

# SENATE BILL No. 216

February 21, 2013, Introduced by Senators WALKER, CASPERSON, COLBECK and BOOHER and referred to the Committee on Regulatory Reform.

A bill to amend 1998 PA 58, entitled "Michigan liquor control code of 1998," by amending sections 105, 107, 109, 111, 113, 201, 203, 205, 305, 403, 409, 411, 413, 501, 513a, 517, 517a, 521a, 525, 526, 529, 531, 537, 541, 543, 547, 603, 701, 707, 901, 1013, 1021, and 1027 (MCL 436.1105, 436.1107, 436.1109, 436.1111, 436.1113, 436.1201, 436.1203, 436.1205, 436.1305, 436.1403, 436.1409, 436.1411, 436.1413, 436.1501, 436.1513a, 436.1517, 436.1517a, 436.1521a, 436.1525, 436.1526, 436.1529, 436.1531, 436.1537, 436.1541, 436.1543, 436.1547, 436.1603, 436.1701, 436.1707, 436.1901, 436.2013, 436.2021, and 436.2027), section 105 as amended by 2005 PA 320, section 107 as amended by 2001 PA 223, sections 109, 111, 113, 205, and 543 as amended by 2010 PA 213, section 203 as amended by 2008 PA 474, section 409 as amended by 2000 PA 395, sections 411, 537, and 603 as amended by 2011 PA 298, section 413

as added by 2008 PA 259, section 501 as amended by 2012 PA 82, section 513a as added by 2011 PA 249, section 517 as amended by 2004 PA 169, section 517a as added by 2004 PA 170, section 521a as amended by 2010 PA 369, section 525 as amended by 2010 PA 279, section 526 as added by 2008 PA 258, section 531 as amended by 2012 PA 212, section 541 as amended by 2008 PA 489, section 547 as added by 2011 PA 20, section 701 as amended by 2010 PA 266, section 707 as amended by 2008 PA 11, section 901 as amended by 2010 PA 175, section 1021 as amended by 2005 PA 21, and section 1027 as amended by 2011 PA 219, and by adding section 415; and to repeal acts and parts of acts.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

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

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

10          (3) "Alcoholic liquor" means any spirituous, vinous, malt,  
11 or fermented liquor, liquids and compounds, whether or not  
12 medicated, proprietary, patented, and by whatever name called,  
13 containing 1/2 of 1% or more of alcohol by volume ~~which~~ **THAT** are  
14 fit for use for beverage purposes as defined and classified by  
15 the commission according to alcoholic content as belonging to 1

1 of the varieties defined in this chapter.

2 (4) "Authorized distribution agent" means a person approved  
3 by the commission to do 1 or more of the following:

4 (a) To store spirits owned by a supplier of spirits or the  
5 commission.

6 (b) To deliver spirits sold by the commission to retail  
7 licensees.

8 (c) To perform any function needed to store spirits owned by  
9 a supplier of spirits or by the commission or to deliver spirits  
10 sold by the commission to retail licensees.

11 (5) "Bar" means a barrier or counter at which alcoholic  
12 liquor is sold to, served to, or consumed by customers.

13 (6) "Beer" means any beverage obtained by alcoholic  
14 fermentation of an infusion or decoction of barley, malt, hops,  
15 or other cereal in potable water.

16 (7) **"BEER, WINE, OR SPIRITS FESTIVAL" MEANS AN EVENT AT**  
17 **WHICH THE VARIOUS TYPES AND KINDS OF BEER, WINE, OR SPIRITS AND**  
18 **THE PRODUCTION OF THAT BEER, WINE, OR SPIRITS ARE SHOWCASED TO**  
19 **THE GENERAL PUBLIC AND AT WHICH THE GENERAL PUBLIC CAN PURCHASE**  
20 **AND SAMPLE THE BEER, WINE, OR SPIRITS BEING SHOWCASED FOR**  
21 **CONSUMPTION ON THE LICENSED PREMISES.**

22 (8) ~~(7)~~—"Brand" means any word, name, group of letters,  
23 symbol, trademark, or combination thereof adopted and used by a  
24 supplier to identify a specific beer, malt beverage, wine, mixed  
25 wine drink, or mixed spirit drink product and to distinguish that  
26 product from another beer, malt beverage, wine, mixed wine drink,  
27 or mixed spirit drink product that is produced or marketed by

1 that or another supplier. As used in this ~~section~~**SUBSECTION** and  
 2 notwithstanding sections ~~305(2)(j) and 403(2)(j)~~, **305(1)(F) AND**  
 3 **403(1)(F)**, "supplier" means a brewer, an outstate seller of beer,  
 4 a wine maker, a small wine maker, an outstate seller of wine, a  
 5 manufacturer of mixed wine drink, an outstate seller of a mixed  
 6 wine drink, a mixed spirit drink manufacturer, or an outstate  
 7 seller of mixed spirit drink.

8 (9) ~~(8)~~"Brand extension" means any brand which incorporates  
 9 all or a substantial part of the unique features of a preexisting  
 10 brand of the same supplier. As used in this ~~section~~**SUBSECTION**  
 11 and notwithstanding sections ~~305(2)(j) and 403(2)(j)~~, **305(1)(F)**  
 12 **AND 403(1)(F)**, "supplier" means a brewer, an outstate seller of  
 13 beer, a wine maker, a small wine maker, an outstate seller of  
 14 wine, a manufacturer of mixed wine drink, an outstate seller of a  
 15 mixed wine drink, a mixed spirit drink manufacturer, or an  
 16 outstate seller of mixed spirit drink.

17 (10) ~~(9)~~"Brandy" means an alcoholic liquor as defined in 27  
 18 CFR 5.22(d). ~~(1980)~~.

19 (11) ~~(10)~~"Brandy manufacturer" means a ~~person~~**WINE MAKER OR**  
 20 **A SMALL WINE MAKER** licensed under this act to ~~engage in the~~  
 21 ~~manufacturing, rectifying~~**MANUFACTURE, RECTIFY**, or blending, ~~or~~  
 22 ~~both, of~~**BLEND** brandy only and no other ~~distilled~~ spirit. ~~Only a~~  
 23 ~~licensed wine maker or a small wine maker is eligible to be a~~  
 24 ~~brandy manufacturer.~~The commission may approve a brandy  
 25 manufacturer to sell ~~at retail~~ brandy which ~~THAT~~ it manufactures,  
 26 blends, or rectifies, ~~or both,~~**FOR EXPORT FROM THIS STATE, FOR**  
 27 **DISTRIBUTION THROUGH AN AUTHORIZED DISTRIBUTION AGENT, TO ANOTHER**

1 DISTILLERY IN THIS STATE, TO A WINE MAKER OR TO A SMALL WINE  
2 MAKER FOR THE PURPOSE OF FORTIFICATION, AND AT RETAIL FOR  
3 CONSUMPTION ON AND OFF THE PREMISES at its licensed premises or  
4 ~~at other premises authorized in this act.~~ AS PROVIDED IN SECTION  
5 537.

6 (12) ~~(11)~~ "Brewer" means a person located in this state that  
7 is licensed to manufacture and sell to licensed wholesalers beer  
8 produced by it.

9 ~~(12) "Brewpub" means a license issued in conjunction with a  
10 class C, tavern, class A hotel, or class B hotel license that  
11 authorizes the person licensed with the class C, tavern, class A  
12 hotel, or class B hotel to manufacture and brew not more than  
13 5,000 barrels of beer per calendar year in Michigan and sell at  
14 those licensed premises the beer produced for consumption on or  
15 off the licensed brewery premises in the manner provided for in  
16 sections 405 and 407.~~

17 Sec. 107. (1) "Cash" means money in hand, bank notes, demand  
18 deposits at a bank, or legal tender, which a creditor must accept  
19 according to law. Cash does not include call loans, postdated  
20 checks, or promissory notes.

21 (2) "Class C license" means a place licensed to sell at  
22 retail beer, wine, mixed spirit drink, and spirits for  
23 consumption on the premises.

24 (3) "Class G-1 license" means a place licensed to sell at  
25 retail beer, wine, mixed spirit drink, and spirits for  
26 consumption on the premises at a golf course having at least 18  
27 holes that measure at least 5,000 yards and which license is

1 issued only to a facility ~~which~~**THAT** permits member access by  
2 means of payments that include annual paid membership fees.

3 (4) "Class G-2 license" means a place licensed to sell at  
4 retail beer and wine for consumption on the premises at a golf  
5 course having at least 18 holes that measure at least 5,000 yards  
6 and which license is issued only to a facility ~~which~~**THAT** permits  
7 member access by means of payments that include annual paid  
8 membership fees.

9 (5) "Club" means a nonprofit association, whether  
10 incorporated or unincorporated, organized for the promotion of  
11 some common purpose, the object of which is ~~owning, hiring, or~~  
12 ~~leasing~~**TO OWN, HIRE, OR LEASE** a building, or space in a  
13 building, of an extent and character as in the judgment of the  
14 commission ~~may be~~**IS** suitable and adequate for the reasonable and  
15 comfortable use and accommodation of its members and their  
16 guests, but does not include an association organized for a  
17 commercial or business purpose.

18 (6) **"COMMERCIAL PURPOSE" MEANS A PURPOSE FOR WHICH MONETARY**  
19 **GAIN OR OTHER REMUNERATION COULD REASONABLY BE EXPECTED.**

20 (7) ~~(6)~~"Commission" means the liquor control commission  
21 provided for and created in section 209.

22 (8) **"COMPLETED APPLICATION" MEANS AN APPLICATION COMPLETE ON**  
23 **ITS FACE AND SUBMITTED WITH ANY APPLICABLE LICENSING FEES AS WELL**  
24 **AS ANY OTHER INFORMATION, RECORDS, APPROVAL, SECURITY, OR SIMILAR**  
25 **ITEM REQUIRED BY LAW OR RULE FROM A LOCAL UNIT OF GOVERNMENT, A**  
26 **FEDERAL AGENCY, OR A PRIVATE ENTITY BUT NOT FROM ANOTHER**  
27 **DEPARTMENT OR AGENCY OF THE STATE OF MICHIGAN.**

1           (9) ~~(7)~~—"Church" means an entire house or structure set  
2 apart primarily for use for purposes of public worship, and which  
3 THAT is tax exempt under the laws of this state, and in which  
4 religious services are held and with which a clergyman is  
5 associated, and the entire structure of which is kept for that  
6 use and not put to any other use inconsistent with that use.

7           (10) "COMPUTER" MEANS ANY CONNECTED, DIRECTLY INTEROPERABLE  
8 OR INTERACTIVE DEVICE, EQUIPMENT, OR FACILITY THAT USES A  
9 COMPUTER PROGRAM OR OTHER INSTRUCTIONS TO PERFORM SPECIFIC  
10 OPERATIONS INCLUDING LOGICAL, ARITHMETIC, OR MEMORY FUNCTIONS  
11 WITH OR ON COMPUTER DATA OR A COMPUTER PROGRAM AND THAT CAN  
12 STORE, RETRIEVE, ALTER, OR COMMUNICATE THE RESULTS OF THE  
13 OPERATIONS TO A PERSON, COMPUTER PROGRAM, COMPUTER, COMPUTER  
14 SYSTEM, OR COMPUTER NETWORK.

15           (11) "COMPUTER NETWORK" MEANS THE INTERCONNECTION OF  
16 HARDWARE OR WIRELESS COMMUNICATION LINES WITH A COMPUTER THROUGH  
17 REMOTE TERMINALS, OR A COMPLEX CONSISTING OF 2 OR MORE  
18 INTERCONNECTED COMPUTERS.

19           (12) "COMPUTER PROGRAM" MEANS A SERIES OF INTERNAL OR  
20 EXTERNAL INSTRUCTIONS COMMUNICATED IN A FORM ACCEPTABLE TO A  
21 COMPUTER THAT DIRECTS THE FUNCTIONING OF A COMPUTER, COMPUTER  
22 SYSTEM, OR COMPUTER NETWORK IN A MANNER DESIGNED TO PROVIDE OR  
23 PRODUCE PRODUCTS OR RESULTS FROM THE COMPUTER, COMPUTER SYSTEM,  
24 OR COMPUTER NETWORK.

25           (13) "COMPUTER SYSTEM" MEANS A SET OF RELATED, CONNECTED OR  
26 UNCONNECTED, COMPUTER EQUIPMENT, DEVICES, SOFTWARE, OR HARDWARE.

27           (14) "CONSUMER" MEANS AN INDIVIDUAL WHO PURCHASES ALCOHOLIC

1 LIQUOR FOR PERSONAL CONSUMPTION AND NOT FOR RESALE.

2 (15) "DEVICE" INCLUDES, BUT IS NOT LIMITED TO, AN  
3 ELECTRONIC, MAGNETIC, ELECTROCHEMICAL, BIOCHEMICAL, HYDRAULIC,  
4 OPTICAL, OR ORGANIC OBJECT THAT PERFORMS INPUT, OUTPUT, OR  
5 STORAGE FUNCTIONS BY THE MANIPULATION OF ELECTRONIC, MAGNETIC, OR  
6 OTHER IMPULSES.

