

(10) The regulation described in this section is necessary for both of the following reasons:
   (a) To promote temperance and the public health and welfare.
   (b) To promote a stable 3-tier distribution system with orderly markets for wine and malt beverage products in which there is no price discrimination by a wholesaler in its sales to retailers within the wholesaler's sales territory.


436.1609b Expenditure records for each call on retail licensee; drink purchase for promotional purposes; limitation.

Sec. 609b. (1) A vendor representative and salesperson of a vendor of spirits, manufacturer of beer, manufacturer of wine, outstate seller of beer, outstate seller of wine, or wholesaler shall maintain accurate records of expenditures for each call on a retail licensee. The records must be maintained for 4 years and must be made available for commission inspection.

(2) A vendor representative or salesperson of spirits or wine, for promotional purposes, may purchase 1 drink for each customer of an on-premises licensee. A drink purchased under this subsection must be of the brand represented by the vendor representative or salesperson.

(3) A vendor representative or salesperson of a manufacturer of beer, a wholesaler of beer, or an outstate seller of beer, for promotional purposes, may purchase 1 drink for each customer of an on-premises retail licensee subject to a total spending limit of $100.00 per day. A drink purchased under this subsection must be of the brand represented by the vendor representative or salesperson.

(4) A vendor representative or salesperson of a manufacturer of beer, a wholesaler of beer, or an outstate seller of beer shall not purchase a drink under subsection (3) more than twice per month at the same on-premises retail licensed location.

(5) A licensee employed to deliver alcoholic liquor shall not purchase a drink of alcoholic liquor for a retail licensee while on duty or in the course of employment.


436.1609c Beer or wine; refund or replacement; reasons.

Sec. 609c. (1) A manufacturer that sells direct to a retailer as provided under section 203a or a wholesaler may refund to a retailer the amount the retailer paid for beer or wine, as applicable, or a manufacturer that
sells direct to a retailer as provided under section 203a or a wholesaler may replace that beer or wine for any of the following reasons:
   (a) The beer or wine is outdated.
   (b) The beer or wine is defective.
   (c) An error in the beer or wine delivered.
   (d) The beer or wine may no longer be lawfully sold.
   (e) The termination of the retailer's business.
   (f) The formula, proof, label, or container of the beer or wine is changed.
   (g) The beer or wine is discontinued.
   (h) The retailer is only open a portion of the year and the beer or wine is likely to spoil during the off-season.

(2) If beer is within 30 days of its out-of-date code, a manufacturer that sells direct to a retailer as provided under section 203a or a wholesaler may refund to a retailer the amount the retailer paid for the beer.

(3) A manufacturer that sells direct to a retailer as provided under section 203a or a wholesaler may only issue a refund or replacement under this section for beer or wine that the manufacturer or wholesaler sold to the retailer.

(4) Beginning March 1, 2020, a manufacturer may refund to a wholesaler up to the amount the wholesaler paid for beer or wine, as applicable, or a manufacturer may replace that beer or wine for either of the following reasons:
   (a) The wholesaler purchased the beer or wine from the manufacturer and the wholesaler refunded to the retailer the amount the retailer paid for that beer or wine or replaced that beer or wine under subsection (1) or (2).
   (b) The beer or wine that the wholesaler purchased from the manufacturer has gone out of date while in possession of the wholesaler.


436.1609d Specially designated distributor; refund to special licensee for unopened bottles.

Sec. 609d. A specially designated distributor that sells spirits to a special licensee that is authorized by the commission to sell spirits may refund the special licensee for the return of an unopened bottle in the same amount that the special licensee paid for the spirits, less any of the specially designated distributor's credit card transaction fees incurred from the sale, if the bottle is without damage to the exterior that would prevent the salability of the bottle.


436.1609e Providing of brand logoed tent or trailer or temporary platform to special licensee.

Sec. 609e. Notwithstanding section 609, a vendor of spirits may provide a special licensee with any of the following:
   (a) A brand logoed tent for use by the special licensee during the effective period of the special license.
   (b) A brand logoed temporary platform for use by the special licensee during the effective period of the special license. As used in this subdivision, "temporary platform" means a preestablished platform that is exclusively used to serve, dispense, or mix drinks upon, including any refrigeration equipment or mixing equipment.
   (c) A brand logoed trailer for use by the special licensee during the effective period of the special license.


436.1610 Advertising; use of unpaid social media; supplier's assistance; requirements; definitions.

Sec. 610. (1) Notwithstanding section 609, a wholesaler, manufacturer, outstate seller of beer, outstate seller of wine, outstate seller of mixed spirit drink, vendor of spirits, broker, or retailer may use unpaid social media to advertise any of the following in accordance with all applicable laws and regulations:
   (a) An on-premises brand promotion.
   (b) Beer, wine, or spirits tastings under section 537.
   (c) A product location communication.

   (2) Notwithstanding section 609, and subject to subsection (3), a supplier may take any of the following actions to assist a consumer seeking to have an alcoholic beverage sold by the supplier delivered or shipped to the consumer's home or designated location by a retailer as allowed under section 203:
      (a) Advertise the name and location of all retailers that deliver or ship to a consumer the alcoholic
beverages sold by the supplier.

(b) Provide a link to the website of each retailer that delivers or ships to a consumer the alcoholic beverages sold by the supplier.

(c) Transmit the consumer's order and payment information to the retailer that the consumer chooses to fulfill the customer's purchase and perform the delivery or shipment.

(3) A supplier shall not take any action described in subsection (2) unless both of the following conditions are met:

(a) The supplier and retailer do not provide or receive any other valuable thing in consideration for any action described in subsection (2) taken by the supplier. As used in this subdivision, "other valuable thing" means that term as defined in section 609.

(b) The supplier provides the consumer a list of retailers, from which the consumer selects, that will sell, deliver, or ship the alcoholic beverage to the consumer. The supplier may satisfy the condition under this subdivision by providing the consumer with a list of retailers located in the zip code or nearest zip codes to the consumer's location.

(4) As used in this section:

(a) "Broker" means that term as defined in section 609.

(b) "Consumer" means that term as defined in section 203.

(c) "On-premises brand promotion" means a promotion in the manner provided by the order of the commission issued on October 27, 1999. That order's prohibition against advertising an on-premises promotion by a party off the licensed premises does not apply to this section.

(d) "Product location communication" means a listing or program that allows an individual to determine the availability of a specific product at licensed retailers in a certain geographic area.

(e) "Social media" means a service, platform, or website where users communicate with one another and share media, such as pictures, videos, music, and blogs, with other users free of charge. Social media includes the website of a wholesaler, manufacturer, outstate seller of beer, outstate seller of wine, vendor of spirits, broker, or retailer.

(f) "Supplier" means that term as defined in section 603.


436.1610a Promotion of brands and prices of alcoholic liquor; signs; requirements.

Sec. 610a. (1) Subject to subsection (2), a manufacturer, mixed spirit drink manufacturer, warehouser, wholesaler, outstate seller of beer, outstate seller of mixed spirit drink, or vendor of spirits may provide to a retailer signs that promote the brands and prices of alcoholic liquor, including special event pricing.

(2) All of the following apply to a sign allowed under subsection (1):

(a) The sign must not be illuminated.

(b) The sign must not have any use beyond the actual advertising of brands, prices, and events related to the alcoholic liquor.

(c) The sign must not include the name of the retailer.

(d) For a sign that is located inside the retailer's licensed premises, the sign must not be more than 3,500 square inches in dimension.

(3) A retailer may use an illuminated sign to promote the brand but not the price of alcoholic liquor. A manufacturer, mixed spirit drink manufacturer, warehouser, wholesaler, outstate seller of beer, outstate seller of wine, outstate seller of mixed spirit drink, or vendor of spirits shall not provide to a retailer a sign described in this subsection.

(4) The signs allowed under this section are in addition to the advertising items that a manufacturer, mixed spirit drink manufacturer, warehouser, wholesaler, outstate seller of beer, outstate seller of wine, outstate seller of mixed spirit drink, or vendor of spirits may provide another licensee under section 609(2).


436.1610b Temporary bin display.

Sec. 610b. (1) A manufacturer, vendor of spirits, outstate seller of beer, outstate seller of wine, or wholesaler shall not sell or in any manner furnish or install, and a retailer shall not accept, a permanent display in the licensed premises of the retailer.

(2) A manufacturer, vendor of spirits, outstate seller of beer, or outstate seller of wine may furnish and install a temporary bin display that has a capacity of up to 25 cases of 24 12-ounce or 0.375-liter containers or the equivalent in other sizes of beer, wine, or spirits on the premises of a retailer that is licensed for off-premises sales only.

(3) Notwithstanding section 609, a wholesaler may install, on the premises of a retailer that is licensed for
off-premises sales only, a temporary bin display that has been provided without charge by the manufacturer, outstate seller of beer, or outstate seller of wine.

(4) A retailer shall ensure that a temporary bin display installed on the retailer's premises clearly indicates by a tag, stamp, label, or other method that is securely affixed to the temporary bin display the date on which the temporary bin display was installed.

(5) The 3,500-square-inch limit on an inside retail advertising sign under section 609 does not apply to advertising on a temporary bin display described in subsection (2) or (3).

(6) As used in this section, "temporary bin display" means a freestanding device that is constructed of a material that is used for the exhibition of beer, wine, or spirits on the premises of a retailer that is licensed for off-premises sales only and that must be removed from the retail licensed premises not later than 120 days after installation.


436.1610c Certain equipment to special licensee; beer festival; limitations.
Sec. 610c. (1) Notwithstanding section 609, a manufacturer, wholesaler, or retailer may provide a special licensee, including, but not limited to, the holder of a special license to conduct a beer festival under section 526, with any of the following:
(a) Beer or wine dispensing equipment or cooling equipment for use by the special licensee during the effective period of the special license. The equipment described in this subdivision may be within or part of a trailer.
(b) A brand logoed tent for use by the special licensee during the effective period of the special license.
(2) A manufacturer, wholesaler, or retailer that is authorized to sell alcoholic liquor to a special licensee under this act may deliver the alcoholic liquor to the special licensee's premises on the commission's issuance of the special license.
(3) A special licensee shall not sell alcoholic liquor before the effective period of the special license.
(4) A special licensee may purchase alcoholic liquor under R 436.582 of the Michigan Administrative Code or under section 526.


436.1610d Cooperative advertising; exceptions; instant rebate coupons; limitations; "cooperative advertising" defined.
Sec. 610d. (1) There must not be cooperative advertising:
(a) Between a manufacturer, an outstate seller of beer, an outstate seller of wine, and a retailer.
(b) Between a wholesaler and a retailer.
(c) Between a manufacturer, an outstate seller of beer, an outstate seller of wine, and a wholesaler.
(2) A manufacturer, an outstate seller of beer, or an outstate seller of wine may do any of the following:
(a) Pay any portion of the cost of painting a truck of a wholesaler.
(b) Supply a brand logoed decal or advertising mat, or both, to a wholesaler without cost.
(c) Use the name or logo of the wholesaler of the outstate seller of beer or outstate seller of wine in the advertising of the outstate seller of beer or outstate seller of wine.
(3) The name of a retailer must not appear in the advertising of a manufacturer, an outstate seller of beer, an outstate seller of wine, or a wholesaler.
(4) A retailer may offer consumers instant rebate coupons for use with alcoholic liquor purchases. An instant rebate coupon issued under this subsection must comply with all of the following:
(a) A retailer shall only issue coupons that state a specific expiration date and specific cash refund value on the coupons.
(b) A retailer shall not issue coupons that make any alcoholic liquor free. For spirits, the retailer shall only issue coupons where the specific cash refund amount does not exceed 35% of this state's minimum shelf price for the products purchased and does not reduce the retail price of any product below $2.00 a bottle.
(c) A retailer may issue coupons that can be applied to more than 1 specific product from a manufacturer, but must state the manufacturer to which they apply.
(d) A retailer shall issue coupons that require the retail customer to purchase at least 1 product of alcoholic liquor to redeem a coupon. A retailer may issue coupons that require the retail customer to purchase 2 or more alcoholic liquor products from the same manufacturer to redeem the coupon.
(e) For spirits, a retailer shall only issue coupons for the 375 milliliters or larger size bottles.
(f) A supplier or wholesaler of beer or wine shall not pay for or participate in the offering of an instant rebate coupon.
(5) As used in this section, "cooperative advertising" means a jointly funded effort between licensees or

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436.161 Refund or credit of tax paid on wine, mixed spirit drink, or beer; conditions; time limitation; form and contents of claim; supporting evidence; removal or destruction of damaged wine, beer, or mixed spirit drink; applicability of section; rebate of tax paid on wine or mixed spirit drink.

Sec. 611. (1) A refund or credit of the tax on wine or mixed spirit drink paid under section 301 and of the tax on beer paid under section 409 shall be made by the commission to a brewer, wine maker, outstate seller of wine, outstate seller of mixed spirit drink, manufacturer of mixed spirit drink, wholesaler, or retail licensee who paid the tax if the wine, beer, or mixed spirit drink was sold to a military installation or Indian reservation in this state or, subject to subsection (2), if the wine, beer, or mixed spirit drink is lost, made unmarketable, or condemned by order of the commission as the result of a fire, flood, casualty, or other occurrence. A refund or credit shall not be made as the result of theft.

(2) A refund or credit of taxes as provided in subsection (1) shall be made for damaged wine, beer, or mixed spirit drink only if all of the following circumstances exist:
   (a) At the time of the fire, flood, casualty, or other occurrence, the wine, beer, or mixed spirit drink was being held for sale by the vendor claiming the refund or credit.
   (b) The refund or credit of the amount claimed or any part of the amount claimed has not been and will not be claimed for the same wine, beer, or mixed spirit drink under any other law or rule.
   (c) The vendor claiming the refund or credit is not indemnifiable by any valid claim of insurance or otherwise for the tax on the wine, beer, or mixed spirit drink covered by the claim.
   (d) The amount claimed for a refund or credit is more than $250.00 or the refund or credit is claimed for defective wine, beer, or mixed spirit drink for which the commission has authorized a manufacturer, outstate seller of beer, outstate seller of mixed spirit drink, manufacturer of mixed spirit drink, or wholesaler to make an exchange, have replaced, or be reimbursed.
   (e) The occurrence was not caused by an intentional act of the vendor claiming the refund or credit or an agent of that vendor.

(3) A claim for a refund or credit of the tax as provided in subsection (1) shall be made not later than 3 months after either of the following:
   (a) The date upon which the damage occurred or was first discovered.
   (b) The date of the sale to a military installation or Indian reservation in this state.

(4) A claim for a refund or credit of the tax as provided in subsection (1) shall be submitted to the commission on a form approved by the commission. The claim shall contain the following information, as applicable:
   (a) The name and business address of the vendor claiming the refund or credit.
   (b) The address where the wine, beer, or mixed spirit drink was lost, made unmarketable, or condemned, if different from the business address.
   (c) The address of the military installation or Indian reservation to which the wine, beer, or mixed spirit drink was sold.
   (d) The kind of wine, beer, or mixed spirit drink.
   (e) The size of bottles or containers.
   (f) The number of bottles or containers.
   (g) The total amount of wine, beer, or mixed spirit drink that was sold or damaged. The amount shall be stated in liters or portions of liters for wine and mixed spirit drink and barrels or portions of barrels for beer.
   (h) A statement that other claims for a refund or credit of the amount claimed or for any part of the amount claimed have not been and will not be made.
   (i) A statement that the vendor has not been indemnified by a valid claim of insurance or otherwise for the tax on the wine, beer, or mixed spirit drink covered by the claim.
   (j) Evidence that the tax on the wine, beer, or mixed spirit drink has been paid.
   (k) Evidence that the wine, beer, or mixed spirit drink was lost, made unmarketable, or condemned by reason of damage sustained as the result of a fire, flood, casualty, or other occurrence.
   (l) A statement as to the type and date of the occurrence.
   (m) A statement that the occurrence was not caused by an intentional act of the vendor claiming the refund or credit or an agent of that vendor.

(5) The vendor claiming the refund or credit for damaged wine, beer, or mixed spirit drink shall support a claim with any evidence, such as an inventory, statement, invoice, bill, record, or label, relating to the quantity of wine, beer, or mixed spirit drink on hand at the time of the fire, flood, casualty, or other disaster.
and alleged to have been lost, made unmarketable, or condemned as a result of the damage.

(6) Before or after a tax refund or credit has been made for damaged wine, beer, or mixed spirit drink, the wine, beer, or mixed spirit drink upon which the refund or credit is based shall be removed from this state or destroyed under the supervision of the commission.

(7) In addition to the provisions of this section, the tax paid on wine or mixed spirit drink pursuant to section 301 shall be rebated to the person who paid the tax upon the presentation of satisfactory proof to the commission that the wine or mixed spirit drink was shipped outside of this state for sale and consumption outside of this state.