7 (16) "DILIGENT INQUIRY" MEANS A DILIGENT GOOD-FAITH EFFORT  
8 TO DETERMINE THE AGE OF AN INDIVIDUAL THAT INCLUDES AT LEAST AN  
9 EXAMINATION OF A BONA FIDE PICTURE IDENTIFICATION THAT  
10 ESTABLISHES THE IDENTITY AND AGE OF THE INDIVIDUAL.

11 (17) "DIRECT SHIPPER" MEANS A PERSON LICENSED BY THE  
12 COMMISSION TO SELL, DELIVER, OR IMPORT BEER OR WINE, TO CONSUMERS  
13 IN THIS STATE, THAT HE OR SHE PRODUCES AND BOTTLES OR WINE THAT  
14 IS MANUFACTURED BY A WINE MAKER FOR ANOTHER WINE MAKER AND THAT  
15 IS TRANSACTED OR CAUSED TO BE TRANSACTED THROUGH THE USE OF ANY  
16 MAIL ORDER, INTERNET, TELEPHONE, COMPUTER, DEVICE, OR OTHER  
17 ELECTRONIC MEANS, OR SELLS DIRECTLY TO CONSUMERS ON THE SMALL  
18 BREWER'S OR WINERY PREMISES.

19 (18) ~~(8)~~"Distiller" means any person licensed to  
20 manufacture and sell spirits or alcohol, or both, of any kind.

21 (19) "FARMER'S MARKET" MEANS A GROUP OF FARMERS OR THEIR  
22 DESIGNEES OR A VARIETY OF VENDORS, AS DETERMINED BY THE FARMER'S  
23 MARKET MANAGER OR HIS OR HER DESIGNEE, WHO ASSEMBLE ON A  
24 RECURRING BASIS AT A DEFINED COMMUNITY SPONSORED OR MUNICIPALLY  
25 SPONSORED LOCATION FOR THE PURPOSES OF SELLING, DIRECTLY TO A  
26 CONSUMER, FOOD AND PRODUCTS PRODUCED BY THOSE FARMERS OR THEIR  
27 REPRESENTATIVES.



1           (20) "FARMER'S MARKET MANAGER" MEANS THE PERSON RESPONSIBLE  
2 FOR ENFORCING THE MARKET POLICY AND FOR THE DAILY OPERATION AND  
3 MANAGEMENT OF THE FARMER'S MARKET.

4           (21) "FARMER'S MARKET PERMIT" MEANS AN ANNUAL PERMIT ISSUED  
5 AS PART OF AN APPROVED LICENSE TO A SMALL WINE MAKER OR AN OUT-  
6 OF-STATE ENTITY THAT IS THE SUBSTANTIAL EQUIVALENT OF A SMALL  
7 WINE MAKER ALLOWING THAT PERSON TO CONDUCT TASTINGS AND SELL AT  
8 RETAIL, FOR CONSUMPTION OFF THE LICENSED PREMISES, AT A FARMER'S  
9 MARKET, WINE PRODUCED BY THE SMALL WINE MAKER.

10          (22) "FELONY" MEANS A FELONY UNDER THE UNITED STATES CODE OR  
11 THE MICHIGAN COMPILED LAWS.

12          (23) "GOOD FAITH" MEANS THAT TERM AS DEFINED AND INTERPRETED  
13 UNDER SECTION 1201 OF THE UNIFORM COMMERCIAL CODE, 1962 PA 174,  
14 MCL 440.1201.

15          (24) "HOME BREWER" MEANS AN INDIVIDUAL WHO MANUFACTURES  
16 BEER, WINE, MEAD, HONEY-BASED BEER, OR CIDER AT HIS OR HER  
17 DWELLING.

18          (25) ~~(9)~~ "Hotel" means a building or group of buildings  
19 located on the same or adjoining pieces of real property, ~~which~~  
20 **THAT** provide lodging to travelers and temporary residents and  
21 ~~which~~ **THAT** may also provide food service and other goods and  
22 services to registered guests and to the public.

23          (26) "IDENTIFICATION VERIFICATION SERVICE" MEANS ANY SERVICE  
24 OR DEVICE APPROVED BY THE COMMISSION SPECIALIZING IN AGE AND  
25 IDENTITY VERIFICATION.

26          (27) ~~(10)~~ "Class A hotel" means a hotel licensed by the  
27 commission to sell beer and wine for consumption on the premises

1 only, ~~which~~ **THAT** provides for the rental of, and maintains the  
 2 availability for rental of, not less than 25 bedrooms if located  
 3 in a local governmental unit with a population of less than  
 4 175,000 or not less than 50 bedrooms if located in a local  
 5 governmental unit with a population of 175,000 or more.

6       (28) ~~(11)~~—"Class B hotel" means a hotel licensed by the  
 7 commission to sell beer, wine, mixed spirit drink, and spirits  
 8 for consumption on the premises only, ~~which~~ **THAT** provides for the  
 9 rental of, and maintains the availability for rental of, not less  
 10 than 25 bedrooms if located in a local governmental unit with a  
 11 population of less than 175,000 or not less than 50 bedrooms if  
 12 located in a local governmental unit with a population of 175,000  
 13 or more.

14       (29) ~~(12)~~—"License" means a contract between the commission  
 15 and the licensee granting authority to that licensee to  
 16 manufacture and sell, or sell, or warehouse alcoholic liquor in  
 17 the manner provided by this act.

18       Sec. 109. (1) "Manufacturer" means a person ~~engaged in the~~  
 19 ~~manufacture of~~ **THAT MANUFACTURES** alcoholic liquor, including, but  
 20 not limited to, a distiller, a rectifier, a wine maker, and a  
 21 brewer.

22       (2) "Master distributor" means a wholesaler ~~who~~ **THAT** acts in  
 23 the same or similar capacity as a brewer, wine maker, outstate  
 24 seller of wine, or outstate seller of beer for a brand or brands  
 25 of beer or wine to other wholesalers on a regular basis in the  
 26 normal course of business.

27       ~~(3) "Micro brewer" means a brewer that produces in total~~

1 ~~less than 30,000 barrels of beer per year and that may sell the~~  
2 ~~beer produced to consumers at the licensed brewery premises for~~  
3 ~~consumption on or off the licensed brewery premises. In~~  
4 ~~determining the 30,000 barrel threshold, all brands and labels of~~  
5 ~~a brewer, whether brewed in this state or outside this state,~~  
6 ~~shall be combined and all facilities for the production of beer~~  
7 ~~that are owned or controlled by the same person shall be treated~~  
8 ~~as a single facility.~~

9 (3) ~~(4)~~—"Minor" means ~~a person~~ **AN INDIVIDUAL** less than 21  
10 years of age.

11 (4) ~~(5)~~—"Mixed spirit drink" means a drink produced and  
12 packaged or sold by a mixed spirit drink manufacturer or an  
13 outstate seller of mixed spirit drink ~~which~~ **THAT** contains 10% or  
14 less alcohol by volume consisting of ~~distilled~~ spirits mixed with  
15 nonalcoholic beverages or flavoring or coloring materials and  
16 ~~which~~ **THAT** may also contain 1 or more of the following:

- 17 (a) Water.  
18 (b) Fruit juices.  
19 (c) Fruit adjuncts.  
20 (d) Sugar.  
21 (e) Carbon dioxide.  
22 (f) Preservatives.

23 (5) ~~(6)~~—"Mixed spirit drink manufacturer" means any person  
24 licensed under this act to manufacture mixed spirit drink in this  
25 state and to sell mixed spirit drink to a wholesaler. For  
26 purposes of rules promulgated by the commission, a mixed spirit  
27 drink manufacturer shall be treated as a wine manufacturer but is

1 subject to the rules applicable to spirits for ~~purposes of~~  
2 manufacturing and labeling.

3 (6) ~~(7)~~—"Mixed wine drink" means a drink or similar product  
4 marketed as a wine cooler ~~and containing~~ **THAT CONTAINS** less than  
5 7% alcohol by volume, ~~consisting~~ **CONSISTS** of wine and plain,  
6 sparkling, or carbonated water, and ~~containing~~ **CONTAINS** any 1 or  
7 more of the following:

8 (a) Nonalcoholic beverages.

9 (b) Flavoring.

10 (c) Coloring materials.

11 (d) Fruit juices.

12 (e) Fruit adjuncts.

13 (f) Sugar.

14 (g) Carbon dioxide.

15 (h) Preservatives.

16 (7) ~~(8)~~—"Outstate seller of beer" means a person licensed by  
17 the commission to sell beer ~~which~~ **THAT** has not been manufactured  
18 in this state to a wholesaler in this state in accordance with  
19 rules promulgated by the commission.

20 (8) ~~(9)~~—"Outstate seller of mixed spirit drink" means a  
21 person licensed by the commission to sell mixed spirit drink  
22 ~~which~~ **THAT** has not been manufactured in this state to a  
23 wholesaler in this state in accordance with rules promulgated by  
24 the commission. For purposes of rules promulgated by the  
25 commission, an outstate seller of mixed spirit drink shall be  
26 treated as an outstate seller of wine but is subject to the rules  
27 applicable to spirits for ~~purposes of~~ manufacturing and labeling.

1           (9) ~~(10)~~—"Outstate seller of wine" means a person licensed  
 2 by the commission to sell wine ~~which~~**THAT** has not been  
 3 manufactured in this state to a wholesaler in this state in  
 4 accordance with rules promulgated by the commission and to sell  
 5 sacramental wine as provided in section 301.

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

9           (2) "Primary source of supply" means, in the case of  
 10 domestic spirits, the distiller, producer, owner of the commodity  
 11 at the time it becomes a marketable product, or bottler, or the  
 12 exclusive agent of ~~any such person~~**THE DISTILLER, PRODUCER,**  
 13 **OWNER, OR BOTTLER** and, in the case of spirits imported into the  
 14 United States, either the foreign distiller, producer, owner of  
 15 the bottler, or the prime importer for, or the exclusive agent in  
 16 the United States of, the foreign distiller, producer, owner, or  
 17 the bottler.

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

22           (3) **"REASONABLE QUALIFICATIONS" MEANS THE AVERAGE STANDARD**  
 23 **OF THE CRITERIA USED BY THE RESPECTIVE SUPPLIER FOR WHOLESALERS**  
 24 **THAT ENTERED INTO OR RENEWED AN AGREEMENT WITH THE SUPPLIER**  
 25 **DURING A PERIOD OF 24 MONTHS BEFORE THE PROPOSED TRANSFER OF THE**  
 26 **WHOLESALER'S BUSINESS.**

27           (4) **"RETALIATORY ACTION" MEANS ACTION THAT INCLUDES, BUT IS**

1 NOT LIMITED TO, THE REFUSAL TO CONTINUE AN AGREEMENT, OR A  
2 MATERIAL REDUCTION IN THE QUALITY OF SERVICE OR QUANTITY OF  
3 PRODUCTS AVAILABLE TO A WHOLESALER UNDER AN AGREEMENT THAT IS NOT  
4 MADE IN GOOD FAITH.

5 (5) ~~(4)~~—"Residence" means the premises in which a person  
6 resides permanently.

7 (6) ~~(5)~~—"Retailer" means a person licensed by the commission  
8 ~~who~~**THAT** sells to the consumer in accordance with rules  
9 promulgated by the commission. ~~Retailer includes a brewpub but~~  
10 **EXCEPT FOR A SMALL BREWER, RETAILER** does not include a  
11 manufacturer or supplier, as defined in section 603, that is  
12 allowed as a condition of its license to sell to consumers in  
13 this state.

14 (7) ~~(6)~~—"Sacramental wine" means wine ~~containing~~**THAT**  
15 **CONTAINS** not more than 24% of alcohol by volume ~~which~~**THAT** is  
16 used for sacramental purposes.

17 (8) ~~(7)~~—"Sale" includes the exchange, barter, traffic,  
18 furnishing, or giving away of alcoholic liquor. In the case of a  
19 sale in which a shipment or delivery of alcoholic liquor is made  
20 by a common or other carrier, the sale of the alcoholic liquor is  
21 considered to be made in the county within which the delivery of  
22 the alcoholic liquor is made by that carrier to the consignee or  
23 his or her agent or employee, and venue for the prosecution for  
24 that sale may be in the county or city where the seller resides  
25 or from which the shipment is made or at the place of delivery.

26 (9) **"SALES TERRITORY" MEANS AN AREA OF EXCLUSIVE SALES**  
27 **RESPONSIBILITY FOR THE BRAND OR BRANDS OF BEER OR WINE SOLD BY A**

1 SUPPLIER AS DESIGNATED BY AN AGREEMENT.

2 (10) ~~(8)~~—"School" includes buildings used for school  
3 purposes to provide instruction to children in grades  
4 kindergarten through 12, when that instruction is provided by a  
5 public, private, denominational, or parochial school, except  
6 those buildings used primarily for adult education or college  
7 extension courses. School does not include a proprietary trade or  
8 occupational school.

9 (11) "SMALL BREWER" MEANS A BREWER THAT PRODUCES IN TOTAL  
10 LESS THAN 30,000 BARRELS OF BEER PER YEAR AND THAT MAY SELL THAT  
11 BEER TO A WHOLESALER, TO A CONSUMER AS A DIRECT SHIPPER, AT  
12 RETAIL FOR CONSUMPTION ON OR OFF THE LICENSED PREMISES, TO A  
13 RETAILER, AND AS PROVIDED IN SECTION 537. IN DETERMINING THE  
14 30,000-BARREL THRESHOLD, ALL BRANDS AND LABELS OF A BREWER,  
15 WHETHER BREWED IN THIS STATE OR OUTSIDE THIS STATE, SHALL BE  
16 COMBINED AND ALL FACILITIES FOR THE PRODUCTION OF BEER THAT ARE  
17 OWNED OR CONTROLLED BY THE SAME PERSON SHALL BE TREATED AS A  
18 SINGLE FACILITY.

19 (12) ~~(9)~~—"Small distiller" means a manufacturer of spirits  
20 THAT annually ~~manufacturing~~ MANUFACTURES, RECTIFIES, OR BLENDS in  
21 Michigan ~~THIS STATE~~ not exceeding ~~MORE THAN~~ 60,000 gallons of  
22 spirits, of all brands combined. THE COMMISSION MAY APPROVE A  
23 SMALL DISTILLER TO SELL ITS SPIRITS FOR EXPORT FROM THIS STATE,  
24 FOR DISTRIBUTION THROUGH AN AUTHORIZED DISTRIBUTION AGENT, TO  
25 ANOTHER DISTILLERY IN THIS STATE, TO A WINE MAKER OR TO A SMALL  
26 WINE MAKER FOR THE PURPOSE OF FORTIFICATION, AND AT RETAIL FOR  
27 CONSUMPTION ON AND OFF THE PREMISES AT ITS LICENSED PREMISES OR

1 AS PROVIDED IN SECTION 537.

2 (13) ~~(10)~~—"Small wine maker" means a ~~wine maker~~  
3 ~~manufacturing or bottling~~ PERSON LICENSED BY THE COMMISSION THAT  
4 MANUFACTURES OR BOTTLES not more than 50,000 gallons of wine in 1  
5 calendar year IN THIS STATE. A SMALL WINE MAKER MAY PRODUCE,  
6 BLEND, BOTTLE, STORE, AND TRANSPORT WINES, IMPORT WINES IN BULK,  
7 AND IMPORT BOTTLED WINE OF BRANDS OWNED BY THE SMALL WINE MAKER.  
8 A SMALL WINE MAKER MAY PURCHASE SPIRITS FROM THE COMMISSION, A  
9 SMALL DISTILLER, OR A BRANDY MANUFACTURER AND HAVE SPIRITS ON THE  
10 PREMISES FOR THE PURPOSE OF FORTIFICATION. A SMALL WINE MAKER MAY  
11 SELL WINE THAT IT MANUFACTURES FOR EXPORT OUT OF THE STATE, TO A  
12 WHOLESALER, TO ANOTHER WINERY IN THIS STATE, TO A RETAILER, TO A  
13 CONSUMER AS A DIRECT SHIPPER, AND AT RETAIL FOR CONSUMPTION ON  
14 AND OFF THE PREMISES AT ITS LICENSED PREMISES OR AS PROVIDED IN  
15 SECTION 537.

16 (14) ~~(11)~~—"Special license" means a contract between the  
17 commission and the special licensee granting authority to that  
18 licensee to sell beer, wine, mixed spirit drink, or spirits. The  
19 license shall be granted only to such persons and such  
20 organization and for such period of time as the commission ~~shall~~  
21 ~~determine so long as~~ DETERMINES IF the person or organization is  
22 able to demonstrate an existence separate from an affiliated  
23 umbrella organization. If such an existence is demonstrated, the  
24 commission shall not deny a special license solely by the  
25 applicant's affiliation with an organization that is also  
26 eligible for a special license.

27 (15) ~~(12)~~—"Specially designated distributor" means, subject



1 to section 534, a person engaged in an established business  
 2 licensed by the commission to distribute spirits and mixed spirit  
 3 drink in the original package for the commission for consumption  
 4 off the premises.

5 (16) ~~(13)~~—"Specially designated merchant" means a person to  
 6 whom the commission grants a license to sell beer or wine, or  
 7 both, at retail for consumption off the licensed premises.

8 (17) ~~(14)~~—"Spirits" means a beverage that contains alcohol  
 9 obtained by distillation, mixed with potable water or other  
 10 substances, or both, in solution, and includes wine ~~containing an~~  
 11 ~~alcoholic content of~~ **THAT CONTAINS** more than 21% **OF ALCOHOL** by  
 12 volume, except sacramental wine and mixed spirit drink.

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

16 (18) ~~(16)~~—"Supplier of spirits" means a vendor of spirits, a  
 17 manufacturer of spirits, or a primary source of supply.

18 Sec. 113. (1) "Tavern" means any place licensed to sell at  
 19 retail beer and wine for consumption on the premises only.

20 (2) **"TRANSFER OF A WHOLESALER'S BUSINESS" MEANS THE**  
 21 **VOLUNTARY SALE, ASSIGNMENT, OR OTHER TRANSFER OF THE BUSINESS OR**  
 22 **CONTROL OF THE BUSINESS OF THE WHOLESALER, INCLUDING THE SALE OR**  
 23 **OTHER TRANSFER OF STOCK OR ASSETS BY MERGER, CONSOLIDATION, OR**  
 24 **DISSOLUTION.**

25 (3) ~~(2)~~—"Vehicle" means any means of transportation by land,  
 26 by water, or by air.

27 (4) ~~(3)~~—"Vendor" means a person licensed by the commission

1 to sell alcoholic liquor.

2 (5) ~~(4)~~—"Vendor of spirits" means a person ~~selling~~**THAT**  
3 **SELLS** spirits to the commission.

4 (6) ~~(5)~~—"Warehouse" means a premises or place primarily  
5 constructed, used, or provided with facilities for the storage in  
6 transit or other temporary storage of perishable goods or for the  
7 conduct of a warehousing business, or for both.

8 (7) ~~(6)~~—"Warehouser" means a licensee authorized by the  
9 commission to store alcoholic beverages, but prohibited from  
10 ~~making sales~~**SELLING** or ~~deliveries~~**DELIVERING** to retailers unless  
11 the licensee is also the holder of a wholesaler or manufacturer  
12 license issued by the commission.

13 (8) ~~(7)~~—"Wholesaler" means a person ~~who~~**THAT** is licensed by  
14 the commission and sells beer, wine, or mixed spirit drink only  
15 to retailers or other licensees, and ~~who~~**THAT** sells sacramental  
16 wine as provided in section 301. A wholesaler includes a person  
17 ~~who~~**THAT** may also act as a master distributor unless prohibited  
18 from doing so by its supplier or manufacturer in a written  
19 agreement required by either section ~~305(3)(i) or 403(3)(i)~~  
20 **305(2)(I) OR 403(2)(I)** and, by mutual agreement with an outstate  
21 seller of beer or wine, can be authorized by the outstate seller  
22 of beer or wine to do, in the manner prescribed by the  
23 commission, either or both of the following:

24 (a) Register with the state of Michigan the labels of the  
25 outstate seller of beer or wine.

26 (b) On behalf of the outstate seller of beer or wine,  
27 collect excise taxes levied by the state of Michigan and remit

1 the taxes to the commission.

2 (9) ~~(8)~~—"Wine" means the product made by the normal  
3 alcoholic fermentation of the juice of sound, ripe grapes, or any  
4 other fruit with the usual cellar treatment, and ~~containing~~ **THAT**  
5 **CONTAINS** not more than 21% of alcohol by volume, including  
6 fermented fruit juices other than grapes and mixed wine drinks.

7 (10) ~~(9)~~—"Wine maker" means ~~any person licensed by the~~  
8 ~~commission to manufacture wine and to sell that wine to a~~  
9 ~~wholesaler, to a consumer by direct shipment, at retail on the~~  
10 ~~licensed winery premises, to sell that wine to a retailer, and as~~  
11 ~~provided for in section 537.~~ **A PERSON LICENSED BY THE COMMISSION**  
12 **THAT MANUFACTURES AND BOTTLES WINE IN THIS STATE. A WINE MAKER**  
13 **MAY PRODUCE, BLEND, BOTTLE, STORE, AND TRANSPORT WINES, IMPORT**  
14 **WINES IN BULK, AND IMPORT BOTTLED WINE OF BRANDS OWNED BY THE**  
15 **WINE MAKER. A WINE MAKER MAY PURCHASE SPIRITS FROM THE**  
16 **COMMISSION, A SMALL DISTILLER, OR A BRANDY MANUFACTURER AND HAVE**  
17 **SPIRITS ON THE PREMISES FOR THE PURPOSE OF FORTIFICATION. A WINE**  
18 **MAKER MAY SELL WINE THAT IT MANUFACTURES FOR EXPORT OUT OF THE**  
19 **STATE, TO A WHOLESALER, TO ANOTHER WINERY IN THIS STATE, TO A**  
20 **RETAILER, TO A CONSUMER AS A DIRECT SHIPPER, AND AT RETAIL FOR**  
21 **CONSUMPTION ON AND OFF THE PREMISES AT ITS LICENSED PREMISES OR**  
22 **AS PROVIDED IN SECTION 537.**

23 Sec. 201. (1) On and after December 15, 1933, it ~~shall be~~ **IS**  
24 lawful to manufacture for sale, sell, offer for sale, keep for  
25 sale, possess, or transport any alcoholic liquor, as defined in  
26 this act, including alcoholic liquor used for medicinal,  
27 mechanical, chemical, or scientific purposes and wine used for

1 sacramental purposes, subject to the terms, conditions,  
2 limitations, and restrictions contained in this act, and only as  
3 provided for in this act.

4 (2) Except as otherwise provided in this act, the commission  
5 ~~shall have~~**HAS** the sole right, power, and duty to control the  
6 alcoholic beverage traffic and traffic in other alcoholic liquor  
7 within this state, including the manufacture, importation,  
8 possession, transportation, and sale ~~thereof~~**OF ALCOHOLIC LIQUOR**.

9 (3) A rule, regulation, **ORDINANCE**, or order made by the  
10 commission **OR A LOCAL UNIT OF GOVERNMENT** shall not unreasonably  
11 discriminate against ~~Michigan~~**SIMILAR** manufacturers of alcoholic  
12 liquor **IN THIS STATE**.

13 (4) A peace officer or law enforcement officer of this state  
14 or a county, township, city, village, state university, or  
15 community college or an inspector of the commission is  
16 authorized, and it is the duty of each of them, to enforce the  
17 provisions of this act and the rules promulgated by the  
18 commission within his or her respective jurisdiction. It is the  
19 special duty of an officer described in this section to use his  
20 or her utmost efforts to repress and prevent crime and the  
21 violation of ~~any of the provisions of~~ this act. An officer  
22 described in this section who willfully neglects or refuses to  
23 perform the duties imposed upon him or her by this section is  
24 guilty of a misdemeanor and upon conviction shall be fined not  
25 more than \$500.00 or imprisoned in the county jail not more than  
26 90 days, or both.

27 Sec. 203. (1) Except as provided in this section and section

1 301, a ~~sale, delivery, or importation of~~ **PERSON SHALL NOT SELL,**  
2 **DELIVER, OR IMPORT** alcoholic liquor, including alcoholic liquor  
3 for personal use, ~~shall not be made in~~ this state unless the  
4 sale, delivery, or importation is made by the commission, the  
5 commission's authorized agent or distributor, an authorized  
6 distribution agent approved by order of the commission, a person  
7 licensed by the commission, or by prior written order of the  
8 commission.