CHAPTER 7

436.1701 Selling or furnishing alcoholic liquor to minor; failure to make diligent inquiry; violation as misdemeanor; penalty; signs; consumption of alcoholic liquor as cause of death or injury; felony; enforcement against licensee; consent of parent or guardian in undercover operation; defense in action for violation; report; use of security identification device; definitions.

Sec. 701. (1) A person shall not sell or furnish alcoholic liquor to a minor. Except as otherwise provided in subsection (2) and subject to subsections (4), (5), and (6), a person who knowingly sells or furnishes alcoholic liquor to a minor, or who fails to make diligent inquiry as to whether the individual is a minor, is guilty of a misdemeanor. A retail licensee or a retail licensee's clerk, agent, or employee who violates this subsection shall be punished in the manner provided for licensees in section 909 except that if the violation is the result of an undercover operation in which the minor received alcoholic liquor under the direction of the state police, the commission, or a local police agency as part of an enforcement action, the retail licensee's clerk, agent, or employee who violates this subsection is guilty of a misdemeanor punishable by a fine of not more than $1,000.00 and imprisonment for not more than 60 days for a first offense, a fine of not more than $2,500.00 and imprisonment for not more than 90 days for a second or subsequent offense, and may be ordered to perform community service. A suitable sign describing the content of this section and the penalties for its violation must be posted in a conspicuous place in each room where alcoholic liquor is sold. The commission shall approve and furnish a sign under this section.

(2) An individual who is not a retail licensee or the retail licensee's clerk, agent, or employee and who violates subsection (1) is guilty of a felony, punishable by imprisonment for not more than 10 years or a fine of not more than $5,000.00, or both, if the subsequent consumption of the alcoholic liquor by the minor is a direct and substantial cause of the minor's death or an accidental injury that causes the minor's death.

(3) If a violation occurs in an establishment that is licensed by the commission for consumption of alcoholic liquor on the licensed premises, a person who is a licensee or the clerk, agent, or employee of a licensee must not be charged with a violation of subsection (1) or section 801(1) unless the licensee or the clerk, agent, or employee of the licensee knew or should have reasonably known with the exercise of due diligence that a minor possessed or consumed alcoholic liquor on the licensed premises and the licensee or clerk, agent, or employee of the licensee failed to take immediate corrective action.

(4) If the enforcing agency involved in the violation is the state police or a local police agency, a licensee must not be charged with a violation of subsection (1) or section 801(1) unless all of the following occur, if applicable:

(a) Enforcement action is taken against the minor who purchased or attempted to purchase, consumed or attempted to consume, or possessed or attempted to possess alcoholic liquor.

(b) Enforcement action is taken under this section against the individual 21 years of age or older who is not the retail licensee or the retail licensee's clerk, agent, or employee who sold or furnished the alcoholic liquor to the minor.

(c) Enforcement action under this section is taken against the clerk, agent, or employee who directly sold or furnished alcoholic liquor to the minor.

(5) If the enforcing agency is the commission and an appearance ticket or civil infraction citation has not been issued, then the commission shall recommend to a local law enforcement agency that enforcement action be taken against a violator of this section or section 703 who is not a licensee. However, subsection (4) does not apply if the minor against whom enforcement action is taken under section 703, the clerk, agent, or employee of the licensee who directly sold or furnished alcoholic liquor to the minor, or the individual 21 years of age or older who sold or furnished alcoholic liquor to the minor is not alive or is not present in this
state at the time the licensee is charged. Subsection (4)(a) does not apply under either of the following circumstances:

(a) The violation of subsection (1) is the result of an undercover operation in which the minor purchased or received alcoholic liquor under the direction of the person's employer and with the prior approval of the local prosecutor's office as part of an employer-sponsored internal enforcement action.

(b) The violation of subsection (1) is the result of an undercover operation in which the minor purchased or received alcoholic liquor under the direction of the state police, the commission, or a local police agency as part of an enforcement action.

(6) Any initial or contemporaneous purchase or receipt of alcoholic liquor by the minor under subsection (5)(a) or (b) must have been under the direction of the state police, the commission, or the local police agency and must have been part of the undercover operation.

(7) If a minor participates in an undercover operation in which the minor is to purchase or receive alcoholic liquor under the supervision of a law enforcement agency, his or her parents or legal guardian shall consent to the participation if the minor is less than 18 years of age.

(8) In an action for the violation of this section, proof that the defendant or the defendant's agent or employee demanded and was shown, before furnishing alcoholic liquor to a minor, a motor vehicle operator's or chauffeur's license, a military identification card, or other bona fide documentary evidence of the age and identity of that person, is a defense to an action brought under this section.

(9) The commission shall provide, on an annual basis, a written report to the department of state police as to the number of actions heard by the commission involving violations of this section and section 801(1). The commission shall include in the report the disposition of each action and figures representing all of the following categories:

(a) Decoy operations.
(b) Off-premises violations.
(c) On-premises violations.
(d) Repeat offenses within the 3 years preceding the date of the report.

(10) Subsection (11)(b)(ii) does not impose a duty or obligation on the secretary of state that is not otherwise required by law.

(11) As used in this section:

(a) "Corrective action" means action taken by a licensee or a clerk, agent, or employee of a licensee designed to prevent a minor from further possessing or consuming alcoholic liquor on the licensed premises. Corrective action includes, but is not limited to, contacting a law enforcement agency and ejecting the minor and any other person suspected of aiding and abetting the minor.

(b) "Diligent inquiry" means a diligent good-faith effort to determine the age of an individual, which includes at least 1 of the following:

(i) An examination of an official Michigan operator's or chauffeur's license, an official Michigan personal identification card, a military identification card, or any other bona fide picture identification that establishes the identity and age of the individual.

(ii) Use of a secure identity verification device if all of the following conditions are met:

(A) The electronic scan of a biometric of the individual is referenced against any form of picture identification described in subparagraph (i).

(B) The authenticity of the picture identification was previously verified by an electronic authentication process.

(C) The identity of the individual was previously verified through a commercially available knowledge-based electronic authentication process.

(D) The authenticated picture identification was securely linked to biometrics contemporaneously collected from the individual.

(c) "Retail licensee" means a person licensed to sell alcoholic liquor at retail for consumption on or off the licensed premises.

(d) "Secure identity verification device" means a commercial device that instantly verifies the identity and age of an individual by an electronic scan of a biometric of the individual.


436.1703 Purchase, consumption, or possession of alcoholic liquor by minor; attempt; violation; fines; sanctions; furnishing fraudulent identification to minor; use by minor; prior violation; screening and assessment; prior judgment; chemical breath analysis;
notice to parent, custodian, or guardian; exceptions; recruitment of minor for undercover operation prohibited; affirmative defense; definitions.

Sec. 703. (1) A minor shall not purchase or attempt to purchase alcoholic liquor, consume or attempt to consume alcoholic liquor, possess or attempt to possess alcoholic liquor, or have any bodily alcohol content, except as provided in this section. A minor who violates this subsection is responsible for a state civil infraction or guilty of a misdemeanor as follows and is not subject to the penalties prescribed in section 909:

(a) For the first violation, the minor is responsible for a state civil infraction and must be fined not more than $100.00. A court may order a minor under this subdivision to participate in substance use disorder services as defined in section 6230 of the public health code, 1978 PA 368, MCL 333.6230, and designated by the administrator of the office of substance abuse services, and may order the minor to perform community service and to undergo substance abuse screening and assessment at his or her own expense as described in subsection (5). A minor may be found responsible or admit responsibility only once under this subdivision.

(b) If a violation of this subsection occurs after 1 prior judgment, the minor is guilty of a misdemeanor. A misdemeanor under this subdivision is punishable by imprisonment for not more than 30 days if the court finds that the minor violated an order of probation, failed to successfully complete any treatment, screening, or community service ordered by the court, or failed to pay any fine for that conviction or juvenile adjudication, or by a fine of not more than $200.00, or both. A court may order a minor under this subdivision to participate in substance use disorder services as defined in section 6230 of the public health code, 1978 PA 368, MCL 333.6230, and designated by the administrator of the office of substance abuse services, to perform community service, and to undergo substance abuse screening and assessment at his or her own expense as described in subsection (5).

(c) If a violation of this subsection occurs after 2 or more prior judgments, the minor is guilty of a misdemeanor. A misdemeanor under this subdivision is punishable by imprisonment for not more than 60 days, if the court finds that the minor violated an order of probation, failed to successfully complete any treatment, screening, or community service ordered by the court, or failed to pay any fine for that conviction or juvenile adjudication, or by a fine of not more than $500.00, or both, as applicable. A court may order a minor under this subdivision to participate in substance use disorder services as defined in section 6230 of the public health code, 1978 PA 368, MCL 333.6230, and designated by the administrator of the office of substance abuse services, to perform community service, and to undergo substance abuse screening and assessment at his or her own expense as described in subsection (5).

(2) An individual who furnishes fraudulent identification to a minor or, notwithstanding subsection (1), a minor who uses fraudulent identification to purchase alcoholic liquor, is guilty of a misdemeanor punishable by imprisonment for not more than 93 days or a fine of not more than $100.00, or both.

(3) If an individual who pleads guilty to a misdemeanor violation of subsection (1)(b) or offers a plea of admission in a juvenile delinquency proceeding for a misdemeanor violation of subsection (1)(b), the court, without entering a judgment of guilt in a criminal proceeding or a determination in a juvenile delinquency proceeding that the juvenile has committed the offense and with the consent of the accused, may defer further proceedings and place the individual on probation. The terms and conditions of that probation include, but are not limited to, the sanctions set forth in subsection (1)(c), payment of the costs including minimum state cost as provided for in section 18m of chapter XIIA of the probate code of 1939, 1939 PA 288, MCL 712A.18m, and section 1j of chapter IX of the code of criminal procedure, 1927 PA 175, MCL 769.1j, and the costs of probation as prescribed in section 3 of chapter XI of the code of criminal procedure, 1927 PA 175, MCL 771.3. If a court finds that an individual violated a term or condition of probation or that the individual is utilizing this subsection in another court, the court may enter an adjudication of guilt, or a determination in a juvenile delinquency proceeding that the individual has committed the offense, and proceed as otherwise provided by law. If an individual fulfills the terms and conditions of probation, the court shall discharge the individual and dismiss the proceedings. A discharge and dismissal under this section is without adjudication of guilt or without a determination in a juvenile delinquency proceeding that the individual has committed the offense and is not a conviction or juvenile adjudication for purposes of disqualifications or disabilities imposed by law on conviction of a crime. An individual may obtain only 1 discharge and dismissal under this subsection. The court shall maintain a nonpublic record of the matter while proceedings are deferred and the individual is on probation and if there is a discharge and dismissal under this subsection. The secretary of state shall retain a nonpublic record of a plea and of the discharge and dismissal under this subsection. These records shall be furnished to any of the following:

(a) To a court, prosecutor, or police agency on request for the purpose of determining if an individual has already used this subsection.

(b) To the department of corrections, a prosecutor, or a law enforcement agency, on the department's, a
guardian, or custodian of the individual as to the nature of the treatment or observation if the name of a

the individual as to the nature of the violation if the name of a parent, guardian, or custodian is reasonably
ascertainable by the law enforcement agency. The law enforcement agency shall notify the parent, guardian,

or custodian of a minor who is less than 18 years of age and not emancipated under 1968 PA 293, MCL 722.1 to
722.6, may request a random or regular preliminary chemical breath analysis as part of the probation.

A law enforcement agency, on determining that an individual who is less than 18 years of age and not
emancipated under 1968 PA 293, MCL 722.1 to 722.6, allegedly consumed, possessed, or purchased
alcoholic liquor, attempted to consume, possess, or purchase alcoholic liquor, or had any bodily alcohol
content in violation of subsection (1) shall notify the parent or parents, custodian, or guardian of the
individual as to the nature of the violation if the name of a parent, guardian, or custodian is reasonably
ascertainable by the law enforcement agency. The law enforcement agency shall notify the parent, guardian,
or custodian not later than 48 hours after the law enforcement agency determines that the individual who
allegedly violated subsection (1) is less than 18 years of age and not emancipated under 1968 PA 293, MCL
722.1 to 722.6. The law enforcement agency may notify the parent, guardian, or custodian by any means
reasonably calculated to give prompt actual notice including, but not limited to, notice in person, by
telephone, or by first-class mail. If an individual less than 17 years of age is incarcerated for violating
subsection (1), his or her parents or legal guardian must be notified immediately as provided in this
subsection.

This section does not prohibit a minor from possessing alcoholic liquor during regular working hours
and in the course of his or her employment if employed by a person licensed by this act, by the commission,
or by an agent of the commission, if the alcoholic liquor is not possessed for his or her personal consumption.

The following individuals are not considered to be in violation of subsection (1):

(a) A minor who has consumed alcoholic liquor and who voluntarily presents himself or herself to a health
facility or agency for treatment or for observation including, but not limited to, medical examination and
treatment for any condition arising from a violation of sections 520b to 520g of the Michigan penal code,
1931 PA 328, MCL 750.520b to 750.520g, committed against a minor.

(b) A minor who accompanies an individual who meets both of the following criteria:

(i) Has consumed alcoholic liquor.

(ii) Voluntarily presents himself or herself to a health facility or agency for treatment or for observation
including, but not limited to, medical examination and treatment for any condition arising from a violation of
sections 520b to 520g of the Michigan penal code, 1931 PA 328, MCL 750.520b to 750.520g, committed
against a minor.

(c) A minor who initiates contact with a peace officer or emergency medical services personnel for the
purpose of obtaining medical assistance for a legitimate health care concern.

(10) If a minor who is less than 18 years of age and who is not emancipated under 1968 PA 293, MCL
722.1 to 722.6, voluntarily presents himself or herself to a health facility or agency for treatment or for
observation as provided under subsection (9), the health facility or agency shall notify the parent or parents,
guardian, or custodian of the individual as to the nature of the treatment or observation if the name of a
parent, guardian, or custodian is reasonably ascertainable by the health facility or agency.

(11) This section does not limit the civil or criminal liability of a vendor or the vendor’s clerk, servant, agent, or employee for a violation of this act.

(12) The consumption of alcoholic liquor by a minor who is enrolled in a course offered by an accredited postsecondary educational institution in an academic building of the institution under the supervision of a faculty member is not prohibited by this act if the purpose of the consumption is solely educational and is a requirement of the course.

(13) The consumption by a minor of sacramental wine in connection with religious services at a church, synagogue, or temple is not prohibited by this act.

(14) Subsection (1) does not apply to a minor who participates in either or both of the following:

(a) An undercover operation in which the minor purchases or receives alcoholic liquor under the direction of the person’s employer and with the prior approval of the local prosecutor’s office as part of an employer-sponsored internal enforcement action.

(b) An undercover operation in which the minor purchases or receives alcoholic liquor under the direction of the state police, the commission, or a local police agency as part of an enforcement action unless the initial or contemporaneous purchase or receipt of alcoholic liquor by the minor was not under the direction of the state police, the commission, or the local police agency and was not part of the undercover operation.

(15) The state police, the commission, or a local police agency shall not recruit or attempt to recruit a minor for participation in an undercover operation at the scene of a violation of subsection (1), section 701(1), or section 801(1).

(16) In a prosecution for the violation of subsection (1) concerning a minor having any bodily alcohol content, it is an affirmative defense that the minor consumed the alcoholic liquor in a venue or location where that consumption is legal.

(17) As used in this section:

(a) “Any bodily alcohol content” means either of the following:

(i) An alcohol content of 0.02 grams or more per 100 milliliters of blood, per 210 liters of breath, or per 67 milliliters of urine.

(ii) Any presence of alcohol within a person’s body resulting from the consumption of alcoholic liquor, other than consumption of alcoholic liquor as a part of a generally recognized religious service or ceremony.

(b) "Emergency medical services personnel" means that term as defined in section 20904 of the public health code, 1978 PA 368, MCL 333.20904.

(c) "Health facility or agency" means that term as defined in section 20106 of the public health code, 1978 PA 368, MCL 333.20106.

(d) "Prior judgment" means a conviction, juvenile adjudication, finding of responsibility, or admission of responsibility for any of the following, whether under a law of this state, a local ordinance substantially corresponding to a law of this state, a law of the United States that substantially corresponds to a law of this state, or a law of another state that substantially corresponds to a law of this state:

(i) This section or section 701 or 707.

(ii) Section 624a, 624b, or 625 of the Michigan vehicle code, 1949 PA 300, MCL 257.624a, 257.624b, and 257.625.

(iii) Section 80176, 81134, or 82127 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.80176, 324.81134, and 324.82127.

(iv) Section 167a or 237 of the Michigan penal code, 1931 PA 328, MCL 750.167a and 750.237.


Compiler’s note: This section as amended by Act 89 of 2017 was effective October 10, 2017. However, Act 123 of 2017 amended enacting section 1 of Act 89 of 2017 by revising the effective date. Accordingly, this section as amended by Act 89 of 2017 then became effective January 1, 2018.

436.1705 Power of peace officer or law enforcement officer witnessing violation to stop and detain person; issuance of appearance ticket.

Sec. 705. A peace officer or law enforcement officer described under section 201 or an inspector of the commission who witnesses a violation of section 701(1) or 703, or a local ordinance corresponding to section 701(1) or 703, may stop and detain a person and obtain satisfactory identification, seize illegally possessed alcoholic liquor, and issue an appearance ticket as prescribed in section 9c of chapter IV of the code of criminal procedure, 1927 PA 175, MCL 764.9c.
436.1707 Selling, serving, or furnishing alcohol; prohibitions; application to wholesaler's minor employees.

Sec. 707. (1) A vendor shall not sell, serve, or furnish any alcoholic liquor to an individual in an intoxicated condition.

(2) A licensee shall not allow an individual who is in an intoxicated condition to consume alcoholic liquor on the licensed premises.

(3) A licensee, or the clerk, servant, agent, or employee of a licensee, shall not be in an intoxicated condition on the licensed premises.

(4) A licensee shall not allow an intoxicated individual to frequent or loiter on the licensed premises except if the intoxicated individual has been refused service of further alcoholic liquor and remains on the premises for the purpose of eating food, seeking medical attention, or arranging transportation that does not involve driving himself or herself, or in any other circumstances where requiring the individual to vacate the premises immediately would be considered dangerous to the individual or to the public.

(5) A licensee shall not allow a minor to consume alcoholic liquor or to possess alcoholic liquor for personal consumption on the licensed premises.

(6) An off-premises licensee shall not allow an individual less than 18 years of age to sell or serve alcoholic liquor.

(7) Subject to section 15 of the youth employment standards act, 1978 PA 90, MCL 409.115, an on-premises licensee may allow an individual who is 17 years of age to sell or serve alcoholic liquor if both of the following conditions are met:

(a) The individual has completed a server training program as provided for in section 906 and the rules promulgated by the commission.

(b) During the individual's shift, the on-premises licensee has supervisory personnel as required under section 906 who are 18 years of age or older.

(8) Except as otherwise provided in this section, a licensee shall not allow an individual less than 18 years of age to work or entertain on a paid or voluntary basis on the licensed premises unless the individual is employed in compliance with the youth employment standards act, 1978 PA 90, MCL 409.101 to 409.124. This subsection does not apply to an entertainer under the direct supervision and control of his or her parent or legal guardian.

(9) This section does not prohibit a wholesaler's employee who is 16 years of age or older from doing any of the following:

(a) Building a display of those brands that are represented or sold by the wholesaler for an off-premises retailer.

(b) Marking the price on those brands that are represented or sold by the wholesaler for an off-premises retailer.

(c) Rotating brands that are represented or sold by the wholesaler for an off-premises retailer.

(d) Placing brands that are represented or sold by the wholesaler on shelves for an off-premises retailer.


CHAPTER 8

436.1801 Granting or renewing license; selling, furnishing, or giving alcoholic liquor to minor or to person visibly intoxicated; right of action for damage or personal injury; actual damages; institution of action; notice; survival of action; general reputation as evidence of relation; separate actions by parents; commencement of action against retail licensee; indemnification; defenses available to licensee; rebuttable presumption; prohibited causes of action; section as exclusive remedy for money damages against licensee; civil action subject to revised judicature act.

Sec. 801. (1) A retail licensee shall not directly, individually, or by a clerk, agent, or servant sell, furnish, or give alcoholic liquor to a minor except as otherwise provided in this act. A retail licensee shall not directly or indirectly, individually or by a clerk, agent, or servant sell, furnish, or give alcoholic liquor to an individual who is visibly intoxicated.

(2) Except as otherwise provided in this section, an individual who suffers damage or who is personally injured by a minor or visibly intoxicated person by reason of the unlawful selling, giving, or furnishing of alcoholic liquor to the minor or visibly intoxicated person, if the unlawful sale is proven to be a proximate
cause of the damage, injury, or death, or the spouse, child, parent, or guardian of that individual, has a right of action in his or her name against the person who by selling, giving, or furnishing the alcoholic liquor has caused or contributed to the intoxication of the person or who has caused or contributed to the damage, injury, or death. In an action under this section, the plaintiff has the right to recover actual damages in a sum of not less than $50.00 in each case in which the court or jury determines that intoxication was a proximate cause of the damage, injury, or death.

(3) An action under this section must be instituted within 2 years after the injury or death. A plaintiff seeking damages under this section shall give written notice to all defendants within 120 days after entering an attorney-client relationship for the purpose of pursuing a claim under this section. Failure to give written notice within the time specified is grounds for dismissal of a claim as to any defendants that did not receive that notice unless sufficient information for determining that a retail licensee might be liable under this section was not known and could not reasonably have been known within the 120 days. In the event of the death of either party, the right of action under this section survives to or against his or her personal representative. In each action by a husband, wife, child, or parent, the general reputation of the relation of husband and wife or parent and child is prima facie evidence of the relation, and the amount recovered by either the husband, wife, parent, or child is his or her sole and separate property. The damages, together with the costs of the action, must be recovered in an action under this section. If the parents of the individual who suffered damage or who was personally injured are entitled to damages under this section, the father and mother may sue separately, but recovery by 1 is a bar to action by the other.

(4) An action under this section against a retail licensee must not be commenced unless the minor or the alleged intoxicated person is a named defendant in the action and is retained in the action until the litigation is concluded by trial or settlement.

(5) Any licensee subject to subsection (2) regarding the unlawful selling, furnishing, or giving of alcoholic liquor to a visibly intoxicated person has the right to full indemnification from the alleged visibly intoxicated person for all damages awarded against the licensee.

(6) All defenses of the alleged visibly intoxicated person or the minor are available to the licensee. In an action alleging the unlawful sale of alcoholic liquor to a minor, proof that the defendant retail licensee or the defendant’s agent or employee demanded and was shown a Michigan driver license or official state personal identification card, appearing to be genuine and showing that the minor was at least 21 years of age, is a defense to the action.

(7) There is a rebuttable presumption that a retail licensee, other than the retail licensee who last sold, gave, or furnished alcoholic liquor to the minor or the visibly intoxicated person, has not committed any act giving rise to a cause of action under subsection (2).

(8) The alleged visibly intoxicated person does not have a cause of action under this section and a person does not have a cause of action under this section for the loss of financial support, services, gifts, parental training, guidance, love, society, or companionship of the alleged visibly intoxicated person.

(9) This section provides the exclusive remedy for money damages against a licensee arising out of the selling, giving, or furnishing of alcoholic liquor to a minor or intoxicated person.

(10) Except as otherwise provided for under this section and section 815, a civil action under subsection (2) against a retail licensee is subject to the revised judicature act of 1961, 1961 PA 236, MCL 600.101 to 600.9947.


Compiler's note: Former sections 22 to 22h of Act 8 of 1933 (Ex. Sess.), being MCL 436.22 to 436.22h, and which were repealed by Act 58 of 1998, Eff. Apr. 14, 1998, were formerly known and cited as the “Dram Shop Act.”

Popular name: Dram Shop Act

436.1803 Retailer or applicant for retail license; proof of financial responsibility; naming insurer or surety as defendant prohibited; effect of bankruptcy; policies and bonds to be continued from year to year; cancellation of liquor liability insurance policy; revocation; section inapplicable to special licensee or applicant for special license; rules.

Sec. 803. (1) Before the renewal or approval and granting of a retail license, a retail licensee or applicant for a retail license shall file with the commission proof of financial responsibility providing security for liability under section 801(2) of not less than $50,000.00. The proof of financial responsibility may be in the form of cash, unencumbered securities, a policy or policies of liquor liability insurance, a constant value bond executed by a surety company authorized to do business in this state, or membership in a group self-insurance pool authorized by law that provides security for liability under section 801.

(2) A licensee may furnish proof of financial responsibility that exceeds the requirements of this section.
(3) An insurer under a policy or policies of liquor liability insurance or a surety under a bond must not be
named as a defendant in an action brought against the insured or bonded licensee for liability under section
801. Bankruptcy of the insured does not discharge an insurer or surety under this section from liability.
Insurance policies and bonds issued for purposes under this section must continue from year to year unless
sooner canceled by the insurer.

(4) An insured retail licensee shall not cancel a liquor liability insurance policy except upon 30 days’ prior
written notice to the commission and unless new proof of financial responsibility complying with this section
is procured by the retail licensee and delivered to the commission before the expiration of the 30-day period.
The commission shall revoke the license of a retail licensee that violates this subsection.

(5) This section does not apply to a special licensee or applicant for a special license.

(6) The commission shall promulgate rules under the administrative procedures act of 1969, 1969 PA 306,
MCL 24.201 to 24.328, to implement and enforce this section.

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Compiler’s note: Former sections 22 to 22h of Act 8 of 1933 (Ex. Sess.), being MCL 436.22 to 436.22h, and which were repealed by
Act 58 of 1998, Eff. Apr. 14, 1998, were formerly known and cited as the “Dram Shop Act.”

Popular name: Dram Shop Act


436.1805 Suit to enforce liability when service of process not effected; affidavit; service
upon commission in duplicate; return; copy served on defendant; hearing; duty of
commission.

Sec. 805. If an action is instituted against a retailer as defendant in any court of competent jurisdiction to
enforce the liability provided in section 801 and service of process has not been effected in the manner
provided for by law, and either the sheriff or constable to whom process has been delivered for service shall
make return that he or she has not been able to serve the defendant for a period of 30 days, in which period he
or she has made 3 or more attempts to serve the defendant at his or her residence or place of business, or the
plaintiff or another person with knowledge of the facts files an affidavit in the cause stating that the defendant
has ceased to be a resident of the state of Michigan or has been absent from the state for a continuous period
of 6 months, then it shall be competent for the plaintiff to cause service of process to be made upon the
defendant by service of the process upon the commission, the liability for which suit is brought arose during
the period in which the defendant was a licensed retailer and was insured under the provisions of section 803.
Such service of process shall be made in duplicate on the commission, and return showing such service shall
be made to the court. The commission shall mail a copy of the process served upon it to the defendant at the
address shown in the consent to service of process, and shall immediately transmit to the clerk of the court in
which the action is pending an acknowledgment of the mailing of the copy of that process by the commission
to the defendant. Whenever the foregoing provisions of this section have been complied with, the court may
proceed to hear and determine the matter as fully and effectually as though the defendant retailer had been
personally served with process within the jurisdiction of the court. The commission shall also notify the
insurer under the liability policy of the defendant, on file with the commission, that the commission has
received service of that process, stating the names of the parties to the action and the court in which the action
is pending. If the defendant retailer is deceased, service of process may be made upon the executor or
administrator of the deceased defendant by service on the commission, in an action in which that service
would be authorized by this section upon the defendant if he or she were living, in the manner provided in this
section.


Compiler’s note: Former sections 22 to 22h of Act 8 of 1933 (Ex. Sess.), being MCL 436.22 to 436.22h, and which were repealed by
Act 58 of 1998, Eff. Apr. 14, 1998, were formerly known and cited as the “Dram Shop Act.”

Popular name: Dram Shop Act

436.1807 Insurer to file notice of termination or cancellation of contract or policy; effective
date.

Sec. 807. The insurer shall file with the commission, at Lansing, Michigan, at least 30 days before the
effectiveness of any termination or cancellation of the contract or policy, a notice giving the date at which it is
proposed to terminate or cancel the contract or policy. Any termination of the contract or policy shall not be
effective as far as the insured covered by the policy is concerned until 30 days after such notice of the
proposed termination or cancellation is received by the commission.

$436.1809$ Payment of judgment and costs; time; failure or neglect to pay judgment and costs; punitive damages; action against insurer.

Sec. 809. Except as otherwise provided for by law or the Michigan court rules, when an action for damages brought under this act has been reduced to a judgment, the insurer shall, within 90 days from the date of the judgment, pay the judgment together with the costs in full, unless the judgment has been paid or settled by the insured. If the insurer fails or neglects to pay the judgment and costs within 90 days, it shall be subject to punitive damages in the amount of $1,000.00, in addition to the amount of the judgment and interest on the judgment. The amount of the judgment, with interest on the judgment, and the punitive damages provided for in this section may be recovered by the person or persons entitled to damages under the judgment in an action against the insurer in any court of competent jurisdiction in this state.


Compiler's note: Former sections 22 to 22h of Act 8 of 1933 (Ex. Sess.), being MCL 436.22 to 436.22h, and which were repealed by Act 58 of 1998, Eff. Apr. 14, 1998, were formerly known and cited as the “Dram Shop Act.”

Popular name: Dram Shop Act

$436.1811$ Insurance policy; coverage; conditions.

Sec. 811. The insurance policy described in this chapter shall cover the liability imposed by section 801 and shall contain the following conditions:

That no condition, provision, stipulation or limitation contained in the policy, or any other endorsement thereon, shall relieve the insurer from liability (within the statutory limits provided by section 803 of the Michigan liquor control code of 1998), for the payment of any claim for which the insured may be held legally liable under section 801 of said act.


Compiler's note: Former sections 22 to 22h of Act 8 of 1933 (Ex. Sess.), being MCL 436.22 to 436.22h, and which were repealed by Act 58 of 1998, Eff. Apr. 14, 1998, were formerly known and cited as the “Dram Shop Act.”

Popular name: Dram Shop Act

$436.1813$ False statement or breach of authority; cancellation of insurance.

Sec. 813. No false statement or breach of authority or act or omission on the part of the insured shall vitiate this insurance, unless the intention of the insured to conceal a hazard of perpetrating fraud is proven; and this policy cannot be cancelled by the insured or the company without first giving thirty days' written notice to the commission in Lansing, Michigan.


Compiler's note: Former sections 22 to 22h of Act 8 of 1933 (Ex. Sess.), being MCL 436.22 to 436.22h, and which were repealed by Act 58 of 1998, Eff. Apr. 14, 1998, were formerly known and cited as the “Dram Shop Act.”

Popular name: Dram Shop Act

$436.1815$ Adherence to responsible business practices as defense; compensation of employee on commission basis.

Sec. 815. (1) In defense of a civil action under section 801, a retail licensee may present evidence that, at the time of the selling, giving, or furnishing of the alcoholic liquor, the retail licensee was adhering to responsible business practices. Responsible business practices are those business policies, procedures, and actions which an ordinarily prudent person would follow in like circumstances. The compensating of an employee of an on-premises retail licensee on a commission basis constitutes an unreasonable business practice for purposes of this section.

(2) The compensation of an employee of an on-premises retail licensee shall not be on a commission basis.


Compiler's note: Former sections 22 to 22h of Act 8 of 1933 (Ex. Sess.), being MCL 436.22 to 436.22h, and which were repealed by Act 58 of 1998, Eff. Apr. 14, 1998, were formerly known and cited as the “Dram Shop Act.”

Popular name: Dram Shop Act

CHAPTER 9

$436.1901$ Compliance required; prohibited acts; violation; sanctions and penalties.

Sec. 901. (1) A person, directly or indirectly, himself or herself or by his or her clerk, agent, or employee,
shall not manufacture, manufacture for sale, sell, offer or keep for sale, barter, furnish, import, import for sale, transport for hire, transport, or possess any alcoholic liquor unless the person complies with this act.

(2) A licensee shall not allow unlawful gambling on the licensed premises and shall not allow on the licensed premises any gaming devices prohibited by law.

(3) A licensee shall not sell, offer or keep for sale, furnish, possess, or allow a customer to consume alcoholic liquor that is not authorized by the license issued to the licensee by the commission.

(4) A person, whether or not a licensee, shall not sell, deliver, or import spirits unless the sale, delivery, or importation is made by the commission, the commission's authorized agent or distributor, an authorized distribution agent certified by order of the commission, a person licensed by the commission, or by prior written order of the commission. A person who violates this subsection is subject to the sanctions and penalties contained in section 909(4) and, in the case of a violation of section 909(4)(a), is subject to forfeiture of proceeds or an instrumentality as provided for in chapter XXVA of the Michigan penal code, 1931 PA 328, MCL 750.159f to 750.159x.

(5) A licensee shall not sell or furnish alcoholic liquor to a person who maintains, operates, or leases premises that are not licensed by the commission and upon which other persons unlawfully engage in the sale or consumption of alcoholic liquor for consideration as prohibited by section 913.

(6) A retail licensee shall not, on his or her licensed premises, sell, offer for sale, accept, furnish, possess, or allow the consumption of alcoholic liquor that has not been purchased by the retail licensee from the commission, the commission's authorized agent or distributor, an authorized distribution agent certified by order of the commission, or a licensee of the commission authorized to sell that alcoholic liquor to a retail licensee. This subsection does not apply to the consumption of alcoholic liquor in the bedrooms or suites of registered guests of licensed hotels or in the bedrooms or suites of bona fide members of licensed clubs.


436.1903 Suspension or revocation of license; violation of act or rules; penalty; disposition; administrative fine; hearing; procedure; fee; right of appeal; institution of criminal prosecutions; defense; rules; appointment of agents to hear violation cases; authority and responsibility; ineligibility of designated agent for appointment to commission.