9 (2) Notwithstanding R 436.1011(7)(b) and R 436.1527 of the  
10 Michigan administrative code and except as provided in subsection  
11 (11), a retailer shall not deliver alcoholic liquor to a Michigan  
12 consumer **IN THIS STATE** at the home or business of the consumer or  
13 at any location away from the licensed premises of the retailer.  
14 ~~The purpose of this subsection is to exercise the state of~~  
15 ~~Michigan's authority under section 2 of amendment XXI of the~~  
16 ~~constitution of the United States, to maintain the inherent~~  
17 ~~police powers to regulate the transportation and delivery of~~  
18 ~~alcoholic liquor, and to promote a transparent system for the~~  
19 ~~transportation and delivery of alcoholic liquor. The regulation~~  
20 ~~described in this subsection is considered necessary for both of~~  
21 ~~the following reasons:~~

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

23 ~~—— (b) To maintain strong, stable, and effective regulation by~~  
24 ~~having beer and wine sold by retailers to Michigan consumers by~~  
25 ~~passing through the 3-tier distribution system established under~~  
26 ~~this act.~~

27 (3) For purposes of subsection (1), ~~the sale, delivery, or~~

1 ~~importation of~~ **A DIRECT SHIPPER MAY SELL, DELIVER, OR IMPORT BEER**  
2 **OR** wine, to consumers in this state, ~~by a person who both~~  
3 ~~produces and bottles the wine or wine that is manufactured by a~~  
4 ~~wine maker for another wine maker and that is transacted or~~  
5 ~~caused to be transacted by~~ means of any mail order, internet,  
6 telephone, computer, device, or other electronic means, or ~~sold~~  
7 **SELL** directly to a consumer on the **SMALL BREWER'S OR** winery  
8 premises. ~~, shall only be done by a direct shipper. If a retail~~  
9 ~~sale, delivery, or importation of wine occurs~~ **A DIRECT SHIPPER**  
10 **THAT SELLS, DELIVERS, OR IMPORTS BEER OR WINE** to a consumer ~~by~~  
11 ~~any means described in~~ **UNDER** this subsection ~~, the direct shipper~~  
12 ~~must~~ **SHALL** comply with all of the following:

13 (a) Hold a direct shipper license.

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

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

21 (d) Verify **WITH DILIGENT INQUIRY** the age of the individual  
22 placing the order by obtaining from him or her a copy of a photo  
23 identification issued by this state, another state, or the  
24 federal government or by utilizing an identification verification  
25 service. The person receiving and accepting the order on behalf  
26 of the direct shipper shall record the name, address, date of  
27 birth, and telephone number of the ~~person~~ **INDIVIDUAL** placing the

1 order on the order form or other verifiable record of a type and  
2 generated in a manner approved by the commission and provide a  
3 duplicate to the commission.

4 (e) Upon request of the commission, make available to the  
5 commission any document used to verify the age of the individual  
6 ordering or receiving the **BEER OR** wine from the direct shipper.

7 (f) Stamp, print, or label on the outside of the shipping  
8 container that the package "Contains Alcohol. Must be delivered  
9 to a person 21 years of age or older." The recipient at the time  
10 of the delivery ~~is required to~~ **SHALL** provide photo identification  
11 verifying his or her age along with a signature.

12 (g) Place a label on the top panel of the shipping container  
13 containing the direct shipper license number, the order number,  
14 the name and address of the individual placing the order, and the  
15 name of the designated recipient if different from the name of  
16 the individual placing the order.

17 (h) Direct ship not more than **115 BARRELS OF BEER OR** 1,500  
18 9-liter cases, or 13,500 liters in total, of wine in a calendar  
19 year to ~~Michigan~~ consumers **IN THIS STATE**. If a direct shipper,  
20 whether located in this state or outside this state, owns, in  
21 whole or in part, or commonly manages 1 or more direct shippers,  
22 it shall not in combination ship to consumers in this state more  
23 than **115 BARRELS OF BEER OR** 13,500 liters of wine in the  
24 aggregate.

25 (i) Pay **BEER AND** wine taxes quarterly and report to the  
26 commission quarterly the total amount of **BEER AND** wine, by type,  
27 brand, and price, shipped to consumers in this state during the

1 preceding calendar quarter, and the order numbers.

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

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

8 (4) Notwithstanding subsection (3), in the case of a sale,  
9 delivery, or importation of alcoholic liquor occurring by any  
10 means described in subsection (3), a person taking the order on  
11 behalf of the direct shipper ~~must~~ **SHALL** comply with subsection  
12 (3)(c) through (g).

13 (5) ~~The~~ **A** person ~~who~~ **THAT** delivers ~~the~~ **BEER OR** wine **FOR A**  
14 **DIRECT SHIPPER UNDER THIS SECTION** shall verify that the  
15 individual accepting delivery is ~~of legal age~~ **21 YEARS OF AGE OR**  
16 **OLDER** and is the individual who placed the order or the  
17 designated recipient, is an individual ~~of legal age~~ **21 YEARS OF**  
18 **AGE OR OLDER** currently occupying or present at the address, or is  
19 an individual otherwise authorized ~~through a~~ **BY** rule promulgated  
20 under this act by the commission to receive alcoholic liquor  
21 under this section. If the delivery person, after a diligent  
22 inquiry, determines that the purchaser or designated recipient is  
23 not ~~of legal age~~ **21 YEARS OF AGE OR OLDER**, the delivery person  
24 shall return the **BEER OR** wine to the direct shipper. A delivery  
25 person who returns **BEER OR** wine to the direct shipper ~~due to~~  
26 ~~inability to obtain~~ **BECAUSE** the ~~purchaser's~~ **PURCHASER** or  
27 designated recipient's ~~legal age~~ **RECIPIENT IS NOT 21 YEARS OF AGE**



1 **OR OLDER** is not liable for any damages suffered by the purchaser  
2 or direct shipper.

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

7 (7) This section does not apply ~~in the case of an~~ **TO**  
8 alcoholic liquor brought into this state for personal or  
9 household use in an amount permitted by federal law by ~~a person~~  
10 ~~of legal age to purchase alcoholic liquor~~ **AN INDIVIDUAL 21 YEARS**  
11 **OF AGE OR OLDER** at the time of reentry into this state from  
12 without the territorial limits of the United States if the ~~person~~  
13 **INDIVIDUAL** has been outside the territorial limits of the United  
14 States for more than 48 hours and has not brought alcoholic  
15 liquor into the United States during the preceding 30 days.

16 (8) ~~A person who is of legal age to purchase alcoholic~~  
17 ~~liquor~~ **AN INDIVIDUAL 21 YEARS OF AGE OR OLDER** may do either of  
18 the following in relation to alcoholic liquor that contains less  
19 than 21% alcohol by volume:

20 (a) Personally transport from another state, once in a 24-  
21 hour period, not more than 312 ounces of alcoholic liquor for  
22 that ~~person's~~ **INDIVIDUAL'S** personal use, notwithstanding  
23 subsection (1).

24 (b) Ship or import from another state alcoholic liquor for  
25 that ~~person's~~ **INDIVIDUAL'S** personal use ~~so long as~~ **IF** that  
26 personal importation is done in compliance with subsection (1).

27 (9) A direct shipper shall not ~~engage in the sale, delivery,~~

1 ~~or importation of~~ **SELL, DELIVER, OR IMPORT BEER OR** wine to a  
 2 consumer unless it applies for and is granted a direct shipper  
 3 license from the commission. This subsection does not prohibit  
 4 **BEER OR** wine tasting or the selling at retail by a wine maker, **A**  
 5 **SMALL WINE MAKER, OR SMALL BREWER** of wines **OR BEER** he or she  
 6 produced and bottled or wine manufactured for ~~that~~ **A** wine maker  
 7 by another wine maker, if done in compliance with this act. Only  
 8 the following persons qualify for the issuance of a direct  
 9 shipper license:

10 (a) A ~~licensed~~ wine maker.

11 (b) A wine producer and bottler located inside this country  
 12 but outside of this state holding both a federal basic permit  
 13 issued by the alcohol and tobacco tax and trade bureau and a  
 14 license to manufacture wine in its state of domicile.

15 (C) **A SMALL BREWER OR AN OUT-OF-STATE ENTITY THAT IS THE**  
 16 **SUBSTANTIAL EQUIVALENT OF A SMALL BREWER.**

17 (D) **A SMALL WINE MAKER.**

18 (10) An applicant for a direct shipper license shall submit  
 19 an application to the commission in a written or electronic  
 20 format provided by the commission and accompanied by an  
 21 application and initial license fee of \$100.00. The application  
 22 shall be accompanied by a copy or other evidence of the existing  
 23 federal basic permit or license, or both, held by the applicant.  
 24 The direct shipper may renew its license annually by submission  
 25 of a license renewal fee of \$100.00 and a completed renewal  
 26 application. The commission shall use the fees collected under  
 27 this section to conduct investigations and audits of direct

1 shippers. The failure to renew, or the revocation or suspension  
 2 of, the applicant's existing Michigan license **IN THIS STATE**,  
 3 federal basic permit, or license to manufacture **BEER OR** wine in  
 4 its state of domicile is grounds for revocation or denial of the  
 5 direct shipper license. If a direct shipper is found guilty of  
 6 violating this act or a rule promulgated by the commission, the  
 7 commission shall notify both the alcoholic liquor control agency  
 8 in the direct shipper's state of domicile and the alcohol and  
 9 tobacco tax and trade bureau of the United States department of  
 10 treasury of the violation.

11 (11) ~~A-EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (12), A~~  
 12 retailer that holds a specially designated merchant license in  
 13 this state ~~,-OR an out-of-state retailer that holds its state's~~  
 14 ~~substantial equivalent license ~~,-or a brewpub, microbrewer, or an~~~~  
 15 ~~out of state entity that is the substantial equivalent of a~~  
 16 ~~brewpub or microbrewer~~ may deliver beer and wine to the home or  
 17 other designated location of a consumer in this state if all of  
 18 the following conditions are met: ~~and except as otherwise~~  
 19 ~~provided in subsection (12):-~~

20 (a) The beer or wine, or both, is delivered by the  
 21 retailer's ~~,-brewpub's, or microbrewer's~~ employee and not by an  
 22 agent or by a third party delivery service.

23 (b) The retailer ~~,-brewpub, or microbrewer~~ or its employee  
 24 who delivers the beer or wine, or both, verifies that the ~~person~~  
 25 **INDIVIDUAL** accepting delivery is at least 21 years of age.

26 (c) If the retailer ~~,-brewpub, or microbrewer~~ or its  
 27 employee intends to provide service to consumers, the retailer ~~,-~~

1 ~~brewpub, or microbrewer~~ or its employee providing the service  
2 ~~must have~~ **HAS** received alcohol server training through a server  
3 training program approved by the commission.

4 (12) A retailer that holds a specially designated merchant  
5 license in this state or an out-of-state retailer that holds its  
6 state's substantial equivalent license may utilize a third party  
7 that provides delivery service to municipalities in this state  
8 that are surrounded by water and inaccessible by motor vehicle to  
9 deliver beer and wine to the home or other designated location of  
10 that consumer ~~is~~ **IF** the delivery service is approved by the  
11 commission and agrees to verify that the ~~person~~ **INDIVIDUAL**  
12 accepting delivery of the beer and wine is at least 21 years of  
13 age.

14 ~~———— (13) As used in this section:~~

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

23 ~~———— (b) "Computer network" means the interconnection of hardwire~~  
24 ~~or wireless communication lines with a computer through remote~~  
25 ~~terminals, or a complex consisting of 2 or more interconnected~~  
26 ~~computers.~~

27 ~~———— (c) "Computer program" means a series of internal or~~

1 ~~external instructions communicated in a form acceptable to a~~  
2 ~~computer that directs the functioning of a computer, computer~~  
3 ~~system, or computer network in a manner designed to provide or~~  
4 ~~produce products or results from the computer, computer system,~~  
5 ~~or computer network.~~

6 ~~—— (d) "Computer system" means a set of related, connected or~~  
7 ~~unconnected, computer equipment, devices, software, or hardware.~~

8 ~~—— (e) "Consumer" means an individual who purchases wine for~~  
9 ~~personal consumption and not for resale.~~

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

14 ~~—— (g) "Diligent inquiry" means a diligent good faith effort to~~  
15 ~~determine the age of a person, which includes at least an~~  
16 ~~examination of an official Michigan operator's or chauffeur's~~  
17 ~~license, an official Michigan personal identification card, or~~  
18 ~~any other bona fide picture identification that establishes the~~  
19 ~~identity and age of the person.~~

20 ~~—— (h) "Direct shipper" means a person who engages in the sale,~~  
21 ~~delivery, or importation of wine, to consumers in this state,~~  
22 ~~that he or she produces and bottles or wine that is manufactured~~  
23 ~~by a wine maker for another wine maker and that is transacted or~~  
24 ~~caused to be transacted through the use of any mail order,~~  
25 ~~internet, telephone, computer, device, or other electronic means,~~  
26 ~~or sells directly to consumers on the winery premises.~~

27 ~~—— (i) "Identification verification service" means any~~

1 ~~internet based service approved by the commission specializing in~~  
2 ~~age and identity verification.~~

3       Sec. 205. (1) The commission shall, as provided in section  
4 203(1), by order appoint authorized distribution agents to ~~engage~~  
5 ~~in the warehousing WAREHOUSE and delivery of DELIVER~~ spirits in  
6 this state ~~so as~~ to ensure that all retail licensees ~~continue to~~  
7 ~~be~~ **ARE** properly serviced with spirits. An authorized distribution  
8 agent is subject to uniform requirements, including business  
9 operating procedures, that the commission may prescribe by rule,  
10 subject to this section.