Sec. 903. (1) The commission or any commissioner or duly authorized agent of the commission designated by the chairperson of the commission, on notice and proper hearing, may suspend or revoke any license on a violation of this act or any of the rules promulgated by the commission under this act. The commission or any commissioner or authorized agent of the commission designated by the chairperson of the commission, may assess a penalty of not more than $300.00 for each violation of this act or rules promulgated under this act, or not more than $1,000.00 for each violation of section 801(1), in addition to or instead of revocation or suspension of the license, which penalty must be paid to the commission and deposited with the state treasurer and must be credited to the general fund of the state. The commission shall hold a hearing and order the suspension or revocation of a license if the licensee has been found liable for 3 or more separate violations of section 801(1) which violations occurred on different occasions within a 24-month period unless the violations for the sale, furnishing, or giving alcoholic liquor to a minor were discovered by the licensee and disclosed to an appropriate law enforcement agency immediately on discovery. A retail licensee who sells, offers to sell, accepts, furnishes, possesses, or allows the consumption of spirits in violation of section 901(6) is subject to an administrative fine of not more than $2,500.00 per occurrence and the following license sanctions after notice and opportunity for an administrative hearing under the administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328:

(a) For a first violation, a license revocation or suspension for between 1 and 30 days.

(b) For a second violation, a license revocation or suspension for between 31 and 90 days.

(c) For a third or subsequent violation, revocation of the license.

(2) The commission shall provide a procedure by which a licensee who is aggrieved by any penalty imposed under subsection (1) and any suspension or revocation of a license ordered by the commission, a commissioner, or a duly authorized agent of the commission may request a hearing for the purpose of presenting any facts or reasons to the commission as to why the penalty, suspension, or revocation should be modified or rescinded. The request must be in writing and accompanied by a fee of $25.00. The commission, after reviewing the record made before a commissioner or an authorized agent of the commission, may allow or refuse to allow the hearing in accordance with the commission's rules. The right to a hearing provided in this subsection, however, must not be interpreted by a court as curtailing, removing, or annulling the right of the commission to suspend or revoke licenses as provided for in this act. A licensee does not have a right of appeal from the final determination of the commission, except by leave of the circuit court. Notice of the
order of suspension or revocation of a license or of the assessment of a penalty, or both, must be given in the manner prescribed by the commission. The suspension or revocation of a license or the assessment of a penalty, or both, by the commission or an authorized agent of the commission does not prohibit the institution of a criminal prosecution for a violation of this act. The institution of a criminal prosecution for a violation of this act or the acquittal or conviction of a person for a violation of this act does not prevent the suspension or revocation of a license or the assessment of a penalty, or both, by the commission. In a hearing for the suspension or revocation of a license issued under this act, proof that the defendant licensee or an agent or employee of the licensee demanded and was shown, before furnishing any alcoholic liquor to a minor, a motor vehicle operator or chauffeur license or a registration certificate issued by the federal selective service, or other bona fide documentary evidence of majority and identity of the person, may be offered as evidence in a defense to a proceeding for the suspension or revocation of a license issued under this act. A licensee who has reason to believe that a minor has used fraudulent identification to purchase alcoholic liquor in violation of section 703 shall file a police report concerning the violation with a local law enforcement agency and shall also present the alleged fraudulent identification to the local law enforcement agency at the time of filing the report if the identification is in the possession of the licensee. The commission may promulgate rules under the administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328, regarding the use by licensees of equipment designed to detect altered or forged driver licenses, state identification cards, and other forms of identification.

(3) In addition to the hearing commissioners provided for in section 209, the chairperson of the commission may designate not more than 2 authorized agents to hear violation cases. A person appointed under this subsection must be a member in good standing of the State Bar of Michigan.

(4) An authorized agent who has been designated by the chairperson under subsection (3) has, in the hearing of violation cases, the same authority and responsibility as does a hearing commissioner under this act and the rules promulgated under this act.

(5) An authorized agent who has been designated by the chairperson under subsection (3) is ineligible for appointment to the commission for a period of 1 year after the person ceases to serve as an authorized agent.


436.1903a Conviction or administrative disqualification of licensee; electronic transaction; sanctions; hearing and appeal procedures; definitions.

Sec. 903a. (1) A licensee is subject to the licensing sanctions in subsection (2) if the licensee is convicted or administratively disqualified as the result of an electronic transaction to which all of the following apply:

(a) The transaction is a transaction for food assistance program benefits.
(b) The transaction involves an item other than eligible food.
(c) The transaction is related to the sale of alcoholic liquor under that licensee's liquor license.

(2) The commission or a commissioner or duly authorized agent of the commission designated by the chairperson of the commission shall, upon due notice and proper hearing, impose the following license sanctions upon a licensee described in subsection (1):

(a) For a first violation, a license suspension for between 30 and 60 days.
(b) For a second violation, a license suspension for between 61 and 120 days.
(c) For a third or subsequent violation, revocation of the license.

(3) A licensee aggrieved by a sanction imposed under subsection (2) may invoke the hearing and appeal procedures of section 903(2) and rules promulgated under that section.

(4) As used in this section:

(a) "Administratively disqualified" means administratively disqualified from acting as a merchant under the food and nutrition act of 2008, 7 USC 2011 to 2036a, or 7 CFR 278.6 because the licensee has engaged in trafficking as that term is defined in 7 CFR 271.2. A licensee is not administratively disqualified until any administrative or judicial review under 7 CFR 279 is complete.
(b) "Convicted" means that the licensee either was convicted of or pled guilty to a crime under section 300a(1)(c) of the Michigan penal code, 1931 PA 328, MCL 750.300a.
(c) "Eligible food" means that term as defined in 7 CFR 271.2.


436.1903b Payment by means dishonored by financial institution for lack of sufficient funds; violation of act.

Sec. 903b. A retailer violates this act if the retailer or the retailer's clerk, servant, agent, or employee makes a payment to a wholesaler, the commission, or this state by any means that has been dishonored by a financial
institutions for lack of sufficient funds.


### 436.1904 Consumption or possession of alcoholic liquor on school property; prohibition; violation as misdemeanor; exceptions; other violations; application of section to minor; definitions.

Sec. 904. (1) A person shall not consume alcoholic liquor on school property or possess alcoholic liquor on school property with the intent to consume it on school property.

(2) A person who violates this section is guilty of a misdemeanor punishable as follows:

(a) If the person has no prior convictions, by imprisonment for not more than 93 days or a fine of not more than $250.00, or both.

(b) If the person has 1 prior conviction, by imprisonment for not more than 93 days or a fine of not more than $500.00, or both.

(c) If the person has 2 or more prior convictions, by imprisonment for not more than 1 year or a fine of not more than $1,000.00, or both.

(3) This section does not prohibit a person from consuming alcoholic liquor on school property or possessing alcoholic liquor on school property with the intent to consume it on school property under any of the following circumstances:

(a) As part of a generally recognized religious service or religious ceremony.

(b) At a nonschool function or event on school property if the superintendent of the school district or, if the school is not operated by a school district, the administrator of the school, or his or her designee, has approved consuming alcoholic liquor on school property or possessing alcoholic liquor on school property with the intent to consume it on school property during that function or event.

(4) This section does not prohibit an individual from being convicted of or found responsible for any other violation of law arising out of the same transaction as the violation of this section.

(5) This section does not apply to a minor who could be subject to prosecution under section 703 of the Michigan liquor control code of 1998, 1998 PA 58, MCL 436.1703.

(6) As used in this section:

(a) "Prior conviction" means a conviction for violating this section or a local ordinance substantially corresponding to this section.

(b) "School" means a public school offering developmental kindergarten, kindergarten, or any grade from 1 through 12.

(c) "School property" means a building, playing field, vehicle, or other property used for functions and events sponsored by a school, except a building used primarily for adult education or college extension courses.


**Popular name:** Act 306

### 436.1905 Selling or furnishing alcoholic liquor to minor; enforcement actions prohibited; conditions; exception.

Sec. 905. (1) Notwithstanding section 903, if a retail licensee or a retail licensee's clerk, agent, or employee violates this act by selling or furnishing alcoholic liquor to a minor, or by allowing a minor to consume alcoholic liquor or possess alcoholic liquor for personal consumption on the licensed premises, and if the enforcing agency involved in the prosecution of the violation is the state police or a local police agency, the commission shall not take any action under section 903 to suspend or revoke the licensee's license or assess an administrative fine against the licensee unless all of the following occur, if applicable:

(a) Enforcement action is taken against the minor who purchased, consumed, or received the alcoholic liquor from the retail licensee or the retail licensee's clerk, agent, or employee.

(b) Enforcement action is taken under section 701 against the person 21 years of age or older that is not the retail licensee or the retail licensee's clerk, agent, or employee but who sold or furnished the alcoholic liquor to the minor.

(c) Enforcement action is taken under section 701 against the retail licensee's clerk, agent, or employee.

(2) Subsection (1) does not apply if the enforcing agent involved in the prosecution is a commission inspector rather than a police agency.

(3) Subsection (1)(a) does not apply if the prosecution of the violation is the result of an undercover operation in which the minor who purchased, consumed, or received the alcoholic liquor acted under the direction of the state police or a local police agency as part of the enforcement action and such enforcement action is otherwise in compliance with section 701(4), (5), and (6).
436.1906 Definitions; server training program.

Sec. 906. (1) As used in this section:

(a) "Administrator" means a qualifying company, postsecondary educational institution, or trade association authorized by the commission to offer server training programs and instructor certification classes in compliance with this section and to certify to the commission that those persons meet the requirements of this section.

(b) "Instructor" means an individual certified by an administrator and approved by the commission to teach server training programs. An instructor may be a licensee or an employee of a licensee.

(c) "Prohibited sale" means the sale of alcoholic liquor by an employee of a licensee to a visibly intoxicated person or to a minor, or both.

(d) "Responsible vendor" means a designation by the commission of a retail licensee meeting the standards of this section.

(e) "Server training program" means an educational program whose curriculum has been approved by the commission under the standards described in this section and is offered by an administrator or instructor to a retail licensee, or a licensee operating a tasting room or providing samples of alcoholic liquor, for its employees.

(2) The commission shall approve the establishing of a server training program designed for all new on premises licensees or transferees of more than a 50% interest in an on premises license on or after the commencement of the mandatory server training program, and for any existing retail licensees the commission determines to be in need of training due to the frequency or types of violations of this act involving the serving of alcoholic liquor. This subsection does not apply to special licenses except that the commission may require server training for certain special licensees based upon the size and nature of the licensed event. The commission may adopt the existing standards and programmatic framework of private entities and may delegate nondiscretionary administrative functions to outside private entities.

(3) The commission shall establish a program in which the commission designates certain retail licensees, except special licenses, as responsible vendors. The commission may adopt the existing standards and programmatic framework of private entities and may delegate nondiscretionary administrative functions to outside private entities.

(4) The commission shall designate as a responsible vendor a retail licensee who makes available to all full-time and part-time retail employees, within 60 days after being hired, a server training program and who is also free of convictions or administrative determinations involving prohibited sales for not less than 12 months before applying for the designation. The designation continues until suspended by the commission.

(5) A person may apply to the commission for qualification as an administrator for the offering of server training programs and instructor certification classes.

(6) The commission shall approve a curriculum for a server training program presented by a certified instructor in a manner considered by the commission to be adequate that includes, but is not limited to, all of the following topics:

(a) The identification of progressive stages of intoxication and the visible signs associated with each stage.

(b) The identification of the time delay between consumption and visibility of signs of progressive intoxication.

(c) Basic alcohol content among different types of measured drinks containing alcoholic liquor.

(d) Variables associated with visible intoxication, including the rate of drinking, experience, weight, food consumption, sex, and use of other drugs.

(e) Personal skills to handle slow-down of service and intervention procedures.

(f) Procedures for monitoring consumption and maintaining incident reports.

(g) The understanding of acceptable forms of personal identification, techniques for determining the validity of identification, and procedures for dealing with fraudulent identification.

(h) Assessment of the need to ask for identification based on appearance or company policy.

(i) The identification of potential second-party sales and furnishing of alcoholic liquor to minors by persons 21 years of age or over.

(j) The understanding of possible legal, civil, and administrative consequences of violations of this act, the rules of the commission, and other pertinent state laws.

(k) The understanding of Michigan laws pertaining to minors attempting to purchase, minors in possession, and second-party sales or furnishing of alcoholic liquor from adults to minors.

(l) Knowledge of the legal hours of alcoholic liquor service and occupancy.

(m) The identification of signs of prohibited activities, such as gambling, solicitation for prostitution, and...
(n) Any other pertinent laws as determined by the commission.

(7) The commission shall issue an instructor certification to an individual presenting evidence acceptable to the commission of having successfully completed instructor certification classes and shall issue an identification card indicating that certification by the commission.

(8) Upon approval by the commission of a server training program, the commission shall appoint the person sponsoring the server training program as an administrator of that program. The administrator shall provide a certification to the commission that a retail licensee has successfully completed the server training program offered by a certified instructor and approved by the commission and shall recommend that the commission designate the licensee as a responsible vendor.

(9) A certified instructor who is a licensee or an employee of a licensee may offer server training programs approved by the commission to the employees of the licensee and certify to the commission those persons who successfully completed the program.

(10) An on premises licensee whose license was issued or who was the transferee of more than a 50% interest in an on premises license on or after the commencement of the mandatory server training program or an on premises licensee determined by the commission to be in need of training due to the frequency or types of violations of this act involving the serving of alcoholic liquor must have employed or present on the licensed premises, at a minimum, supervisory personnel who have successfully completed a server training program on each shift and during all hours in which alcoholic liquor is served. An on premises licensee must keep a copy of the responsible vendor designation or proof of completion of server training on the licensed premises to facilitate the verification of such designation by the commission, agent of the commission, or law enforcement officer. An on premises licensee determined by the commission to have violated this subsection is subject to revocation, suspension, or other sanction as provided for in section 903. A violation of this subsection is not a violation of section 909.

(11) As a condition of the designation of a licensee as a responsible vendor, the licensee shall make available to the administrator in not less than 60-day time increments records sufficient to verify the names and social security numbers of his or her employees. The administrator shall provide to the commission a list of names and social security numbers of individuals who have successfully completed the server training program and shall monitor the licensee in a manner approved by the commission in order to verify continued compliance of the licensee's status as a responsible vendor. The administrator shall notify the commission in writing as soon as it determines that the licensee has failed to maintain the standards for server training or has failed to cooperate with the administrator's verification procedure. Upon receipt of such a notice from the administrator, the commission shall suspend the licensee's designation as a responsible vendor.

(12) The commission may suspend the designation of a retail licensee as a responsible vendor upon a conviction or administrative determination of a prohibited sale on the licensee's licensed premises. The retail licensee losing such a designation may reapply for designation as a responsible vendor upon the passage of 12 months from the date of the conviction or administrative determination of a prohibited sale if the licensee is not convicted or administratively determined to have engaged in a prohibited sale on the licensed premises. After the first instance of a retail licensee losing its designation as a responsible vendor, that retail licensee is not eligible to reapply for such a designation until an additional 3 months for each subsequent conviction or determination. The 3-month time periods are to be in addition to the 12-month period described in this subsection.

(13) A responsible vendor is not considered to be in violation of the prohibition contained in section 707(4) regarding allowing an intoxicated person to frequent or loiter on the licensed premises unless the facts demonstrate otherwise.


### 436.1907 Revocation of license; forfeiture of privileges; seizure of alcoholic liquor.

Sec. 907. (1) Upon revocation of a license issued under this act, any and all privileges conferred by that license shall be forfeited and the commission shall seize any and all alcoholic liquor found in the possession of the licensee.

(2) The commission shall remit to that licensee the purchase price less 10%, paid by the licensee to the commission for all alcoholic liquor seized. All other alcoholic liquor seized shall be disposed of by order of the commission and no payment shall be made for that alcoholic liquor.

(3) A person whose license has been revoked for cause or whose license has been ordered transferred to another person for cause is not eligible for issuance or reissuance of a license under this act for a period of at least 2 years.
436.1909 Violation of act as misdemeanor or felony; penalties or sanctions; remedies; violation of MCL 436.1203; "person" defined; legislative intent.

Sec. 909. (1) Except as otherwise provided in this act, a person, other than a person required to be licensed under this act, who violates this act is guilty of a misdemeanor.

(2) Except as otherwise provided in this act, a licensee who violates this act, or a rule or regulation promulgated under this act, is guilty of a misdemeanor punishable by imprisonment for not more than 6 months or a fine of not more than $500.00, or both.

(3) A person who performs an act for which a license is required under this act without first obtaining that license or who sells alcoholic liquor in a county that has prohibited the sale of alcoholic liquor under section 1107 is guilty of a felony punishable by imprisonment for not more than 1 year or by a fine of not more than $1,000.00, or both.

(4) A person, whether or not a licensee, who violates section 901(4) is subject to the following penalties or sanctions:
   (a) A person who sells, delivers, or imports spirits in violation of section 901(4) in the amount of at least 80,000 milliliters is guilty of a felony punishable by imprisonment for not more than 4 years or a fine of not more than $5,000.00, or both.
   (b) A person who sells, delivers, or imports spirits in violation of section 901(4) in the amount of at least 8,000 milliliters but less than 80,000 milliliters is guilty of a misdemeanor punishable by imprisonment for not more than 93 days or a fine of not more than $2,500.00, or both.
   (c) A person who sells, delivers, or imports spirits in violation of section 901(4) in the amount of less than 8,000 milliliters is responsible for a state civil infraction and may be ordered to pay a civil fine of not more than $1,000.00.

(5) Subject to subsection (6), a person, whether or not a licensee, who sells, delivers, or imports beer or wine in violation of section 203(1) is subject to the following penalties or sanctions:
   (a) A person who sells, delivers, or imports beer or wine in violation of section 203(1) in the amount of at least 225,000 milliliters is guilty of a felony punishable by imprisonment for not more than 4 years or a fine of not more than $5,000.00, or both.
   (b) A person who sells, delivers, or imports beer or wine in violation of section 203(1) in the amount of at least 45,000 milliliters but less than 225,000 milliliters is guilty of a misdemeanor punishable by imprisonment for not more than 93 days or a fine of not more than $2,500.00, or both.
   (c) A person who sells, delivers, or imports beer or wine in violation of section 203(1) in the amount of less than 45,000 milliliters is responsible for a state civil infraction and may be ordered to pay a civil fine of not more than $500.00.

(6) As used in subsection (5), "person" does not include any of the following:
   (a) An air carrier as that term is defined in 49 USC 40102.
   (b) A freight forwarder as that term is defined in 49 USC 13102.
   (c) A motor carrier as that term is defined in 49 USC 13102.

(7) The remedies under this act are cumulative and independent. The use of 1 remedy by a person does not bar the use of other lawful remedies by the person or the use of a lawful remedy by another person.

(8) It is the intent of the legislature that the court, in imposing punishment under this section, should discriminate between casual or slight violations and habitual sales of alcoholic liquor or attempts to commercialize violations of this act or the rules or regulations promulgated under this act.


436.1911 Failure to pay tax; penalties; collection.

Sec. 911. (1) If a person fails or refuses to pay the tax required by this act, the commission shall assess the tax against that person and the tax shall become due and payable together with a penalty or penalties that the commission considers appropriate, but not to exceed $5,000.00, upon demand by the commission or a person designated by the commission. If the tax remains unpaid for 15 days after that demand is made, the commission may issue its warrant under its official seal, directed to the sheriff of any county or other officer, to levy upon and sell the taxpayer's property, either personal or real, used in connection with the business for the privilege of doing which the tax is levied, found within his or her jurisdiction, for the payment of the amount of the tax with the added penalties, interest, and cost of executing the warrant. A warrant issued under this section shall be returned to the commission, together with the money collected by virtue of the warrant, within the time specified in the warrant, which time shall be not less than 20 or more than 90 days from the
date of the warrant. The sheriff or other officer to whom the warrant is directed shall proceed upon the warrant in all respects, with like effect, and in the same manner as prescribed by law in respect to executions issued against property upon judgments by a court of record, and shall be entitled to the same fees for his service in executing the warrant, to be collected in the same manner. The state of Michigan, through the commission or an officer or agent designated by it, is authorized to bid for and purchase any property sold under this section.

(2) In addition to the mode of collection provided in subsection (1), the commission may bring an action at law in the county in which the business or any part of the business is carried on, to collect and recover the amount of taxes, interest, or penalties, or any combination of taxes, interest, or penalties, due from a taxpayer.


436.1913 Prohibited conduct; unlicensed premises or place; unlawful consumption of alcoholic liquor; exceptions; construction of section; “consideration” defined.

Sec. 913. (1) A person shall not do either of the following:
(a) Maintain, operate, or lease, or otherwise furnish to any person, any premises or place that is not licensed under this act within which the other person may engage in the drinking of alcoholic liquor for consideration.
(b) Obtain by way of lease or rental agreement, and furnish or provide to any other person, any premises or place that is not licensed under this act within which any other person may engage in the drinking of alcoholic liquor for consideration.
(2) A person shall not consume alcoholic liquor in a commercial establishment selling food if the commercial establishment is not licensed under this act. A person owning, operating, or leasing a commercial establishment selling food which is not licensed under this act shall not allow the consumption of alcoholic liquor on its premises.
(3) This section shall not apply to any hotel or any licensee under this act.
(4) This section shall not be construed to repeal or amend section 1019.
(5) As used in this section, “consideration” includes any fee, cover charge, ticket purchase, the storage of alcoholic liquor, the sale of food, ice, mixers, or other liquids used with alcoholic liquor drinks, or the purchasing of any service or item, or combination of service and item; or includes the furnishing of glassware or other containers for use in the consumption of alcoholic liquor in conjunction with the sale of food.


436.1914 Alcohol vapor device; use, possession, sale, or offer to sell prohibited; violation; rules.

Sec. 914. (1) Except as otherwise provided in subsection (3), a person shall not use or offer for use, possess, sell, or offer for sale an alcohol vapor device.
(2) A person who violates subsection (1) is guilty of a misdemeanor punishable in the manner provided for in section 909.
(3) The commission may jointly promulgate rules with the department of community health to allow for the sale or use of an alcohol vapor device for research purposes.


436.1914a Powdered alcohol; use, possession, sale, or offer for sale prohibited; violation as misdemeanor; exception; “powdered alcohol” defined.

Sec. 914a. (1) Except as otherwise provided in subsection (2), a person shall not use or offer for use, possess, sell, or offer for sale powdered alcohol. A person that violates this section is guilty of a misdemeanor punishable as provided in section 909.
(2) This section does not apply to a hospital that operates primarily for the purpose of conducting scientific research, a state institution conducting bona fide research, a private college or university conducting bona fide research, or a pharmaceutical company or biotechnology company conducting bona fide research.
(3) As used in this section, “powdered alcohol” means alcohol that is sold in powder form for either direct use or reconstitution.


436.1914b Marihuana-infused beer, wine, mixed wine drink, mixed spirit drink, or spirits; use, possession, sale, or offer for sale prohibited; exception; definitions.

Sec. 914b. (1) Except as otherwise provided in subsection (2), a person shall not use or offer for use, possess, sell, or offer for sale marihuana-infused beer, wine, mixed wine drink, mixed spirit drink, or spirits.
A person that violates this section is guilty of a misdemeanor punishable as provided in section 909.

(2) This section does not apply to a hospital that operates primarily for the purpose of conducting scientific research, a state institution conducting bona fide research, a private college or university conducting bona fide research, or a pharmaceutical company or biotechnology company conducting bona fide research.

(3) As used in this section:
(a) "Marihuana" means that term as defined in section 3 of the Michigan Regulation and Taxation of Marihuana Act, 2018 IL 1, MCL 333.27953.
(b) "Marihuana-infused beer, wine, mixed wine drink, mixed spirit drink, or spirits" means beer, wine, mixed wine drink, mixed spirit drink, or spirits that contain any amount of marihuana.


436.1915 Possessing or consuming alcoholic liquor on public highway or in park, place of amusement, or publicly owned area; authority of local governmental unit or state department or agency to prohibit possession or consumption of alcoholic liquor; definitions.

Sec. 915. (1) Alcoholic liquor shall not be consumed on the public highways.

(2) Except as provided in subsections (3) and (4), alcoholic liquor may be possessed or consumed in public parks, place of amusement, or a publicly owned area not licensed to sell for consumption on the premises.

(3) The governing body of a local governmental unit may prohibit by ordinance, order, or resolution the possession or consumption of alcoholic liquor in any public park, public place of amusement, or publicly owned area that is owned or administered, or both, by that local governmental unit. When land is leased from a department or agency of this state, an ordinance, order, or resolution adopted pursuant to this subsection shall be subject to the approval of the department or agency.

(4) A department or agency of this state that administers public lands may prohibit by rule, order, or resolution the possession or consumption of alcoholic liquor on the public land under its jurisdiction.

(5) As used in this section:
(a) "Local governmental unit" means a county, city, township, village, or charter authority.
(b) "Publicly owned area" means an area under the jurisdiction of a local governmental unit.


436.1916 Entertainment, dance, or topless activity permits; issuance; prohibited activity; exceptions; extended hours permit; permits issued under administrative rule; fees; definitions.

Sec. 916. (1) An on-premises licensee shall not allow monologues, dialogues, motion pictures, still slides, closed circuit television, contests, or other performances for public viewing on the licensed premises unless the licensee has applied for and been granted an entertainment permit by the commission. Issuance of an entertainment permit under this subsection does not allow topless activity on the licensed premises.

(2) An on-premises licensee shall not allow dancing by customers on the licensed premises unless the licensee has applied for and been granted a dance permit by the commission. Issuance of a dance permit under this subsection does not allow topless activity on the licensed premises.

(3) An on-premises licensee shall not allow topless activity on the licensed premises unless the licensee has applied for and been granted a topless activity permit by the commission. This section is not intended to prevent a local unit of government from enacting an ordinance prohibiting topless activity or nudity on a licensed premises located within that local unit of government. This subsection applies only to topless activity permits issued by the commission to on-premises licensees located in counties with a population of 95,000 or less.

(4) The commission may issue to an on-premises licensee a combination dance-entertainment permit or topless activity-entertainment permit after application requesting a permit for both types of activities.

(5) An on-premises licensee shall not allow the activities allowed by a permit issued under this section at any time other than the legal hours for sale and consumption of alcoholic liquor.

(6) An extended hours permit is required for an on-premises licensee to engage in any of the following activities on the licensed premises at any time other than the legal hours for the sale and consumption of alcoholic liquor:
(a) Monologues, dialogues, motion pictures, still slides, closed circuit television, contests, other performances for public viewing on the licensed premises, if holding a permit for those activities.
(b) Patron dancing, if holding a permit for that activity.
(c) The performance or playing of an orchestra, piano, or other types of musical instruments or singing or
the viewing of any publicly broadcast television transmission from a federally licensed station.

(7) The commission may issue an extended hours permit to either of the following:
   (a) A licensee not holding an entertainment, dance, or combination dance-entertainment permit, who
desires to conduct activities described under subsection (11).
   (b) A licensee who already holds, or submits an application for, an entertainment, dance, or combination
dance-entertainment permit in order to conduct activities allowed by the permit.

(8) The applicant for only an extended hours permit shall obtain the local approval for the extended hours
permit under subsection (10). An applicant for an extended hours permit who holds an entertainment, dance,
or combination dance-entertainment permit shall obtain the local approval for the entertainment, dance, or
combination dance-entertainment permit under subsection (10) as well as local approval for the extended
hours permit under subsection (10). The commission shall waive the conditions contained in R 436.1437(1) of
the Michigan administrative code relative to the application for an extended hours permit.

(9) An on-premises licensee issued an extended hours permit shall not allow customers on the licensed
premises during the time period provided by the extended hours permit unless the activity, and only that
activity, allowed by the extended hours permit is occurring. The issuance of an extended hours permit does
not authorize any of the following:
   (a) Topless activity.
   (b) Except as otherwise provided under this subdivision, gaming as that term is defined in section 2 of the
Michigan gaming control and revenue act, the Initiated Law of 1996, MCL 432.202. A licensee holding a
casino license issued under the Michigan gaming control and revenue act, the Initiated Law of 1996, MCL
432.201 to 432.226, may conduct gaming pursuant to the casino license only.
   (c) Keno or other gaming authorized under the McCauley-Traxler-Law-Bowman-McNeely lottery act,
1972 PA 239, MCL 432.1 to 432.47.
   (d) The extension of hours for the serving of alcoholic liquor.
   (e) The extension of hours for the consumption of alcoholic liquor as provided for in R 436.1403 of the
Michigan administrative code.

(10) Before the issuance of any permit under this section, the on-premises licensee shall obtain the
approval of all of the following:
   (a) The commission.
   (b) Except in cities with a population of 1,000,000 or more, the local legislative body of the jurisdiction
within which the premises are located.
   (c) The chief law enforcement officer of the jurisdiction within which the premises are located or the entity
contractually designated to enforce the law in that jurisdiction.

(11) The following activities are allowed without the granting of a permit under this section:
   (a) The performance or playing of an orchestra, piano, or other types of musical instruments, or singing.
   (b) Any publicly broadcast television transmission from a federally licensed station.

(12) In the case of a licensee granted an entertainment or dance permit under R 436.1407 of the Michigan
administrative code who, after January 1, 1998, extended the activities conducted under that permit to regular
or full-time topless activity, that licensee shall apply to the commission for a topless activity permit under this
section within 60 days after April 14, 1998 in order to continue topless activity. Except as otherwise provided
for in this subsection, this section applies only to entertainment or dance permits issued after April 14, 1998.

(13) The fees imposed by the commission for a permit under this section remain the same as the fees
imposed under a permit issued under R 436.1407 of the Michigan administrative code.

(14) Except as otherwise provided, this section does not change the renewal or application process for a
license under section 501 or the renewal process for permits issued under R 436.1407 of the Michigan
administrative code.

(15) As used in this section:
   (a) "Nudity" means exposure to public view of the whole or part of the pubic region; the whole or part of
the anus; the whole or part of the buttocks; the whole or part of the genitals; or the breast area including the
nipple or more than 1/2 of the area of the breast.
   (b) "Topless activity" means activity that includes, but is not limited to, entertainment or work-related
activity performed by any of the following persons on the licensed premises in which the female breast area,
including the nipple, or more than 1/2 of the area of the breast, is directly exposed or exposed by means of
see-through clothing or a body stocking:
      (i) A licensee.
      (ii) An employee, agent, or contractor of the licensee.
      (iii) A person acting under the control of or with the permission of the licensee.
436.1917 Liability of vendor.
   Sec. 917. (1) A person who engages in the business of selling or keeping for sale alcoholic liquor in violation of this act, whether as owner, clerk, agent, servant, or employee, is equally liable, as principal, both civilly and criminally, for the violation of this act.
   (2) A person or principal is liable, both civilly and criminally, for the acts of his or her clerk, servant, agent, or employee, in violating this act.

436.1919 Forging documents, labels, or stamps; prohibited conduct; penalty.
   Sec. 919. A person who falsely or fraudulently makes, simulates, forges, alters, or counterfeits a document, label, or stamp prescribed by the commission under this act or rules promulgated under this act, or who causes or procures to be falsely or fraudulently made, simulated, forged, altered, or counterfeited any such document, label, or stamp, who knowingly and willfully utterers, publishes, passes, or tenders as true, any such false, altered, forged, or counterfeited document, label, or stamp, or who uses more than once any label or stamp prescribed by the commission pursuant to this act or the rules promulgated under this act is guilty of a felony punishable by imprisonment for not more than 1 year or by a fine of not more than $1,000.00, or both.

436.1921 Sale or exchange of ceramic commemorative bottles.
   Sec. 921. Notwithstanding section 203, a collector, who is 21 years of age or older, of ceramic commemorative bottles containing alcoholic liquor and bearing an unbroken federal tax stamp or seal may sell or trade the bottles to other such collectors of those bottles without obtaining a license under this act. All sales conducted under this subsection shall be for the purpose of exchanging ceramic commemorative bottles between private collectors of those bottles and shall not be for the purpose of selling alcoholic liquor for personal consumption. A sale or exchange conducted under this subsection shall not occur in any of the following ways:
   (a) In connection with the business of a holder of an alcoholic liquor license.
   (b) In connection with any other business.

436.1923 Warehouse receipts for alcoholic liquor; authority of commission.
   Sec. 923. The commission has complete power to regulate, limit, and control the sale, transfer, barter, or exchange in this state of warehouse receipts for alcoholic liquor wherever alcoholic liquor is situated.

436.1925 Construction of act; severability.
   Sec. 925. (1) This act shall be construed to effect the intent and purposes set forth in this act and to protect the public health, safety, and welfare of the citizens of this state.
   (2) If any provision of this act is found to be unconstitutional by a court of competent jurisdiction and all rights of appeal have expired or been exhausted, the offending provision shall be severed and shall not affect the remaining portions of the act.

CHAPTER 10

436.2001 Armories, air bases, naval installations and state military reservation.
   Sec. 1001. The commanding general of the Michigan national guard may publish by general order such regulations and restrictions as to the transportation, possession, sale, and use of alcoholic liquor in armories, air bases, and naval installations owned or leased by the state or provided by the federal government by lease, license, or use permit and used by outside parties of a nonmilitary or state governmental nature and on the state military reservation during the field training periods of the Michigan national guard, either in state or federal service, as he or she determines are for the best interests of the military service.

436.2003 False or fraudulent statements.
   Sec. 1003. A person who makes a false or fraudulent statement to the commission, orally or in writing, for the purpose of inducing the commission to act or refrain from taking action or for the purpose of enabling or
assisting a person to evade the provisions of this act is guilty of a violation of this act and is punishable in the manner provided for in section 909.