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

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

17       (b) The person has entered into a written agreement or  
18 contract with a supplier of spirits ~~for the purposes of~~  
19 ~~warehousing TO WAREHOUSE and delivering DELIVER~~ a brand or brands  
20 of spirits of that supplier of spirits.

21       (c) The person has an adequate warehousing facility located  
22 in this state ~~for the storing of TO STORE~~ spirits from which all  
23 delivery of spirits to retail licensees shall be made.

24       (3) An authorized distribution agent shall not have a direct  
25 or indirect interest in a supplier of spirits or in a retailer. A  
26 supplier of spirits or a retailer shall not have a direct or  
27 indirect interest in an authorized distribution agent. An

1 authorized distribution agent shall not hold title to spirits.

2 (4) An authorized distribution agent shall deliver to each  
3 retailer located in its assigned distribution area on at least a  
4 weekly basis if the order meets the minimum requirements. Except  
5 that in those weeks that accompany a state holiday, the  
6 commission may order a modified delivery schedule provided that a  
7 retailer waits not longer than 9 days between deliveries due to a  
8 modified delivery schedule. The commission shall provide for an  
9 integrated on-line ordering system for spirits and shall require  
10 the continuance of any ordering system in existence on the  
11 activation date of the system established under section 206. The  
12 minimum requirements shall be set by the commission and shall be  
13 a sufficient number of bottles to comprise not more than 2 cases.  
14 A retailer may pick up the product at the authorized distribution  
15 agent's warehouse. To avoid occasional emergency outages of  
16 spirits, a retail licensee may make up to 12 special emergency  
17 orders to an authorized distribution agent ~~per~~**IN EACH** calendar  
18 year. ~~which~~**AN AUTHORIZED DISTRIBUTION AGENT SHALL MAKE A SPECIAL**  
19 **EMERGENCY** order ~~shall be made~~ available to the retail licensee  
20 within 18 hours of the placing of the order. ~~A~~**AN AUTHORIZED**  
21 **DISTRIBUTION AGENT SHALL MAKE A** special emergency order placed on  
22 Saturday or Sunday ~~shall be made~~ available to the retail licensee  
23 before noon on the following Monday. An authorized distribution  
24 agent may impose a fee of up to \$20.00 to deliver a special  
25 emergency order to a retail licensee.

26 (5) In locations inaccessible to a motor vehicle as that  
27 term is defined by the Michigan vehicle code, 1949 PA 300, MCL

1 257.1 to 257.923, ~~the~~**AN** authorized distribution agent shall  
2 arrange that a delivery of spirits to a retailer be in compliance  
3 with the following procedures:

4 (a) After processing an order from a retailer, an authorized  
5 distribution agent shall contact a retailer to confirm the  
6 quantity of cases or bottles, or both, and the exact dollar total  
7 of the order.

8 (b) The authorized distribution agent ~~shall have~~**HAS** the  
9 responsibility to coordinate with the retailer the date and time  
10 a driver is scheduled to deliver the order to a ferry transport  
11 dock, shall arrange any ferry, drayage, or other appropriate  
12 service, and shall pick up the retailer's payment at that time.

13 (c) The ferry transport company or company representing any  
14 other form of conveyance shall take the retailer's payment to the  
15 mainland dock and give that payment to the authorized  
16 distribution agent's driver.

17 (d) The ferry transport company or company representing any  
18 other form of conveyance shall transport the order to the drayage  
19 or other appropriate company at the island dock for immediate  
20 delivery to the retailer.

21 (e) The drayage or other appropriate company shall deliver  
22 the order to the retailer.

23 (6) ~~The~~**AN** authorized distribution agent is responsible for  
24 the payment of all transportation and delivery charges imposed by  
25 the ferry, drayage, or other conveyance company and is  
26 responsible for all breakage and any shortages, whether  
27 attributable to the ferry, drayage, or other conveyance company



1 or any combination of those companies, until the order is  
2 delivered to the retailer's establishment. This subsection does  
3 not ~~in any way~~ prevent the authorized distribution agent from  
4 seeking reimbursement or damages from any company conveying the  
5 authorized distribution agent's product.

6 (7) Except as otherwise provided in subsection (4), an  
7 authorized distribution agent shall not charge a delivery fee or  
8 a split-case fee for delivery of spirits sold by the commission  
9 to a retailer.

10 (8) An authorized distribution agent or prospective  
11 authorized distribution agent shall maintain and make available  
12 to the commission or its representatives, upon notice, any  
13 contract or written agreement it ~~may have~~ **HAS** with a supplier of  
14 spirits or other authorized distribution agent for ~~the~~  
15 warehousing and ~~delivery of~~ **DELIVERING** spirits in this state.

16 (9) For any violation of this act, rules promulgated under  
17 this act, or the terms of an order appointing an authorized  
18 distribution agent, an authorized distribution agent ~~shall be~~ **IS**  
19 subject to the suspension, revocation, forfeiture, and penalty  
20 provisions of sections 903(1) and 907 in the same manner in which  
21 a licensee would be subject to those provisions. An authorized  
22 distribution agent aggrieved by a penalty imposed by the  
23 commission may invoke the hearing and appeal procedures of  
24 section 903(2) and rules promulgated under that section.

25 (10) A specially designated distributor may sell to an on-  
26 premises licensee, ~~up to 9 liters of spirits during any 1 month~~  
27 ~~period~~ and an on-premises licensee may purchase ~~, collectively~~

1 from specially designated distributors. ~~, up to that amount~~  
2 ~~during any 1 month period. Notwithstanding any other provision of~~  
3 ~~this act or rule promulgated under this act, a specially~~  
4 ~~designated distributor is only liable for knowingly violating~~  
5 ~~this section. Records verifying these purchases shall be~~  
6 ~~maintained by the on premises licensee and be available to the~~  
7 ~~commission upon request.~~

8 ~~—— (11) An authorized distribution agent shall demonstrate that~~  
9 ~~it has made a good faith effort to provide employment to those~~  
10 ~~former state employees who were terminated due to the~~  
11 ~~privatization of the liquor distribution system. A good faith~~  
12 ~~effort is demonstrated by the authorized distribution agent~~  
13 ~~performing at least the following actions:~~

14 ~~—— (a) Seeking from the commission a list of names and resumes~~  
15 ~~of all such former state employees who have indicated a desire~~  
16 ~~for continued employment in the distribution of liquor in~~  
17 ~~Michigan.~~

18 ~~—— (b) Providing a list of employment opportunities created by~~  
19 ~~the authorized distribution agent in the distribution of liquor~~  
20 ~~in Michigan to each individual whose name and resume is~~  
21 ~~transmitted from the commission.~~

22 ~~—— (c) Providing an opportunity for application and interview~~  
23 ~~to any terminated state worker who indicates an interest in~~  
24 ~~pursuing a job opportunity with the authorized distribution~~  
25 ~~agent.~~

26 ~~—— (d) Providing a priority in hiring for those individuals who~~  
27 ~~apply and interview under this process.~~

1 ~~———— (12) Any former state employees terminated due to~~  
2 ~~privatization who have reason to believe that an authorized~~  
3 ~~distribution agent has not made a good faith effort to provide~~  
4 ~~him or her with employment opportunities as described in~~  
5 ~~subsection (11) may file a complaint with the commission who~~  
6 ~~shall hear the complaint and make a determination on its~~  
7 ~~validity. If the commission determines that the complaint is~~  
8 ~~valid, the violation may be treated as a violation of this act~~  
9 ~~and the authorized distribution agent may be subject to the~~  
10 ~~suspension, revocation, forfeiture, and penalty provisions of~~  
11 ~~sections 903(1) and 907.~~

12 (11) ~~(13)~~In addition to paying a vendor of spirits the  
13 acquisition price for purchasing spirits, the commission, **EXCEPT**  
14 **AS OTHERWISE PROVIDED UNDER THIS SUBSECTION**, may pay a vendor of  
15 spirits an additional amount of not less than \$4.50 and not more  
16 than \$7.50 for each case of spirits purchased as an offset to the  
17 costs being incurred by that vendor of spirits in contracting  
18 with an authorized distribution agent for ~~the~~warehousing and  
19 ~~delivery of~~**DELIVERING** spirits to retailers. The payment  
20 described in this subsection shall not be included in the cost of  
21 purchasing spirits by the commission and shall not be subject to  
22 the commission's markup, special taxes, or state sales tax. The  
23 per-case offset established by this subsection ~~may be increased~~  
24 ~~by the state administrative board each January to reflect~~  
25 ~~reasonable increases in the authorized distribution agent's cost~~  
26 ~~of warehousing and delivery.~~ **SHALL BE ADJUSTED ANNUALLY FOR**  
27 **INFLATION USING THE UNITED STATES CONSUMER PRICE INDEX. BEGINNING**

1 JANUARY 1, 2014 AND EACH JANUARY 1 THEREAFTER, THE COMMISSION MAY  
 2 ADJUST THE PER-CASE OFFSET AMOUNT, WITHIN THE LIMITATIONS  
 3 PROVIDED UNDER THIS SUBSECTION, TO ACCURATELY REFLECT COSTS  
 4 INCURRED BY A VENDOR OF SPIRITS IF INCURRED UNDER REASONABLE AND  
 5 PRUDENT POLICIES AND PRACTICES. As used in this subsection: 7  
 6 "case"

7 (A) "CASE" means a container holding twelve 750 ml bottles  
 8 of spirits or other containers containing spirits which are  
 9 standard to the industry.

10 (B) "UNITED STATES CONSUMER PRICE INDEX" MEANS THE UNITED  
 11 STATES CONSUMER PRICE INDEX FOR ALL URBAN CONSUMERS AS DEFINED  
 12 AND REPORTED BY THE UNITED STATES DEPARTMENT OF LABOR, BUREAU OF  
 13 LABOR STATISTICS.

14 Sec. 305. ~~(1) The purpose of this section is to provide a~~  
 15 ~~structure for the business relations between a wholesaler of wine~~  
 16 ~~and a supplier of wine. Regulation in this area is considered~~  
 17 ~~necessary for the following reasons:~~

18 ~~—— (a) To maintain stability and healthy competition in the~~  
 19 ~~wine industry in this state.~~

20 ~~—— (b) To promote and maintain a sound, stable, and viable 3-~~  
 21 ~~tier distribution system of wine to the public.~~

22 ~~—— (c) To recognize the marketing distinctions between beer and~~  
 23 ~~wine.~~

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

25 (1) ~~(2)~~ As used in this section, unless the context requires  
 26 otherwise:

27 (a) "Agreement" means any agreement between a wholesaler and

1 a supplier, whether oral or written, whereby a wholesaler is  
2 granted the right to offer and sell a brand or brands of wine  
3 sold by a supplier.

4 (b) "Ancillary business" means a business owned by a  
5 wholesaler, a stockholder of a wholesaler, or a partner of a  
6 wholesaler the primary purpose of which is directly related to  
7 the transporting, storing, or marketing of the brand or brands of  
8 wine of a supplier with whom the wholesaler has an agreement; or  
9 a business owned by a wholesaler, a stockholder of a wholesaler,  
10 or a partner of a wholesaler ~~which~~**THAT** recycles empty returnable  
11 beverage containers.

12 (c) "Designated member" means the spouse, child, grandchild,  
13 parent, brother, or sister of a deceased individual who owned an  
14 interest in a wholesaler, who is entitled to inherit the deceased  
15 individual's ownership interest in the wholesaler under the terms  
16 of the deceased individual's will, or who has otherwise been  
17 designated in writing by the deceased individual to succeed the  
18 deceased individual in the wholesaler's business, or is entitled  
19 to inherit ~~such~~**THAT** ownership interest under the laws of  
20 intestate succession of this state. With respect to an  
21 incapacitated individual owning an ownership interest in a  
22 wholesaler, the term means the person appointed by a court as the  
23 conservator of ~~such~~**THAT** individual's property. The term also  
24 includes the appointed and qualified personal representative and  
25 the testamentary trustee of a deceased individual owning an  
26 ownership interest in a wholesaler.