436.2005 Adulterated, misbranded, or refilled liquors.

Sec. 1005. (1) A licensee who, by himself or herself or by his or her agent or employee, sells, offers for sale, exposes for sale, or possesses alcoholic liquor that is adulterated, misbranded, or in bottles that have been refilled is guilty of a violation of this act.

(2) For purposes of this section, alcoholic liquor is adulterated if it contains any liquid or other ingredient that was not placed there by the original manufacturer or bottler.

(3) For purposes of this section, alcoholic liquor is misbranded if it is not plainly labeled, marked, or otherwise designated.

(4) For purposes of this section, alcoholic liquor bottles have been refilled when the bottles contain any liquid or other ingredient not placed in the bottles by the original manufacturer or bottler.

(5) This section does not apply to beer containers.


436.2007 Alcoholic liquor as contraband.

Sec. 1007. All alcoholic liquor that is manufactured, transported, sold, or possessed without the consent of the commission is hereby declared contraband and shall be disposed of by order of the commission.


436.2009 Delivery of seized alcoholic liquor; bankruptcy; payment.

Sec. 1009. (1) If alcoholic liquor is seized under a judgment rendered against a licensee or if a licensee becomes insolvent, the officer seizing that alcoholic liquor or the trustee in bankruptcy of the insolvent licensee shall deliver to the commission all alcoholic liquor found in the licensee's possession.

(2) Within 1 month after the date of delivery of alcoholic liquor to the commission by an officer or trustee in bankruptcy under this section, the commission shall pay over to the officer or trustee in bankruptcy the purchase price, less 10%, paid by the licensee to the commission for all legal alcoholic liquor seized and the value, less 10%, as established by the commission, of other legally acquired alcoholic liquor delivered to the commission under this section. Alcoholic liquor delivered to the commission under this section that was illegally acquired by the licensee shall be disposed of by order of the commission and payment shall not be made for that alcoholic liquor.


436.2011 Printed price list; posting.

Sec. 1011. Alcoholic liquor for consumption on the premises shall be sold only in accordance with a printed price list that is readily available to customers.


436.2013 Sale or purchase of alcoholic liquor for cash; exceptions.

Sec. 1013. A sale or purchase of alcoholic liquor made in a state liquor store and by all types of licensees shall be for cash only, except for the following:

(a) A customer's charge account with a specially designated merchant who is not a holder of a license authorizing sale of alcoholic liquor for consumption on the premises.

(b) A sale to a bona fide registered guest of a class B hotel or class A hotel, if the extension of credit does not exceed 30 days.

(c) A sale to an industrial account if the extension of credit does not exceed 30 days.

(d) A sale to a person holding an authorized credit card from a credit card agency.

(e) A sale to a professional account, or an industrial account of class C licensee or a tavern, whose major business is food, if the extension of credit does not exceed 30 days.

(f) A sale by a private club to a bona fide member.


436.2014 Sale of unlimited quantity of alcoholic liquor at specific price; conditions; sale of 3 or more identical drinks containing alcoholic liquor for 1 price; prohibition; "private function" defined.

Sec. 1014. (1) An on-premises licensee shall not sell, offer to sell, or advertise the sale of an unlimited quantity of alcoholic liquor at a specific price unless all of the following conditions are met:
(a) The sale, offer, or advertisement is in connection with a private function.
(b) The on-premises licensee has entered into a written agreement with the organizer of the private function stating all of the following:
   (i) The date and time the event will be held.
   (ii) The location of the event.
   (iii) The terms under which alcohol will be sold and served during the event.
   (c) The on-premises licensee makes available to the commission and local law enforcement, on notice, the written agreement described in subdivision (b).

(2) An on-premises licensee shall not sell, offer to sell, or advertise the sale of 3 or more identical drinks containing alcoholic liquor to an individual for the individual’s consumption for 1 price. If 3 or more identical drinks containing alcoholic liquor are served to an individual at 1 time, the price charged for the third and each additional drink must be the same as the price charged for the first drink. Except on prior written order by the commission, an on-premises licensee shall not sell alcoholic liquor to an individual under this subsection for a price that is less than the on-premises licensee’s cost for the alcoholic liquor.

(3) As used in this section, "private function" means an event that meets all of the following conditions:
   (a) It is a prearranged private party, private function, or private event for a specific social or business occasion.
   (b) Attendance is only by invitation or reservation.
   (c) It is not open to the general public.
   (d) The guests are served in an outdoor service area or room that is well-defined and clearly marked and designated and used exclusively for the event.


436.2015 Awarding unopened alcoholic liquor pursuant to lawful fund raising activity.
Sec. 1015. (1) A nonlicensee, or a person who holds either a special license or a club license under this act, may offer and award unopened alcoholic liquor having a value of less than $200.00 to a person 21 years of age or older in a drawing or raffle or as a door prize, pursuant to a lawful fund raising activity. The alcoholic liquor awarded shall not be consumed on the premises at which it is awarded.

(2) A person who holds either a special license or a club license under this act and who has purchased alcoholic liquors to be awarded as provided for in subsection (1) shall be exempt from sections 1021(2) and 1025 for those purchases.

(3) A person who holds either a special license or a club license under this act shall not sell or award alcoholic liquor to a person who is in an intoxicated condition.


436.2017 Sterilization of glass; method and manner.
Sec. 1017. Alcoholic liquor shall not be served to a person for consumption on the premises unless the glass in which the alcoholic liquor is to be served has been sterilized by a method and in a manner as prescribed by the commission.


436.2019 Sales in hotel rooms.
Sec. 1019. (1) Alcoholic liquor may be served by any hotel licensed individually under this act in the room of a bona fide guest.

(2) A person shall not consume or offer for consumption spirits or mixed spirit drink in any place licensed under this act to sell beer or wine and not licensed to sell spirits or mixed spirit drink.


436.2021 Selling or serving food; removal of liquor from premises; removal of partially consumed bottle of wine from premises; class A or B hotel; consumption of wine brought into premises by consumer.
Sec. 1021. (1) The commission shall not require a licensee to sell or serve food to a purchaser of alcoholic liquor. The commission shall not require a class A hotel or class B hotel to provide food services to registered guests or to the public.

(2) Except as otherwise provided in section 551 and subsection (3), a purchaser shall not remove alcoholic liquor sold by a vendor for consumption on the premises from those premises.

(3) A vendor licensed to sell wine on the premises may allow an individual who has purchased a meal and who has purchased and partially consumed a bottle of wine to the meal, to remove the partially consumed
bottle from the premises on departure. This subsection does not allow the removal of any additional unopened bottles of wine unless the vendor is licensed as a specially designated merchant. The licensee or the licensee’s clerk, agent, or employee shall cap the bottle or reinsert a cork so that the top of the cork is level with the lip of the bottle. The transportation or possession of the partially consumed bottle of wine shall be in compliance with section 624a of the Michigan vehicle code, 1949 PA 300, MCL 257.624a.

(4) This act and rules promulgated under this act do not prevent a class A or B hotel designed to attract and accommodate tourists and visitors in a resort area from allowing its invitees or guests to possess or consume, or both, on or about its premises alcoholic liquor purchased by the invitee or guest from an off-premises retailer and does not prevent a guest or invitee from entering and exiting the licensed premises with alcoholic liquor purchased from an off-premises retailer.

(5) Notwithstanding section 901(6), an on-premises licensee may, in a manner as determined by that licensee, allow for the consumption of wine that is produced by a wine maker, a small wine maker, or an out-of-state entity that is the substantial equivalent of a wine maker or small wine maker and that is brought into the licensed premises in its original sealed container by a consumer who is not prohibited under this act from possessing wine. The licensee shall not allow the consumer to remove a partially consumed bottle of wine brought by the consumer unless the licensee or the licensee’s clerk, agent, or employee caps the bottle or reinserts the cork so that the top of the cork is level with the lip of the bottle. The licensee may charge a corkage fee for each bottle of wine brought by the consumer and opened on the premises by the licensee or the licensee’s clerk, agent, or employee. This subsection does not exempt the licensee or the consumer from any other applicable requirements, responsibilities, or sanctions imposed under this act.


436.2023 Pinball machines.
Sec. 1023. The commission shall not prohibit licensees from allowing pinball machines on the premises for the purpose of amusement.


436.2024 Automatic teller machine; preventing access to cash benefits from Michigan bridge card; definitions.
Sec. 1024. (1) A retailer shall work with the department of human services and with persons that provide automatic teller machine services on the retailer's premises to prevent an individual's access to cash benefits from Michigan bridge cards through a point of sale device or withdrawal from an automatic teller machine on the retailer's premises. For purposes of this section only, a retailer does not include a retail food store.

(2) As used in this section:
(a) "Michigan bridge card" means the card that is used to distribute cash benefits by the department of human services.
(b) "Retail food store" means that term as defined in 7 USC 2012.


436.2025 Giving away alcoholic liquor prohibited; exception; sale to intoxicated individual prohibited; inadmissibility of breathalyzer or blood alcohol test results.
Sec. 1025. (1) Except as otherwise provided in subsection (3), and subject to subsection (2), a vendor shall not give away any alcoholic liquor of any kind or description at any time in connection with his or her business, except a vendor that is a manufacturer for consumption on the premises only.

(2) Subsection (1) does not prevent any of the following:
(a) A vendor of spirits, brewer, mixed spirit drink manufacturer, wine maker, small wine maker, outstate seller of beer, outstate seller of wine, or outstate seller of mixed spirit drink, or a bona fide market research organization retained by 1 of the persons named in this subdivision, from conducting samplings or tastings of an alcoholic liquor product before it is approved for sale in this state, if the sampling or tasting is conducted pursuant to prior written approval of the commission.
(b) A person from conducting any sampling or tasting authorized by rule of the commission.
(c) The holder of a farmer's market permit from conducting a tasting authorized under section 415.
(d) A person from conducting any sampling or tasting authorized under section 537.
(e) A retailer licensed for consumption on the premises from conducting a sampling authorized under section 1027(2).
(f) A person from conducting a sampling at a consumer sampling event authorized under section 1027(4) and (5).
(g) A class A or B hotel designed to attract and accommodate tourists and visitors in a resort area from giving away alcoholic liquor to an invitee or guest in connection with a business event or as a part of a room special or promotion for overnight accommodations.

(3) A wholesaler or manufacturer may give samples of beer or wine to an employee of the wholesaler if all of the following conditions are met:
(a) The sampling is for the purpose of educating the employee regarding the beer or wine.
(b) The employee is at least 21 years of age.
(c) The sampling takes place on the licensed premises of the wholesaler.

(4) A vendor shall not sell an alcoholic liquor to an individual in an intoxicated condition.

(5) Evidence of any breathalyzer or blood alcohol test results obtained in a licensed establishment, or on property adjacent to the licensed premises and under the control or ownership of the licensee, is not admissible to prove a violation of this section, section 707(1), (2), (3), or (4), or section 801(1). To establish a violation of this section, section 707(1), (2), (3), or (4), or section 801(1), the individual's intoxicated condition at the time of the sale or consumption of alcohol must be proven by direct observation by law enforcement or commission enforcement personnel or through other admissible witness statements or corroborating evidence obtained as part of the standard investigation other than breathalyzer or blood alcohol test results.


436.2027 Samplings or tastings of alcoholic liquor; consumption on premises; holding of consumer sampling event; violation; rule or order; sampling for other than commercial purpose; written agreement; definitions.

Sec. 1027. (1) Unless otherwise provided by rule of the commission, a person shall not conduct samplings or tastings of any alcoholic liquor for a commercial purpose except at premises that are licensed by the commission for the sale and consumption of alcoholic liquor on the premises.

(2) Notwithstanding section 1025(1) or (2), a retailer licensed by the commission for consumption on the premises may allow customers to sample beer, wine, and spirits if the retailer does not charge for the samples provided to customers. Sample serving sizes must not exceed 3 ounces for beer, 2 ounces for wine, and 1/2 ounce for spirits. A customer must not be provided more than 2 samples within a 24-hour period per licensed premises.

(3) This section does not prohibit any of the following:
(a) A vendor of spirits, brewer, wine maker, mixed spirit drink manufacturer, small wine maker, outstate seller of beer, outstate seller of wine, or outstate seller of mixed spirit drink, or a bona fide market research organization retained by 1 of the persons named in this subsection, from conducting samplings or tastings of an alcoholic liquor product before it is approved for sale in this state if the sampling or tasting is conducted under prior written approval of the commission.
(b) An on-premises licensee from giving a sampling or tasting of alcoholic liquor to an employee of the licensee during the legal hours for consumption for the purpose of educating the employee regarding 1 or more types of alcoholic liquor if the employee is at least 21 years of age.
(c) A small distiller licensee from giving a sampling or tasting of brands it manufactures on the licensed premises or an off-site tasting facility operated by that small distiller.
(d) A micro brewer, brewpub, or on-premises licensee from allowing the sampling and consumption on the licensed premises of beer, wine, mead, honey-based beer, or cider produced by 1 or more home brewers at a meeting of home brewers, or a club composed primarily of home brewers, under the following circumstances:
   (i) The sampling or consumption is for the purpose of exhibitions or competitions involving home brewers.
   (ii) The beer, honey-based beer, or cider is served in portions that do not exceed 3 ounces. The wine or mead is served in portions that do not exceed 2 ounces.
   (iii) The beer, wine, mead, honey-based beer, or cider produced by the home brewer is only consumed by the home brewer, the home brewer's family, a club member, a judge, or a guest speaker and is not sold to members of the general public.
   (iv) The participants in the sampling or consumption otherwise comply with applicable state and federal law and applicable regulatory provisions of this act and rules adopted by the commission under this act.
(v) The participants in the sampling or consumption are not charged for the sampling or consumption of the beer, wine, mead, honey-based beer, or cider.

(4) A vendor of spirits or a manufacturer may conduct a consumer sampling event on the premises of a holder of a specially designated distributor license upon submission of a completed application to the
(5) The holder of a consumer sampling event license shall comply with the following:
   (a) The commission must be notified in writing a minimum of 10 working days before the event with the
date, time, and location of the event.
   (b) The consumer sampling event is limited to 3 events per vendor of spirits or manufacturer per specially
designated distributor license per month.
   (c) The vendor of spirits or manufacturer conducting the consumer sampling event must have a licensed
representative present at the specially designated distributor’s establishment.
   (d) Licensed representatives or an authorized representative may distribute merchandise, not to exceed
$100.00 in value, to consumers 21 years of age or older during the event.
   (e) Participating specially designated distributor licensees do not receive any fee or other valuable
consideration for participating in the event.
   (f) Each consumer is limited to 3 samples, which total no more than 1/3 ounce of spirits per serving.
   (g) The consumer is not charged for and does not purchase any sample.
   (h) The alcoholic liquor used in the consumer sampling event is provided by the vendor of spirits or
manufacturer, and purchased at the minimum retail selling price fixed by the commission from the specially
designated distributor on whose premises the event is located. The vendor of spirits or manufacturer shall
remove any unfinished product from the premises at which the event is held upon completion of the event.
   (i) The consumer sampling event is not allowed if the sale of alcoholic liquor is otherwise prohibited on the
premises at which the event is conducted.
   (j) Samples are not offered to, or allowed to be consumed by, any person under the legal age for
consuming alcoholic liquor.
   (k) A consumer sampling event may be advertised in any type of media and the advertisements may
include the date, time, location, and other information regarding the event.
   (l) The participating vendor of spirits or manufacturer and specially designated distributor licensees
complies with this act and commission rules.
   (m) The vendor of spirits or manufacturer demonstrates that the individual actually conducting the
sampling has successfully completed the server training program in the manner provided for in section 906
and rules promulgated by the commission.
   (n) Violation of this section subjects the vendor of spirits or manufacturer to the sanctions and penalties as
provided for under this act.
   (7) The commission, by rule or issuance of an order, may further define eligibility for licensure and
processes for conducting consumer sampling events.
   (8) A sampling or tasting of any alcoholic liquor in a home or domicile for other than a commercial
purpose is not subject to this section.
   (9) Before a micro brewer, brewpub, or on-premises licensee allows an event to be held under subsection
(3)(d), the micro brewer, brewpub, or on-premises licensee shall enter into a written agreement with the home
brewers or home brewers club stating all of the following:
      (a) The date and time the event will be held.
      (b) The location of the event.
      (c) Either of the following:
         (i) A statement that the micro brewer, brewpub, or on-premises licensee acknowledges that it is not in
control of an unregulated alcoholic beverage at its establishment and agrees to assume liability under section
801(2) for the event.
         (ii) Proof that the home brewers or home brewers club has obtained a bond or liability insurance equal to
that required under section 803(1).
   (10) As used in this section:
      (a) "Commercial purpose" means a purpose for which monetary gain or other remuneration could
reasonably be expected.
      (b) "Home brewer" means an individual who manufactures beer, wine, mead, honey-based beer, or cider at
his or her dwelling.


436.2028 Special license for spirits tasting; qualified organization; application; requirements;
rebate on purchase of spirits; designated supervisor; definitions.
Sec. 1028. (1) The commission may issue a special license under this section to a qualified organization
conducting a spirits tasting. The application must conform to all of the following:

(a) The application must be submitted by a qualified organization.

(b) The spirits tasting involves an event having for its primary purpose the showcasing of spirits and the spirits’ production and or mixability.

(c) The application must be accompanied by a fee of $25.00 per day of the event described in subdivision (b).

(2) The holder of a special license issued under this section shall not allow more than 6 events per calendar year conforming to the requirements of subsection (1).

(3) A holder of a special license issued under this section may purchase the spirits for an event described in subsection (1) under R 436.582 of the Michigan Administrative Code.

(4) A holder of a special license issued under this section may receive a rebate on the purchase of spirits subject to all of the following:

(a) The rebate must be the difference of the purchase price the special licensee paid to the specially designated distributor and the sum of the following:

(i) The price the commission paid for the spirits before establishing the price to determine the gross profit under section 233.

(ii) Fifteen percent of the price under subparagraph (i).

(iii) Specific taxes calculated on the price of the spirits established under section 233.

(b) The special licensee shall submit 1 combined request for a rebate by March 1 of each year for all spirit tasting events for which it was issued a special license under this section in the previous calendar year.

(c) The special licensee shall submit its request for a rebate on a form prescribed by the commission. The special licensee shall include all of the following information with its request for a rebate:

(i) The date or dates of the spirits tasting events for which a rebate is being requested.

(ii) The name and license number of the specially designated distributor from which the spirits were purchased.

(iii) The purchase price paid per bottle to the specially designated distributor.

(iv) The quantity of bottles purchased less any bottles returned under section 609d.

(v) The special licensee shall submit a copy of the receipt or invoice that shows the price it paid for the spirits to the specially designated distributor and any products returned under section 609d.

(d) By June of each year, the commission shall issue a combined rebate to the special licensee for each of the events in the previous calendar year for which the special licensee submitted a request for a rebate. The rebate for any 1 event must not exceed $10,000.00.

(5) A holder of a special license issued under this section and the member vendors of spirits, small distillers, authorized distribution agents, and brokers whose vendor representatives, salespersons, or agents are licensed by the commission, may pour and serve spirits, with or without mixers.

(6) A qualified organization shall designate a supervisor on each shift and during all hours when alcoholic liquor is served who has successfully completed a server training program as described in section 906 and in the rules promulgated by the commission.

(7) As used in this section:

(a) "Qualified organization" is a nonprofit association established for the primary purpose of representing the interests of vendors of spirits, craft distillers, and brokers whose membership includes at least 15 primary members and consists of at least 3 of the following that are licensed by the commission:

(i) Vendors of spirits.

(ii) Small distillers.

(iii) Brokers. As used in this subparagraph, "broker" means that term as defined in section 609.

(iv) Authorized distribution agents.

(b) "Spirits tasting" means an event at which spirits are showcased to the general public and at which the general public can purchase and sample the spirits being showcased for consumption on the licensed premises.


436.2029 Packaging of nonalcoholic carbonated beverages with spirits.

Sec. 1029. (1) The commission, by promulgation of a rule, issuance of an order, or execution of a memorandum of understanding with the department of treasury, or any combination thereof, may allow the conduct by a manufacturer or outstate seller of spirits of a preapproved program for marketing spirits by inclusion of nonalcoholic carbonated beverages to be packaged with spirits. The commission may, in conjunction with the department of treasury, adopt a program that disallows the redemption of returnable containers from the commission but otherwise allows redemption of Michigan-sold returnable containers at
other venues, and shall allow for a system of appropriate allocation of funds under 1976 IL 1, MCL 445.571 to 445.576, by means of the issuance of an order or by adoption of a rule.

(2) The commission shall provide for a system of non-mail-in or instant coupon transactions that does not diminish the spirit product margins allocated to the state under this act by means of the issuance of an order or by adoption of a rule.


Compiler's note: The repealed section pertained to sale of keg beer.

436.2031 "Wine auction license" defined; issuance of license; restrictions; payment of taxes; delivery, storage, warehousing, and delivery of wine; sale and resale of wine purchases at auction.

Sec. 1031. (1) As used in this section, "wine auction license" means a license issued by the commission to sell wine by auction, subject to the following:
   (a) The wine is sold through an auction by a person that is licensed as a specially designated merchant or through a seller that is a partner with a specially designated merchant, as evidenced by a written agreement of the parties.
   (b) The owner of the wine is not licensed under this act.
   (c) The wine is part of a private collection owned by a person that is not licensed under this act.
   (d) The specially designated merchant ensures that each bottle sold from the private collection has a permanently affixed tag or label stating that the wine was acquired from a private collection.

(2) If it receives a completed application and the license fee described in section 525(1)(aa), the commission shall issue a wine auction license to a person licensed as a specially designated merchant, or a seller that is a partner with a specially designated merchant, who is arranging for the sale of wine by an owner that is not licensed under this act. The commission shall issue the license for a term of 1 year. The license allows the licensee to hold not more than 12 auctions per license year.

(3) The license restrictions prescribed under this section and under this act are in addition to those requirements and prescriptions imposed by any local law or ordinance, or resolution of the local unit of government.

(4) The holder of the wine auction license is responsible for the payment of any applicable sales or excise taxes regarding the sale of the wine by auction.

(5) The holder of the wine auction license is responsible for the delivery, storing, and warehousing of the wine offered for sale and for the delivery of the wine to the purchasers.

(6) A person that is licensed to sell wine at wholesale or retail may purchase any wine offered at an auction under this section and may resell that wine in accordance with the terms of the license, if at the time of sale the tag or label remains permanently affixed to the bottle.

(7) The sale and resale of wine purchased at auction is subject to this act and any rules of the commission promulgated under this act.


CHAPTER 11

436.2101 Sale of spirits and mixed spirit drink for consumption on premises; resolution; petition; notice; submission of question to electors; ballot; canvass; effect of tie vote; use of section to nullify referendum vote prohibited.

Sec. 1101. (1) Spirits and mixed spirit drink for consumption on the premises, in addition to beer and wine, may be sold by restaurants, hotels, and establishments approved by the commission under this act in the following cities, villages, or townships if the legislative body of the city, village, or township by resolution of a majority vote of the members elect, votes in favor of allowing that sale. A petition may be filed with the city, village, or township clerk requesting the submission of the question of sale of spirits and mixed spirit drink for consumption on the premises, in addition to beer and wine. In the case of a city or township, the petition shall be signed by a number of the registered and qualified electors which shall be not less than 35% of the total number of votes cast for all candidates for the office of secretary of state in that city or township at the last general election held for that purpose. In the case of a village, the petition shall be signed by a number of the registered and qualified electors that is not less than 35% of the total number of votes cast for all candidates for the office of president of the village at the last village election held for that purpose. The question shall not be submitted to the electors of a city, village, or township more often than once in every 2
years. The city, village, or township clerk shall, within 10 days after the petition is filed with the clerk, give notice of the filing by publication of notice setting forth the essential facts of the petition in a newspaper published or in general circulation in the city, village, or township. The city, village, or township clerk shall submit the question at the next regular state election held in the city, village, or township if the petitions are filed at least 60 days before the election. Class C licensees in a newly incorporated city or village shall continue to be licensed by the commission until the question of the sale of spirits and mixed spirit drink for consumption on the premises, in addition to beer and wine, is submitted to the electors of the city or village as provided in this section. The question of the sale of spirits and mixed spirit drink for consumption on the premises, in addition to beer and wine, shall be submitted by ballot in substantially the following form:

"Shall the sale of spirits and mixed spirit drink in addition to beer and wine be permitted for consumption on the premises within the city, village, or township of ............. under the provisions of the law governing same?

Yes ...........
No ...........".

(2) All votes on the question submitted by ballot under subsection (1) shall be taken, counted, and canvassed in the same manner as votes cast in city, village, or township elections, as applicable, are taken, counted, and canvassed. Ballots shall be furnished by the election commission or similar body of the respective city, village, or township. If a majority of the electors voting at an election conducted under this section shall vote in favor of the question submitted by ballot under subsection (1), spirits and mixed spirit drink may be sold under this act in that city, village, or township for consumption on the premises, in addition to beer and wine.

(3) At any time within 18 months after an election conducted under this section has resulted in a tie vote, the question shall be resubmitted to the electors upon the filing of a petition with the legislative body of the city, village, or township. The petition shall be signed by a number of electors not less than that required under subsection (1) for the calling of an election on an original petition. The question shall be resubmitted to the electors by the city, village, or township clerk at the next regular election if that election occurs not less than 30 days and not more than 60 days after the filing of the petition or at a special election called for that purpose and to be held within not less than 30 days and not more than 60 days after the filing of the petition.

(4) This section shall not be used by the legislative body of a city, village, or township to nullify the results of a referendum vote of the electors of the city, village, or township.


436.2101a Violation of MCL 168.1 to 168.992 applicable to petitions; penalties.

Sec. 1101a. A petition under section 1101, 1107, 1111, or 1113, including the circulation and signing of the petition, is subject to section 488 of the Michigan election law, 1954 PA 116, MCL 168.488. A person who violates a provision of the Michigan election law, 1954 PA 116, MCL 168.1 to 168.992, applicable to a petition described in this section is subject to the penalties prescribed for that violation in the Michigan election law, 1954 PA 116, MCL 168.1 to 168.992.


436.2103 Sale of spirits and mixed spirit drink for consumption on premises; annexation of territory to city prohibiting sale; continuance of license; referendum.

Sec. 1103. (1) If spirits and mixed spirit drink for consumption on the premises, in addition to beer and wine, may be sold by restaurants, hotels, and establishments approved by the commission in a city, village, or township and all or a part of that city, village, or township becomes annexed to and a part of a city or village that does not, at the time of annexation, permit those sales, class C licensees in that annexed area shall continue to be licensed by the commission until the next regular, city, or village election, at which election, without the need to file a petition, the question of the sale of spirits and mixed spirit drink for consumption on the premises, in addition to beer and wine, shall be submitted to the electors of the city or village to which the territory has been annexed.

(2) The form of the ballot, the voting and canvassing of votes, and the effect of the votes shall be as provided in section 1101.

(3) The fact that a vote has been taken upon that question either in the annexing municipality or in the annexed area, or in both, within 4 years before the annexation is not a bar to the submission of the question as provided in this section.


436.2105 Sale of spirits and mixed spirit drink for consumption on premises; referendum;
license to serve spirits in addition to beer and wine for consumption on premises; application; approval; fee; referendum in certain townships.

Sec. 1105. (1) When the question of the sale of spirits and mixed spirit drink for consumption on the premises is submitted to and approved by the electors of a city, village, or township, and immediately after certification of the results of the election, all currently approved licensed establishments for consumption of beer and wine on the premises in the city, village, or township shall be licensed to serve spirits and mixed spirit drink in addition to beer and wine for consumption on the premises upon application to and approval by the commission and payment of the applicable license fee as specified in section 525.

(2) A township having incorporated villages within its boundaries may submit to the voters in the unincorporated portion of the township the question of sale of spirits and mixed spirit drink for consumption on the premises and the will of the electors outside of the incorporated villages shall decide the question for the unincorporated portion of the township.


436.2107 Manufacture and sale of alcoholic liquor; county option; form of ballot; notice of prohibition.

Sec. 1107. (1) Upon the filing with the county clerk of a petition signed by not less than 20% of the registered and qualified electors of any county of the entire vote cast for the office of secretary of state in that county at the last general election requesting the submission to the electors of that county of the question of the manufacture or sale of alcoholic liquor, or both, within that county, the county clerk shall submit the question at the next regular state election held in that county. A petition filed under this subsection shall be filed at least 60 days before the election. A ballot question under this subsection shall not be submitted to the electors more often than once in any 4-year period.

(2) All votes on the question shall be taken, counted, and canvassed in the same manner as votes cast for county offices are taken, counted, and canvassed. The vote on that question shall be by ballot, which ballots shall be furnished by the board of election commissioners of the county and shall be substantially in 1 of the following forms:

"1. Shall the manufacture of alcoholic liquor be prohibited in the county of ...........?
Yes .......
No .......

2. Shall the sale of alcoholic liquor be prohibited in the county of ...........?
Yes .......
No .......

3. Shall the manufacture and sale of alcoholic liquor be prohibited in the county of ...........?
Yes .......
No .......

(3) The effective date of the prohibition of the manufacture or sale, or both, as applicable, shall be 30 days after the board of county canvassers has determined that a majority of those voting on that question have voted in favor of the prohibition. The county clerk shall give notice of the effective date of the prohibition by publishing the date at least once in a newspaper published in that county or, if no newspaper is published within the county, in a newspaper published in an adjoining county.


436.2109 Ordinance prohibiting retail sale of alcoholic liquor; adoption; duration; election; affirmation or revocation; prohibition.

Sec. 1109. (1) Notwithstanding section 1101, a city, village, or township in which there are no retail licenses for the sale of alcoholic liquor may, by ordinance, prohibit the retail sale of alcoholic liquor within its borders.

(2) An ordinance adopted under subsection (1) remains in effect until the next general or special election held not less than 45 days after the adoption of the ordinance. At that election, the ordinance shall be submitted to the electors of the city, village, or township for affirmation or revocation. A revocation of the ordinance is effective on the date the election results are certified.

(3) The commission shall not issue a license that violates an ordinance adopted under subsection (1).


436.2111 Sunday sale of beer and wine during certain hours; circumstances for prohibiting.

Sec. 1111. (1) The sale of beer and wine between the hours of 7 a.m. on Sunday and 2 a.m. on Monday is allowed. Except as otherwise provided in subsection (6), a county, city, village, or township may prohibit the
sale of beer and wine between the hours of 7 a.m. and 12 noon on Sunday or between the hours of 7 a.m. on Sunday and 2 a.m. on Monday under the following circumstances:

(a) By majority vote of the legislative body voting on the resolution to make such an authorization. Failure of the legislative body to act on such an authorization is grounds for the petitioning of the county, city, village, or township for submission of the question to the voters of the county, city, village, or township under subsection (2).

(b) By submission of a petition under subsection (2) by a majority vote of the electors voting at a regular state election.

(2) Upon the filing of a petition with the county, city, village, or township clerk, by a majority of the electors voting at a regular state election within that county, village, city, or township, as applicable, requesting the submission of the question of the Sunday morning sale of beer and wine or the Sunday sale of beer and wine, the clerk shall submit that question to the electors of the county, city, village, or township at the next regular state election held in that county, city, village, or township. A petition filed under this subsection shall be filed not less than 60 days before the regular state election. A ballot question under this subsection shall not be submitted more often than once in any 4-year period.

(3) In the case of a county, city, or township, the petition shall be signed by a number of the registered and qualified electors of the county, city, or township that is not less than 35% of the total number of votes cast for all candidates for the office of secretary of state in that county, city, or township at the last general election held for that purpose and, in the case of a village the petition shall be signed by a number of the registered and qualified electors of the village that is not less than 35% of the total number of votes cast for all candidates for the office of president of the village at the last village election held for that purpose.

(4) The question of the sale of beer and wine shall be submitted by ballot in substantially the following forms:

(a) For the sale between the hours of 7 a.m. and 12 noon on Sunday:
"Shall the sale of beer and wine within (the county, city, village, or township as the case may be) between the hours of 7 a.m. and 12 noon on Sunday be prohibited?
Yes .........
No .......... ".
(b) For the sale between the hours of 7 a.m. on Sunday and 2 a.m. on Monday:
"Shall the sale of beer and wine within (the county, city, village, or township as the case may be) between the hours of 7 a.m. on Sunday and 2 a.m. on Monday be prohibited?
Yes .........
No .......... ".

(5) Votes on a question submitted to the electors under this section shall be taken, counted, and canvassed in the same manner as votes cast in county, city, village, or township elections, as applicable, are taken, counted, and canvassed. Ballots shall be furnished by the election commission or similar body of the respective county, city, village, or township. If a majority of the electors voting at an election conducted under this section vote in favor of the question submitted, the sale of beer and wine within that county, city, village, or township between the hours of 7 a.m. and 12 noon on Sunday or between the hours of 7 a.m. on Sunday and 2 a.m. on Monday is prohibited.

(6) The sale of beer and wine in any county between the hours of 7 a.m. and 12 noon on Sunday or between the hours of 7 a.m. on Sunday and 2 a.m. on Monday shall not be prohibited under the provisions of subsections (1) through (5) as applied to a motorsports entertainment complex located in more than 1 county if a resolution or referendum under this section results in the question's failing to pass in 1 county but passing in another. Under these circumstances, the commission shall determine the issue of the sale of beer and wine in the motorsports entertainment complex in those counties between the hours of 7 a.m. and 12 noon on Sunday or between the hours of 7 a.m. on Sunday and 2 a.m. on Monday. As used in this section, "motorsports entertainment complex" means a closed-course motorsports facility, and its ancillary grounds and facilities, that satisfies all of the following:

(a) Has at least 70,000 fixed seats for race patrons.
(b) Has at least 4 scheduled days of motorsports events each calendar year.
(c) Serves food and beverages at the motorsports entertainment complex during motorsports events each calendar year through concession outlets, which are staffed by individuals who represent or are members of 1 or more nonprofit civic or charitable organizations that directly benefit from the concession outlets' sales.
(d) Engages in tourism promotion.
(e) Has permanent exhibitions of motorsports history, events, or vehicles within the motorsports entertainment complex.