27 ~~(d) "Good faith" means honesty in fact and the observance of~~

1 ~~reasonable commercial standards of fair dealing in the trade, as~~  
2 ~~defined and interpreted under section 2103 of the uniform~~  
3 ~~commercial code, 1962 PA 174, MCL 440.2103.~~

4 (D) ~~(e)~~ "Master distributor" means a wholesaler who acts in  
5 the same or similar capacity as a wine maker or an outstate  
6 seller of wine for a brand or brands of wine to other wholesalers  
7 on a regular basis in the normal course of business.

8 ~~—— (f) "Reasonable qualifications" means the average standard~~  
9 ~~of the criteria used by the respective supplier for wholesalers~~  
10 ~~that entered into or renewed an agreement with the suppliers~~  
11 ~~during a period of 24 months prior to the proposed transfer of~~  
12 ~~the wholesaler's business.~~

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

18 ~~—— (h) "Sales territory" means an area of sales responsibility~~  
19 ~~for the brand or brands of wine sold by a supplier as designated~~  
20 ~~by an agreement.~~

21 (E) ~~(i)~~ "Successor" means a supplier who obtains, in any  
22 manner from any person, including a person who is not a supplier,  
23 the distribution rights of 1 or more brands of wine which a  
24 licensed Michigan wholesaler has distributed in this state  
25 pursuant to an agreement with another supplier, who previously  
26 had the distribution rights for the brand or brands.

27 (F) ~~(j)~~ "Supplier" means a wine maker or an outstate seller

1 of wine, or a master distributor. **SUPPLIER DOES NOT INCLUDE A**  
2 **SMALL WINE MAKER THAT ACCOUNTS FOR LESS THAN 3% OF A WHOLESALER'S**  
3 **TOTAL ANNUAL SALES.**

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

9 (2) ~~(3)~~A supplier shall not do any of the following:

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

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

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

25 (d) Require a wholesaler to assent to any condition,  
26 stipulation, or provision limiting the wholesaler's right to sell  
27 the brand or brands of wine of any other supplier anywhere in

1 this state unless the acquisition of the brand or brands of  
2 another supplier would materially impair the quality of service  
3 of the brand or brands of the supplier presently being sold by  
4 the wholesaler.

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

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

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

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

20 (i) Fail to provide each wholesaler of the supplier's brand  
21 or brands with a written agreement ~~which~~**THAT** contains in total  
22 the supplier's agreement with each wholesaler, and designates a  
23 specific sales territory.

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

26 (k) Take any retaliatory action against a wholesaler that  
27 files a complaint regarding an alleged violation by the supplier



1 of state or federal law or an administrative rule.

2 (l) Require or prohibit any change in the manager or  
3 successor manager of any wholesaler who has been approved by the  
4 supplier as of June 26, 1984. ~~Should,~~ **IF**, after June 26, 1984, a  
5 supplier ~~require that~~ **REQUIRES** a manager or successor manager be  
6 appointed, or should a wholesaler change an approved manager or  
7 successor manager, a supplier shall not interfere with or  
8 prohibit the appointment unless the person fails to meet the  
9 reasonable written standards for Michigan wholesalers of the  
10 supplier ~~which standards~~ **THAT** have been provided to the  
11 wholesaler.

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

20 (3) ~~(4)~~ A wholesaler shall not sell or deliver wine to a  
21 retail licensee located outside the sales territory designated by  
22 the supplier of a particular brand or brands of wine. However,  
23 during periods of temporary service interruptions impacting a  
24 particular sales territory, a wholesaler ~~who~~ **THAT** normally  
25 services the impacted sales territory shall file with the  
26 commission a written notice designating the specific wholesaler  
27 or wholesalers ~~who~~ **THAT** will service the sales territory during

1 the period of temporary service interruption and the approximate  
2 length of time of the service interruption. When the temporary  
3 service interruption is over, the wholesaler ~~who~~ **THAT** normally  
4 services the sales territory shall notify in writing the  
5 commission and the wholesaler, or wholesalers, ~~which is~~ **THAT ARE**  
6 servicing the sales territory on a temporary basis of this fact  
7 and any wholesaler servicing the sales territory on a temporary  
8 basis shall cease servicing the sales territory upon receipt of  
9 the notice.

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

13 A wholesaler who has been designated to service the impacted  
14 sales territory during the period of temporary service  
15 interruption shall not have any of the rights provided under  
16 subsections ~~(6) to (12)~~ **(5) TO (11)**.

17 **(4)** ~~(5)~~A supplier or wholesaler shall not **DIRECTLY OR**  
18 **INDIRECTLY** restrict or inhibit ~~, directly or indirectly,~~ the  
19 right of free association among suppliers or wholesalers for any  
20 lawful purpose.

21 **(5)** ~~(6)~~Notwithstanding the terms, provisions, or conditions  
22 of any agreement, a supplier shall not amend any agreement unless  
23 the supplier is acting in good faith in making the amendment.

24 **(6)** ~~(7)~~Notwithstanding any agreement and except as  
25 otherwise provided for in this section, a supplier shall not  
26 cause a wholesaler to resign from an agreement; or cancel,  
27 terminate, fail to renew, or refuse to continue under an

1 agreement unless the supplier has complied with all of the  
2 following:

3 (a) Has satisfied the applicable notice requirements of  
4 subsection ~~(10)~~-(9).

5 (b) Has acted in good faith.

6 (c) Has good cause for the cancellation, termination,  
7 nonrenewal, discontinuance, or forced resignation.

8 (7) ~~(8)~~Notwithstanding any agreement, good cause ~~shall~~  
9 ~~exist~~**EXISTS** for the purposes of a termination, cancellation,  
10 nonrenewal, or discontinuance under subsection ~~(7)(e)~~-(6)(C) when  
11 all of the following occur:

12 (a) ~~There is a failure by the~~**THE** wholesaler **FAILS** to comply  
13 with a provision of the agreement ~~which~~**THAT** is both reasonable  
14 and of material significance to the business relationship between  
15 the wholesaler and the supplier.

16 (b) The supplier first acquired knowledge of the failure  
17 described in subdivision (a) not more than 2 years before the  
18 date notification was given ~~pursuant to~~**UNDER** subsection ~~(7)~~-(6).

19 (c) The wholesaler was given written notice by the supplier  
20 of failure to comply with the agreement.

21 (d) The wholesaler was afforded a reasonable opportunity to  
22 assert good faith efforts to comply with the agreement within the  
23 time limits as provided for in subdivision (e).

24 (e) The wholesaler has been afforded 25 days in which to  
25 submit a plan of corrective action to comply with the agreement  
26 and an additional 75 days to cure ~~such~~**THE** noncompliance in  
27 accordance with the plan.

1           (8) ~~(9)~~ A supplier or wholesaler who terminates, cancels,  
2 nonrenews, or discontinues an agreement ~~shall have~~ **HAS** the burden  
3 of showing that it has acted in good faith, complied with the  
4 applicable notice requirements under this section, and that there  
5 was good cause for the termination, cancellation, nonrenewal, or  
6 discontinuance.

7           (9) ~~(10)~~ Notwithstanding any agreement and except as  
8 otherwise provided in this section, ~~the~~ **A** supplier shall furnish  
9 written notice of ~~the~~ **A** termination, cancellation, nonrenewal, or  
10 discontinuance of an agreement to ~~the~~ **A** wholesaler not less than  
11 15 days before the effective date of the termination,  
12 cancellation, nonrenewal, or discontinuance. The notice shall be  
13 by certified mail and shall contain all of the following:

14           (a) A statement of intention to terminate, cancel, not  
15 renew, or discontinue the agreement.

16           (b) A statement of the reason for the termination,  
17 cancellation, nonrenewal, or discontinuance.

18           (c) The **EFFECTIVE** date ~~on which~~ **OF** the termination,  
19 cancellation, nonrenewal, or discontinuance. ~~takes effect.~~

20           (10) ~~(11)~~ Notwithstanding subsections ~~(7) and (10)~~, **(6) AND**  
21 **(9)**, a supplier may immediately terminate, cancel, ~~fail to~~ **NOT**  
22 renew, or discontinue an agreement upon written notice given in  
23 the manner and containing the information required by subsection  
24 ~~(10)~~ **(9)** if any of the following occur:

25           (a) Insolvency of the wholesaler, the filing of any petition  
26 by or against the wholesaler under any bankruptcy or receivership  
27 law, or the dissolution or liquidation of the wholesaler ~~which~~

1 **THAT** materially affects the wholesaler's ability to remain in  
2 business.

3 (b) ~~Revocation of~~ **THE COMMISSION REVOKES** the wholesaler's  
4 license ~~by the commission~~ whereby the wholesaler cannot service  
5 the wholesaler's sales territory for more than 60 days.

6 (c) The wholesaler, or an individual who owns more than 10%  
7 of the stock of a corporate wholesaler, ~~has been~~ **IS** convicted of  
8 a felony. ~~As used in this subdivision, "felony" means a felony~~  
9 ~~under the United States code or the Michigan Compiled Laws.~~  
10 However, an existing approved stockholder ~~or stockholders shall~~  
11 ~~have~~ **HAS** the right to purchase the stock of the offending  
12 stockholder ~~prior to~~ **BEFORE** the conviction of the offending  
13 stockholder, and if the sale is completed ~~prior to~~ **BEFORE THE**  
14 conviction, the provisions of this subdivision ~~shall~~ **DO** not  
15 apply.

16 (11) ~~(12)~~ Notwithstanding subsections ~~(7), (10), and (11),~~  
17 ~~upon not less than~~ **(6), (9), AND (10), IF A SUPPLIER GIVES A**  
18 **WHOLESALE AT LEAST** 15 days' prior written notice ~~given~~ in the  
19 manner and containing the information required by subsection  
20 ~~(10), (9),~~ a supplier may terminate, cancel, ~~fail to~~ **NOT** renew,  
21 or discontinue an agreement if any of the following events occur:

22 (a) There was fraudulent conduct on the part of the  
23 wholesaler in dealings with the supplier.

24 (b) The wholesaler failed to confine its sales of a brand or  
25 brands to the assigned sales territory. This subdivision does not  
26 apply if there is a dispute between 2 or more wholesalers as to  
27 the boundaries of the assigned territory, and the boundaries

1 cannot be determined by a reading of the description contained in  
2 the agreements between the supplier and the wholesalers.

3 (c) The sale by the wholesaler of any brand or brands sold  
4 by the supplier to the wholesaler ~~and known by THAT~~ the  
5 wholesaler ~~to be KNEW WERE~~ ineligible for sale ~~prior to BEFORE~~  
6 the actual sale to the retailer. The supplier shall repurchase  
7 the ineligible product from the wholesaler when the ineligibility  
8 is caused by the supplier. The supplier must give the wholesaler  
9 written notice specifying the ineligible product.

10 (12) ~~(13)~~ Notwithstanding subsections ~~(7), (10), (11), and~~  
11 ~~(12), (6), (9), (10), AND (11)~~, a supplier may terminate, cancel,  
12 not renew, or discontinue an agreement upon not less than 30  
13 days' prior written notice if the supplier discontinues  
14 production or discontinues distribution in this state of all the  
15 brands sold by the supplier to the wholesaler. Nothing in this  
16 section ~~shall prohibit~~ **PROHIBITS** a supplier upon not less than 30  
17 days' notice to discontinue the distribution of any particular  
18 brand or package of wine. This subsection does not prohibit a  
19 supplier from conducting test marketing of a new brand of wine or  
20 from conducting the test marketing of a brand of wine ~~which THAT~~  
21 is not currently being sold in this state ~~provided that IF~~ the  
22 supplier has notified the commission in writing of its plans to  
23 test market. The notice shall describe the market area ~~in which~~  
24 **WHERE** the test shall be conducted; the name or names of the  
25 wholesaler or wholesalers who will be selling the wine; the name  
26 or names of the brand of wine being tested; and the period of  
27 time during which the testing will take place. A market testing

1 period shall not exceed 18 months.

2 (13) ~~(14) The~~ A wholesaler shall devote reasonable efforts  
3 and resources to sales and distribution of ~~all the~~ A supplier's  
4 products ~~which~~ **THAT** the wholesaler has been granted the right to  
5 sell and distribute and shall maintain reasonable sales levels.

6 (14) ~~(15)~~ A supplier shall not withhold consent to any  
7 transfer of a wholesaler's business if the proposed transferee  
8 meets the material and reasonable qualifications and standards  
9 required by the supplier. A wholesaler shall give the supplier  
10 written notice of intent to transfer the wholesaler's business. A  
11 supplier shall not unreasonably delay a response to a request for  
12 a proposed transfer of a wholesaler's business. However, a  
13 transfer of a wholesaler's business ~~which~~ **THAT** is not approved by  
14 the supplier ~~shall be null and~~ **IS** void. A supplier shall not  
15 interfere with, or prevent, the transfer of the wholesaler's  
16 business if the proposed transferee is a designated member.