(7) Any prohibitions on the sale of beer and wine between the hours of 7 a.m. and 12 noon on Sunday or between the hours of 7 a.m. on Sunday and 2 a.m. on Monday shall not be prohibited under the provisions of subsections (1) through (5) as applied to a motorsports entertainment complex located in more than 1 county if a resolution or referendum under this section results in the question's failing to pass in 1 county but passing in another. Under these circumstances, the commission shall determine the issue of the sale of beer and wine in the motorsports entertainment complex in those counties between the hours of 7 a.m. and 12 noon on Sunday or between the hours of 7 a.m. on Sunday and 2 a.m. on Monday. As used in this section, "motorsports entertainment complex" means a closed-course motorsports facility, and its ancillary grounds and facilities, that satisfies all of the following:

(a) Has at least 70,000 fixed seats for race patrons.
(b) Has at least 4 scheduled days of motorsports events each calendar year.
(c) Serves food and beverages at the motorsports entertainment complex during motorsports events each calendar year through concession outlets, which are staffed by individuals who represent or are members of 1 or more nonprofit civic or charitable organizations that directly benefit from the concession outlets' sales.
(d) Engages in tourism promotion.
(e) Has permanent exhibitions of motorsports history, events, or vehicles within the motorsports entertainment complex.
between the hours of 7 a.m. on Sunday and 2 a.m. on Monday adopted by a county, city, village, or township before the effective date of the amendatory act that added this subsection shall remain in effect.


436.2113 Selling at retail, or buying spirits or mixed spirit drink on Sunday; sale of spirits or mixed spirit drink for consumption on or off premises on Sunday; resolution; petition; election; form of ballot; voting; violation as misdemeanor; exception; selling and buying alcoholic liquor from December 24 to 26; legislative bodies authorized to prohibit sale of alcoholic liquor on certain days; "motorsports entertainment complex" defined.

Sec. 1113. (1) Except as provided in subsection (2), (3), or (5) and subject to subsection (6), a licensee enumerated under section 525 may sell at retail, and a person may buy, spirits or mixed spirit drink between the hours of 7 a.m. on Sunday and 2 a.m. on Monday.

(2) Unless the legislative body of a county has prohibited the sale of spirits and mixed spirit drink for consumption on the premises between the hours of 7 a.m. and 12 noon on Sunday or between the hours of 7 a.m. on Sunday and 2 a.m. on Monday, by resolution approved by a majority of the legislative body voting on that resolution, spirits and mixed spirit drink may be sold after 7 a.m. on Sunday, in an establishment licensed under this act in which the gross receipts derived from the sale of food and other goods and services exceed 50% of the total gross receipts. With respect to an action taken by the legislative body or if the legislative body fails to act, a petition may be filed with the county clerk requesting the submission of the question regarding the prohibition of the sale of spirits and mixed spirit drink for consumption on the premises between the hours of 7 a.m. and 12 noon on Sunday or between the hours of 7 a.m. on Sunday and 2 a.m. on Monday.

The petition shall be signed by a number of the registered and qualified electors of the county that is not less than 8% of the total number of votes cast for all candidates for the office of secretary of state in the county at the last general election held for that purpose. The question shall not be submitted to the electors of a county more than once every 4 years. The county clerk shall submit the question at the next regular state election held in the county if the petitions are filed not less than 60 days before the election. The question regarding the prohibition of the sale of spirits and mixed spirit drink for consumption on the premises shall be submitted by ballot in substantially the following forms:

(a) For the sale between the hours of 7 a.m. and 12 noon on Sunday:

"Shall the sale of spirits and mixed spirit drink for consumption on the premises be prohibited between the hours of 7 a.m. and 12 noon on Sunday within the county of .......... under the provisions of the law governing the sale of spirits and mixed spirit drink for consumption?"

Yes ..........
No ........... ".

(b) For the sale between the hours of 7 a.m. on Sunday and 2 a.m. on Monday:

"Shall the sale of spirits and mixed spirit drink for consumption on the premises be prohibited between the hours of 7 a.m. on Sunday and 2 a.m. on Monday within the county of .......... under the provisions of the law governing the sale of spirits and mixed spirit drink for consumption?"

Yes ..........
No ........... ".

(3) Unless the legislative body of a county has prohibited the sale of spirits and mixed spirit drink for consumption on the premises between the hours of 7 a.m. and 12 noon on Sunday or between the hours of 7 a.m. on Sunday and 2 a.m. on Monday by resolution approved by a majority of the legislative body voting on the resolution, spirits and mixed spirit drink may be sold after 7 a.m., in a retail establishment licensed under this act. With respect to an action taken by the legislative body or if the legislative body fails to act, a petition may be filed with the county clerk requesting the submission of the question regarding the prohibition of the sale of spirits and mixed spirit drink for consumption on the premises, in addition to beer and wine, in a retail establishment licensed under this act between the hours of 7 a.m. and 12 noon on Sunday or between the hours of 7 a.m. on Sunday and 2 a.m. on Monday. The petition shall be signed by a number of the registered and qualified electors of the county that is not less than 8% of the total number of votes cast for all candidates for the office of secretary of state in the county at the last general election held for that purpose. The question shall not be submitted to the electors of a county more than once every 4 years. The county clerk shall submit the question at the next regular state election held in the county if the petitions are filed not less than 60 days before the election. The question regarding the prohibition of the sale of spirits and mixed spirit drink for consumption off the premises, in addition to beer and wine, in a retail establishment licensed under this act shall be submitted by ballot in substantially the following forms:

(a) For the sale between the hours of 7 a.m. and 12 noon on Sunday:
"Shall the sale of spirits and mixed spirit drink for consumption off the premises be prohibited between the hours of 7 a.m. and 12 noon on Sunday in a retail establishment licensed under the Michigan liquor control code of 1998 within the county of .......... under the provisions of the law governing the sale of spirits and mixed spirit drink for consumption?

Yes ..........
No ..........

(b) For the sale between the hours of 7 a.m. on Sunday and 2 a.m. on Monday:

"Shall the sale of spirits and mixed spirit drink for consumption off the premises be prohibited between the hours of 7 a.m. on Sunday and 2 a.m. on Monday in a retail establishment licensed under the Michigan liquor control code of 1998 within the county of .......... under the provisions of the law governing the sale of spirits and mixed spirit drink for consumption?

Yes ..........
No ..........

(4) Votes on a question submitted to the electors under this section shall be taken, counted, and canvassed in the same manner as votes cast in county elections are taken, counted, and canvassed. A ballot shall be furnished by the election commission or similar body of the county. If a majority of the electors voting at an election vote in favor of the proposal, the sale of spirits and mixed spirit drink may be prohibited in the county under this act for consumption on the premises or by a retail establishment for consumption off the premises, in addition to beer and wine, between the hours of 7 a.m. and 12 noon on Sunday or between the hours of 7 a.m. on Sunday and 2 a.m. on Monday. The sale of spirits and mixed spirit drink shall not be permitted in a city, village, or township in which the sale of spirits and mixed spirit drink is prohibited under this act. A violation of this section is a misdemeanor. This section does not apply to spirits and mixed spirit drink served to a bona fide guest in the residence of a person or sold or furnished for medicinal purposes as provided for in this act.

(5) A licensee enumerated under section 525 or any other person shall not sell at retail, and a person shall not knowingly and willfully buy, alcoholic liquor between the hours of 11:59 p.m. on December 24 and 12 noon on December 25. The legislative body of a city, village, or township, by resolution or ordinance, may prohibit the sale of alcoholic liquor on a legal holiday, primary election day, general election day, municipal election day, between the hours of 7 a.m. and 12 noon on Sunday, or between the hours of 7 a.m. on Sunday and 2 a.m. on Monday.

(6) The sale of spirits or mixed spirit drink in any county between the hours of 7 a.m. and 12 noon on Sunday or between the hours of 7 a.m. on Sunday and 2 a.m. on Monday shall not be prohibited under the provisions of subsections (1) through (5) as applied to a motorsports entertainment complex located in more than 1 county if a resolution or referendum under this section results in the question’s failing to pass in 1 county but passing in another. Under those circumstances, the commission shall determine the issue of the sale of spirits and mixed spirit drink in the motorsports entertainment complex in those counties between the hours of 7 a.m. and 12 noon on Sunday or between the hours of 7 a.m. on Sunday and 2 a.m. on Monday. As used in this section, "motorsports entertainment complex" means a closed-course motorsports facility, and its ancillary grounds and facilities, that satisfies all of the following:

(a) Has at least 70,000 fixed seats for race patrons.
(b) Has at least 4 scheduled days of motorsports events each calendar year.
(c) Serves food and beverages at the motorsports entertainment complex during motorsports events each calendar year through concession outlets, which are staffed by individuals who represent or are members of 1 or more nonprofit civic or charitable organizations that directly benefit from the concession outlets' sales.
(d) Engages in tourism promotion.
(e) Has permanent exhibitions of motorsports history, events, or vehicles within the motorsports entertainment complex.
(7) Any prohibitions on the sale of alcoholic liquor between the hours of 7 a.m. and 12 noon on Sunday or between the hours of 7 a.m. on Sunday and 2 a.m. on Monday adopted by a county, city, village, or township before the effective date of the amendatory act that added this subsection shall remain in effect.


436.2114 Selling, giving away, furnishing, or buying alcoholic liquor or spirits on any day; annual fee.

Sec. 1114. (1) Notwithstanding R 436.1403 and R 436.1503 of the Michigan administrative code and except as otherwise provided under this act or rule of the commission, an on-premises and an off-premises licensee shall not sell, give away, or furnish alcoholic liquor between the hours of 2 a.m. and 7 a.m. on any
day.

(2) Subsection (1) does not prevent any local governmental unit from prohibiting the sale of beer and wine between the hours of 7 a.m. and 12 noon on Sunday or between the hours of 7 a.m. on Sunday and 2 a.m. on Monday under section 1111 and does not prevent any local governmental unit from prohibiting the sale of spirits and mixed spirit drink between the hours of 7 a.m. and 12 noon on Sunday or between the hours of 7 a.m. on Sunday and 2 a.m. on Monday under section 1113. A licensee selling alcoholic liquor between 7 a.m. and 12 noon on Sunday shall obtain a permit and pay to the commission an annual fee of $160.00.

(3) A reference to the time of day under this act or a rule of the commission includes daylight savings time, when observed.


436.2115 Sale of spirits or mixed spirit drink on Sunday; additional fee; disposition of revenue.

Sec. 1115. (1) A licensee who elects to sell spirits or mixed spirit drink between the hours of 12 noon on Sunday and 2 a.m. on Monday under section 1113 shall not do so until he or she first obtains a permit and pays to the commission an additional fee in the amount of 15% of the fee charged for the issuance of his or her license.

(2) The revenue received from subsection (1) for the sale of spirits or mixed spirit drink between 12 noon on Sunday and 2 a.m. on Monday shall be deposited with the state treasurer in a special fund to be used only by the department of public health in programs for the treatment of alcoholics. Any other revenue resulting from the additional $160.00 license fee as described in section 1114 for sales of alcoholic liquor permitted under sections 1111 and 1113 shall be deposited into the general fund.


CHAPTER 12

436.2201 Imposition of tax; levy; collection; computations; deposit of proceeds; general fund; inventory.

Sec. 1201. (1) In addition to any and all taxes imposed by law, there is imposed and levied upon and collected a specific tax equal to 4% of the retail selling price of spirits. The tax shall be collected by the commission at the time of sale by the commission. In the case of sales to licensees, the tax shall be computed on the retail selling price established by the commission without allowance of discount.

(2) Upon collection, the commission shall deposit the entire proceeds in the state treasury, to the credit of the general fund.

(3) If section 1201 is repealed, every licensee, who has on hand any spirits on the effective date of the repeal, shall file a complete inventory of those spirits with the commission within 20 days after the repeal. The commission shall credit to such a licensee an amount equal to 4% of the retail selling price of those spirits on future purchases of spirits from the commission.


436.2203 Imposition of tax; levy; collection; computation; deposit of proceeds; state school aid fund.

Sec. 1203. (1) In addition to any and all taxes imposed by law, there is imposed, levied upon, and collected a specific tax equal to 4% retail selling price of spirits. The tax shall be collected by the commission at the time of sale by the commission. In the case of sales to licensees, the tax shall be computed on the retail selling price established by the commission without allowance of discount.

(2) Upon collection, the commission shall deposit the entire proceeds in the state treasury, to the credit of the state school aid fund established by sections 8, 10, and 11 of article IX of the state constitution.


Compiler's note: The repealed section pertained to imposition and levy of tax on retail selling price of spirits for consumption off premises and deposit to liquor purchase revolving fund.

436.2207 Legislative findings and declarations; programs to promote tourism and convention business; acquisition of convention facilities; imposition of tax on spirits for consumption off premises; deposit of proceeds; convention facility development fund.

Sec. 1207. (1) The legislature finds and declares that there exists in this state a continuing need for
programs to promote tourism and convention business in order to assist in the prevention of unemployment and the alleviation of the conditions of unemployment, to preserve existing jobs, and to create new jobs to meet the employment demands of population growth. In order to achieve these purposes, it is necessary to assist and encourage local units of government to acquire, construct, improve, enlarge, renew, replace, repair, furnish, and equip convention facilities and the real property on which they are located.

(2) In addition to any other taxes imposed by law, there is imposed, levied upon, and collected a specific tax equal to 4% of the retail selling price of spirits for consumption on the premises. The tax shall be collected by the commission at the time of sale by the commission. In the case of sales to licensees, the tax shall be computed on the retail selling price established by the commission without allowance of discount.

(3) In addition to any other taxes imposed by law, there is imposed, levied upon, and collected a specific tax equal to 4% of the retail selling price of spirits for consumption off the premises. The tax shall be collected by the commission at the time of the sale by the commission.

(4) Upon collection, the commission shall deposit the proceeds of the taxes imposed pursuant to subsections (2) and (3) in the state treasury to the credit of the convention facility development fund created by the state convention facility development act, 1985 PA 106, MCL 207.621 to 207.640, for distribution and use only in the manner and for the purposes stated in that act.

(5) The tax imposed by this act shall not be levied during any period in which the tax imposed pursuant to the state convention facility development act, 1985 PA 106, MCL 207.621 to 207.640, is not levied.

(6) This section shall not be construed as making appropriations.


CHAPTER 13

436.2301 Repeal of acts and parts of acts.
Sec. 1301. The following acts and parts of acts are repealed:
(a) The Michigan liquor control act, 1933 (Ex Sess) PA 8, MCL 436.1 to 436.58.
(b) 1959 PA 94, MCL 436.101 to 436.103.
(c) 1962 PA 218, MCL 436.121 to 436.125.
(d) 1972 PA 213, MCL 436.131 to 436.133.
(e) The tourism and convention facility promotion tax act, 1985 PA 107, MCL 436.141 to 436.148.


436.2303 Prior acts or rights; rules; predecessor commission; editorial changes; references to act.
Sec. 1303. (1) This act does not impair or affect any act done, offense committed or right accruing, accrued or acquired, or penalty, forfeiture or punishment incurred prior to the time this act takes effect, but the same may be enjoyed, asserted, enforced, prosecuted or inflicted, as fully and to the same extent as if this act had not been passed.

(2) When the commission is directed or authorized to promulgate rules by this act and rules exist on the date the requirement to promulgate rules takes effect, which rules the commission believes adequately cover the matter, the commission may determine that new rules are not required or may delay the promulgation of new rules until the commission considers it advisable. Those rules promulgated under former act 1933 (Ex Sess) PA 8 and in effect on the effective date of this act shall remain in effect until rescinded or otherwise changed according to law, as provided for in section 31 of the administrative procedures act of 1969, 1969 PA 306, MCL 24.231.

(3) In the case of the commission created pursuant to this act which was preceded by a commission with the same or similar name and functions, members of the predecessor commission shall continue in office for the duration of the terms of office for which they were appointed and with the new members appointed shall constitute the new commission. Members shall be appointed under this act only as terms of the former members expire or vacancies occur. Members of the predecessor commission may be appointed to the new commission to succeed themselves subject to the limits for any total period of service that may be set forth in this act.

(4) It is the intention of the legislature that editorial changes in the language of the statutes recodified in this act not be construed as changes to the meanings of those statutes.

(5) A reference in any other law to the Michigan liquor control act, 1933 (Ex Sess) PA 8, being MCL 436.1 to 436.58, is considered to be a reference to this act.

(6) A reference to a provision in former 1933 (Ex Sess) PA 8 is considered to be a reference to the successor provision in this act. A reference in any application, document, authorization, order, license, or
other document issued or provided by the commission or its authorized agent to former 1933 (Ex Sess) PA 8 is considered to be a reference to this act.