17 (15) ~~(16)~~ A supplier as part of the written agreement  
18 required by this section may, subject to the provisions of  
19 subsection ~~(3) (l),~~ **(2) (l)**, require a wholesaler to designate a  
20 successor manager who shall be subject to prior approval by the  
21 supplier. In the event the designated successor manager fails to  
22 assume the role of approved manager or for any reason does not  
23 continue to manage the wholesaler's business, after assuming that  
24 responsibility, then any successor shall be subject to the prior  
25 approval of the supplier, subject to the provisions of subsection  
26 ~~(3) (l),~~ **(2) (l)**, notwithstanding the transferee's interest as a  
27 designated member.

1           (16) ~~(17)~~ A supplier that has amended, canceled, terminated,  
2 or ~~refused to renew~~ **NOT RENEWED** any agreement; has caused a  
3 wholesaler to resign from an agreement; or has withheld consent  
4 to any assignment or transfer of a wholesaler's business, except  
5 as provided for in this section, shall pay the wholesaler  
6 reasonable compensation for the diminished value of the  
7 wholesaler's business or of any ancillary business which has been  
8 negatively affected by the act of the supplier, or both. The  
9 value of the wholesaler's business or ancillary business shall  
10 include, but not be limited to, its goodwill.

11           (17) ~~(18)~~ ~~Either party~~ **A SUPPLIER OR WHOLESALER** may, at any  
12 time, determine that mutual agreement on the amount of reasonable  
13 compensation cannot be reached. Should such a determination be  
14 made, the supplier or the wholesaler shall send written notice to  
15 the other party declaring their intention to proceed with  
16 arbitration. Arbitration shall proceed only by mutual agreement  
17 of both parties.

18           (18) ~~(19)~~ ~~The~~ **SUPPLIER AND WHOLESALER MAY, BY AGREEMENT,**  
19 **SUBMIT THE** matter of determining the amount of compensation under  
20 arbitration ~~may, by agreement of the parties, be submitted to a~~  
21 5-member arbitration panel consisting of 2 representatives  
22 selected by the supplier but unassociated with the affected  
23 supplier, 2 wholesaler representatives selected by the wholesaler  
24 but unassociated with the wholesaler, and an impartial  
25 arbitrator.

26           (19) ~~(20)~~ Not more than 10 days after the notice to enter  
27 into arbitration has been sent, ~~each party~~ **THE SUPPLIER AND**



1 **WHOLESALE**R shall request, in writing, a list of 5 arbitrators  
 2 from the American arbitration association. Not more than 10 days  
 3 after the ~~receipt of~~ **SUPPLIER AND WHOLESALE**R RECEIVE the list of  
 4 5 choices, the wholesaler arbitrators and the supplier  
 5 arbitrators may strike and disqualify up to 2 names each from the  
 6 list. ~~Should either party~~ **IF THE SUPPLIER AND WHOLESALE**R fail to  
 7 respond within the 10 days or ~~should~~ **IF** more than 1 name ~~remain,~~  
 8 **REMAINS**, the American arbitration association shall ~~make the~~  
 9 ~~selection of~~ **SELECT** the impartial arbitrator.

10 (20) ~~(21)~~ Not more than 30 days after **THE SUPPLIER AND**  
 11 **WHOLESALE**R RECEIVE the list of arbitrators, ~~is received,~~ the  
 12 wholesaler and supplier shall exchange in writing the names of  
 13 their respective arbitration panel representatives.

14 (21) ~~(22)~~ Not more than 30 days after the final selection of  
 15 the arbitration panel is made, the arbitration panel shall  
 16 convene to decide the dispute. The panel shall render a decision  
 17 by majority vote of the participants within 20 days from the  
 18 conclusion of the arbitration.

19 (22) ~~(23)~~ The cost of the impartial arbitrator, the  
 20 stenographer, and the meeting site shall be equally divided  
 21 between the wholesaler and the supplier. All other costs shall be  
 22 paid by the party incurring them. The award of the arbitration  
 23 panel shall be final and binding on the parties.

24 (23) ~~(24)~~ ~~Should either party fail~~ **IF THE SUPPLIER OR**  
 25 **WHOLESALE**R FAILS to abide by the time limitations as prescribed  
 26 in subsections ~~(20), (21), and (22),~~ (19), (20), AND (21), or  
 27 ~~fail or refuse to make the selection of~~ **FAILS OR REFUSES TO**

1 **SELECT** any arbitrators, or ~~fail~~**FAILS** to participate in the  
2 arbitration hearings, the other party shall make the selection of  
3 their arbitrators and proceed to arbitration. The party who has  
4 failed or refused to comply as prescribed in this subsection  
5 ~~shall be~~**IS** considered to be in default. Any party considered to  
6 be in default ~~pursuant to~~**UNDER** this subsection ~~shall have waived~~  
7 **WAIVES** any and all rights the party would have had in the  
8 arbitration and ~~shall be~~**IS** considered to have consented to the  
9 determination of the arbitration panel.

10 (24) ~~(25)~~A wholesaler shall not waive any of the rights  
11 granted in any provision of this section. Nothing in this section  
12 ~~shall be construed to limit or prohibit good faith~~**LIMITS OR**  
13 **PROHIBITS GOOD-FAITH** dispute settlements voluntarily entered into  
14 by the parties.

15 (25) ~~(26)~~A successor to a supplier that continues in  
16 business as a wine maker, an outstate seller of wine, or master  
17 distributor ~~shall be~~**IS** bound by all terms and conditions of each  
18 agreement of the supplier with a wholesaler licensed in this  
19 state that were in effect on the date on which the successor  
20 received the distribution rights of the previous supplier.

21 (26) ~~(27)~~This section ~~shall apply~~**APPLIES** to agreements in  
22 existence on June 26, 1984, as well as agreements entered into or  
23 renewed after that date.

24 (27) ~~(28)~~If a supplier engages in conduct prohibited under  
25 this section, a wholesaler with which the supplier has an  
26 agreement may maintain a civil action against the supplier to  
27 recover actual damages reasonably incurred as the result of the

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

6 (28) ~~(29)~~ A supplier that violates ~~any provision of this~~  
7 section is liable for all actual damages and all court costs and  
8 reasonable attorney fees incurred by a wholesaler as a result of  
9 that violation. A wholesaler that violates ~~any provision of this~~  
10 section is liable for all actual damages and all court costs and  
11 reasonable attorney fees incurred by the supplier as a result of  
12 that violation.

13 (29) ~~(30)~~ A supplier or wholesaler may bring an action for  
14 declaratory judgment for determination of any controversy arising  
15 ~~pursuant to~~ **UNDER** this section.

16 (30) ~~(31)~~ Except as otherwise provided in this section, if a  
17 court finds that a supplier has not acted in good faith in  
18 ~~effecting the amendment, termination, cancellation, or nonrenewal~~  
19 ~~of~~ **AMENDING, TERMINATING, CANCELING, OR NOT RENEWING** any  
20 agreement; or has unreasonably withheld its consent to any  
21 assignment, transfer, or sale of a wholesaler's business, ~~it~~ **THE**  
22 **COURT** may award exemplary damages, as well as actual damages,  
23 court costs, and reasonable attorney fees to the wholesaler who  
24 has been damaged by the action of the supplier.

25 (31) ~~(32)~~ Upon proper application to ~~the~~ **A** court, a supplier  
26 or wholesaler may obtain injunctive relief against any violation  
27 of this section. If the court grants injunctive relief or issues

1 a temporary restraining order, bond shall not be required to be  
2 posted.

3 (32) ~~(33)~~The procedure for resolving any violation of  
4 subsection ~~(3)(a)~~, **(2) (A)**, (b), (c), (e), (f), (h), (i), (j),  
5 (k), **OR (l)** ~~or (4)~~**(3)** shall be the procedure prescribed by this  
6 act and the administrative procedures act of 1969, 1969 PA 306,  
7 MCL 24.201 to 24.328. Any other violation of or dispute regarding  
8 this section, unless the dispute is resolved pursuant to ~~UNDER~~  
9 subsections ~~(18) to (24)~~, **(17) TO (23)**, shall only be resolved by  
10 a civil action in court as provided in this section and not by  
11 the commission.

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

16 ~~—— (a) To maintain stability and healthy competition in the~~  
17 ~~beer industry in this state.~~

18 ~~—— (b) To promote and maintain a sound, stable, and viable 3-~~  
19 ~~tier system of distribution of beer to the public.~~

20 ~~—— (c) To promote the public health, safety, and welfare.~~

21 (1) ~~(2)~~As used in this section, unless the context requires  
22 otherwise:

23 (a) "Agreement" means any agreement between a wholesaler and  
24 a supplier, whether oral or written, whereby a wholesaler is  
25 granted the right to offer and sell a brand or brands of beer  
26 sold by a supplier.

27 (b) "Ancillary business" means a business owned by a

1 wholesaler, a stockholder of a wholesaler, or a partner of a  
2 wholesaler the primary purpose of which is directly related to  
3 the transporting, storing, or marketing of the brand or brands of  
4 beer of a supplier with whom the wholesaler has an agreement; or  
5 a business owned by a wholesaler, a stockholder of a wholesaler,  
6 or a partner of a wholesaler ~~which~~**THAT** recycles empty returnable  
7 beverage containers.

8 (c) "Designated member" means the spouse, child, grandchild,  
9 parent, brother, or sister of a deceased individual who owned an  
10 interest in a wholesaler, who is entitled to inherit the deceased  
11 individual's ownership interest in the wholesaler under the terms  
12 of the deceased individual's will, or who has otherwise been  
13 designated in writing by the deceased individual to succeed the  
14 deceased individual in the wholesaler's business, or is entitled  
15 to inherit ~~such~~**THAT** ownership interest under the laws of  
16 intestate succession of this state. With respect to an  
17 incapacitated individual owning an ownership interest in a  
18 wholesaler, the term means the person appointed by a court as the  
19 conservator of ~~such~~**THAT** individual's property. The term also  
20 includes the appointed and qualified personal representative and  
21 the testamentary trustee of a deceased individual owning an  
22 ownership interest in a wholesaler.

23 ~~—— (d) "Good faith" means honesty in fact and the observance of~~  
24 ~~reasonable commercial standards of fair dealing in the trade, as~~  
25 ~~defined and interpreted under section 2103 of the uniform~~  
26 ~~commercial code, 1962 PA 174, MCL 440.2103.~~

27 (D) ~~(e)~~"Master distributor" means a wholesaler who acts in

1 the same or similar capacity as a brewer or outstate seller of  
2 beer for a brand or brands of beer to other wholesalers on a  
3 regular basis in the normal course of business.

4 ~~—— (f) "Reasonable qualifications" means the average standard~~  
5 ~~of the criteria used by the respective supplier for wholesalers~~  
6 ~~that entered into or renewed an agreement with the supplier~~  
7 ~~during a period of 24 months prior to the proposed transfer of~~  
8 ~~the wholesaler's business.~~

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

14 ~~—— (h) "Sales territory" means an area of exclusive sales~~  
15 ~~responsibility for the brand or brands of beer sold by a supplier~~  
16 ~~as designated by an agreement.~~

17 (E) ~~(i)~~—"Successor" means a supplier who obtains, in any  
18 manner from any person, including a person who is not a supplier,  
19 the distribution rights of 1 or more brands of beer which a  
20 licensed Michigan wholesaler has distributed in this state  
21 pursuant to an agreement with another supplier who previously had  
22 the distribution rights for the brand or brands.

23 (F) ~~(j)~~—"Supplier" means a brewer, an outstate seller of  
24 beer, or a master distributor. **SUPPLIER DOES NOT INCLUDE A SMALL**  
25 **BREWER THAT ACCOUNTS FOR LESS THAN 3% OF A WHOLESALER'S TOTAL**  
26 **ANNUAL SALES.**

27 ~~—— (k) "Transfer of a wholesaler's business" means the~~

1 ~~voluntary sale, assignment, or other transfer of the business or~~  
2 ~~control of the business of the wholesaler, including the sale or~~  
3 ~~other transfer of stock or assets by merger, consolidation, or~~  
4 ~~dissolution.~~

5 (2) ~~(3)~~—A supplier shall not do any of the following:

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

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

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

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

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

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

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

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

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

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

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



1           (l) Require or prohibit any change in the manager or  
2 successor manager of any wholesaler who has been approved by the  
3 supplier as of June 26, 1984. ~~Should~~**IF** a wholesaler ~~change~~  
4 **CHANGES** an approved manager or successor manager, a supplier  
5 shall not require or prohibit the change unless the person fails  
6 to meet the reasonable written standards for Michigan wholesalers  
7 of the supplier ~~which standards~~**THAT** have been provided to the  
8 wholesaler.

9           (m) Require by a provision of any agreement or other  
10 instrument in connection with the agreement that any dispute  
11 arising out of or in connection with that agreement be determined  
12 through the application of any other state's laws, be determined  
13 in federal court sitting in a state other than Michigan,**THIS**  
14 **STATE**, or be determined in a state court of a state other than  
15 ~~the state of Michigan.~~**THIS STATE**. A provision contained in any  
16 agreement or other instrument in connection with the agreement  
17 ~~which~~**THAT** contravenes this subdivision ~~shall be null and~~**IS**  
18 void.

19           (3) ~~(4)~~A wholesaler shall not sell or deliver beer to a  
20 retail licensee located outside the sales territory designated by  
21 the supplier of a particular brand or brands of beer. However,  
22 during periods of temporary service interruptions impacting a  
23 particular sales territory, a wholesaler ~~who~~**THAT** normally  
24 services the impacted sales territory shall file with the  
25 commission a written notice designating the specific wholesaler  
26 or wholesalers ~~who~~**THAT** will service the sales territory during  
27 the period of temporary service interruption and the approximate

1 length of time of the service interruption. When the temporary  
 2 service interruption is over, the wholesaler ~~who~~ **THAT** normally  
 3 services the sales territory shall notify in writing the  
 4 commission and the wholesaler, or wholesalers, ~~which is~~ **THAT ARE**  
 5 servicing the sales territory on a temporary basis of this fact  
 6 and any wholesaler servicing the sales territory on a temporary  
 7 basis shall cease servicing the sales territory upon receipt of  
 8 the notice. **A WHOLESALER THAT IS DESIGNATED TO SERVICE THE**  
 9 **IMPACTED SALES TERRITORY DURING THE PERIOD OF TEMPORARY SERVICE**  
 10 **IS NOT IN VIOLATION OF THIS SUBSECTION. A WHOLESALER THAT HAS**  
 11 **BEEN DESIGNATED TO SERVICE THE IMPACTED SALES TERRITORY DURING**  
 12 **THE PERIOD OF TEMPORARY SERVICE INTERRUPTION SHALL NOT HAVE ANY**  
 13 **OF THE RIGHTS PROVIDED UNDER SUBSECTIONS (5) TO (11).**

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

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

21 (4) ~~(5)~~ A supplier or wholesaler shall not **DIRECTLY OR**  
 22 **INDIRECTLY** restrict or inhibit ~~, directly or indirectly,~~ the  
 23 right of free association among suppliers or wholesalers for any  
 24 lawful purpose.

25 (5) ~~(6)~~ Notwithstanding the terms, provisions, or conditions  
 26 of any agreement, a supplier shall not amend any agreement unless  
 27 the supplier is acting in good faith in making the amendment.

1           (6) ~~(7)~~ Notwithstanding any agreement and except as  
2 otherwise provided for in this section, a supplier shall not  
3 cause a wholesaler to resign from an agreement; or cancel,  
4 terminate, fail to renew, or refuse to continue under an  
5 agreement unless the supplier has complied with all of the  
6 following:

7           (a) Has satisfied the applicable notice requirements of  
8 subsection ~~(10)~~ **(9)**.

9           (b) Has acted in good faith.

10          (c) Has good cause for the cancellation, termination,  
11 nonrenewal, discontinuance, or forced resignation.

12          (7) ~~(8)~~ Notwithstanding any agreement, good cause ~~shall~~  
13 ~~exist~~ **EXISTS** for the purposes of a termination, cancellation,  
14 nonrenewal, or discontinuance under subsection ~~(7)(e)~~ **(6)(C)** when  
15 all of the following occur:

16          (a) ~~There is a failure by the~~ **THE** wholesaler **FAILS** to comply  
17 with a provision of the agreement ~~which~~ **THAT** is both reasonable  
18 and of material significance to the business relationship between  
19 the wholesaler and the supplier.

20          (b) The supplier first acquired knowledge of the failure  
21 described in subdivision (a) not more than 2 years before the  
22 date notification was given ~~pursuant to~~ **UNDER** subsection ~~(7)~~ **(6)**.

23          (c) The wholesaler was given written notice by the supplier  
24 of failure to comply with the agreement.

25          (d) The wholesaler was afforded a reasonable opportunity to  
26 assert good-faith efforts to comply with the agreement within the  
27 time limits ~~as provided for~~ in subdivision (e).

1           (e) The wholesaler ~~has been~~ **WAS** afforded 30 days ~~in which~~ to  
2 submit a plan of corrective action to comply with the agreement  
3 and an additional 90 days to cure ~~such~~ **THE** noncompliance in  
4 accordance with the plan.

5           **(8)** ~~(9)~~ For each termination, cancellation, nonrenewal, or  
6 discontinuance, ~~the~~ **A** supplier ~~shall have~~ **HAS** the burden of  
7 showing that it has acted in good faith, that the notice  
8 requirements under this section have been complied with, and that  
9 there was good cause for the termination, cancellation,  
10 nonrenewal, or discontinuance.

11           **(9)** ~~(10)~~ Notwithstanding any agreement and except as  
12 otherwise provided in this section, ~~the~~ **A** supplier shall furnish  
13 written notice of ~~the~~ **A** termination, cancellation, nonrenewal, or  
14 discontinuance of an agreement to ~~the~~ **A** wholesaler not less than  
15 15 days before the effective date of the termination,  
16 cancellation, nonrenewal, or discontinuance. The notice shall be  
17 by certified mail and shall contain all of the following:

18           (a) A statement of intention to terminate, cancel, not  
19 renew, or discontinue the agreement.

20           (b) A statement of the reason for the termination,  
21 cancellation, nonrenewal, or discontinuance.

22           (c) The **EFFECTIVE** date ~~on which~~ **OF** the termination,  
23 cancellation, nonrenewal, or discontinuance. ~~takes effect.~~

24           **(10)** ~~(11)~~ Notwithstanding subsections ~~(7) and (10),~~ **(6) AND**  
25 **(9)**, a supplier may terminate, cancel, ~~fail to~~ **NOT** renew, or  
26 discontinue an agreement upon written notice given in the manner  
27 and containing the information required by subsection ~~(10)~~ **(9)** if

1 any of the following occur:

2 (a) Insolvency of the wholesaler, the filing of any petition  
3 by or against the wholesaler under any bankruptcy or receivership  
4 law, or the dissolution or liquidation of the wholesaler ~~which~~  
5 **THAT** materially affects the wholesaler's ability to remain in  
6 business.

7 (b) ~~Revocation of~~ **THE COMMISSION REVOKES** the wholesaler's  
8 license, ~~by the commission~~ whereby the wholesaler cannot service  
9 the wholesaler's sales territory for more than 60 days.

10 (c) The wholesaler, or an individual who owns more than 10%  
11 of the stock of a corporate wholesaler, ~~has been~~ **IS** convicted of  
12 a felony. ~~As used in this subdivision, "felony" means a felony~~  
13 ~~under the United States Code or the Michigan Compiled Laws.~~  
14 However, an existing approved stockholder ~~or stockholders shall~~  
15 ~~have~~ **HAS** the right to purchase the stock of the offending  
16 stockholder ~~prior to~~ **BEFORE** the conviction of the offending  
17 stockholder and, if the sale is completed ~~prior to~~ **BEFORE THE**  
18 conviction, the provisions of this subdivision ~~shall~~ **DO** not  
19 apply.

20 (11) ~~(12)~~ Notwithstanding subsections ~~(7), (10), and (11),~~  
21 ~~upon not less than (6), (9), AND (10), IF A SUPPLIER GIVES A~~  
22 **WHOLESALER AT LEAST** 15 days' prior written notice ~~given~~ in the  
23 manner and containing the information required by subsection  
24 ~~(10), (9),~~ a supplier may terminate, cancel, ~~fail to~~ **NOT** renew,  
25 or discontinue an agreement if any of the following events occur:

26 (a) There was fraudulent conduct on the part of the  
27 wholesaler in dealings with the supplier.

1 (b) The wholesaler failed to confine its sales of a brand or  
2 brands to the assigned sales territory. This subdivision does not  
3 apply if there is a dispute between 2 or more wholesalers as to  
4 the boundaries of the assigned territory, and the boundaries  
5 cannot be determined by a reading of the description contained in  
6 the agreements between the supplier and the wholesalers.

7 (c) The sale by the wholesaler of any brand or brands sold  
8 by the supplier to the wholesaler ~~and known by~~ **THAT** the  
9 wholesaler ~~to be~~ **KNEW WERE** ineligible for sale ~~prior to~~ **BEFORE**  
10 the actual sale to the retailer. The supplier shall repurchase  
11 the ineligible product from the wholesaler when the ineligibility  
12 is caused by the supplier. The supplier must give the wholesaler  
13 written notice specifying the ineligible product. This  
14 subdivision does not apply when a supplier ships a brand or  
15 brands to a wholesaler that must be removed within 60 days of the  
16 deadline for retail sale of the product. This 60-day period shall  
17 commence upon receipt of the product by the wholesaler.

18 (12) ~~(13)~~ Notwithstanding subsections ~~(7), (10), (11), and~~  
19 ~~(12), (6), (9), (10), AND (11)~~, a supplier may terminate, cancel,  
20 not renew, or discontinue an agreement upon not less than 30  
21 days' prior written notice if the supplier discontinues  
22 production or discontinues distribution in this state of all the  
23 brands sold by the supplier to the wholesaler. Nothing in this  
24 section ~~shall prohibit~~ **PROHIBITS** a supplier upon not less than 30  
25 days' notice to discontinue the distribution of any particular  
26 brand or package of beer. This subsection does not prohibit a  
27 supplier from conducting test marketing of a new brand of beer or

1 from conducting the test marketing of a brand of beer ~~which~~ **THAT**  
2 is not currently being sold in this state ~~provided that~~ **IF** the  
3 supplier has notified the commission in writing of its plans to  
4 test market. The notice shall describe the market area ~~in which~~  
5 **WHERE** the test shall be conducted; the name or names of the  
6 wholesaler or wholesalers who will be selling the beer; the name  
7 or names of the brand of beer being tested; and the period of  
8 time during which the testing will take place. A market testing  
9 period shall not exceed 18 months.

10 (13) ~~(14) The~~ **A** wholesaler shall devote reasonable efforts  
11 and resources to sales and distribution of all ~~the~~ **A** supplier's  
12 products ~~which~~ **THAT** the wholesaler has been granted the right to  
13 sell and distribute and shall maintain reasonable sales levels.

14 (14) ~~(15) A~~ brewer, an outstate seller of beer, or a master  
15 distributor that has designated a sales territory for a  
16 wholesaler shall not enter into an additional agreement with any  
17 other wholesaler for the same brand or brands of beer in the same  
18 territory or any portion of that territory.

19 (15) ~~(16) A~~ supplier shall not withhold consent to any  
20 transfer of a wholesaler's business if the proposed transferee  
21 meets the material and reasonable qualifications and standards  
22 required by the supplier. A wholesaler shall give the supplier  
23 written notice of intent to transfer the wholesaler's business. A  
24 supplier shall not unreasonably delay a response to a request for  
25 a proposed transfer of a wholesaler's business. However, a  
26 transfer of a wholesaler's business ~~which~~ **THAT** is not approved by  
27 the supplier ~~shall be null and~~ **IS** void. A supplier shall not

1 interfere with, or prevent, the transfer of the wholesaler's  
2 business if the proposed transferee is a designated member.

3       (16) ~~(17)~~—A supplier that has amended, canceled, terminated,  
4 or ~~refused to renew~~ **NOT RENEWED** any agreement; has caused a  
5 wholesaler to resign from an agreement; or has withheld consent  
6 to any assignment or transfer of a wholesaler's business, except  
7 as provided for in this section, shall pay the wholesaler  
8 reasonable compensation for the diminished value of the  
9 wholesaler's business or of any ancillary business which has been  
10 negatively affected by the act of the supplier, or both. The  
11 value of the wholesaler's business or ancillary business shall  
12 include, but not be limited to, its ~~good will~~. **GOODWILL**.

13       (17) ~~(18)~~ ~~Either party~~ **A SUPPLIER OR WHOLESALER** may, at any  
14 time, determine that mutual agreement on the amount of reasonable  
15 compensation cannot be reached. ~~Should~~ **IF** such a determination ~~be~~  
16 **IS** made, the supplier or the wholesaler shall send written notice  
17 to the other party declaring their intention to proceed with  
18 arbitration. Arbitration shall proceed only by mutual agreement  
19 of both parties.

20       (18) ~~(19)~~—The **SUPPLIER AND WHOLESALER MAY, BY AGREEMENT,**  
21 **SUBMIT THE** matter of determining the amount of compensation under  
22 arbitration ~~may, by agreement of the parties, be submitted to a~~  
23 5-member arbitration panel consisting of 2 representatives  
24 selected by the supplier but unassociated with the affected  
25 supplier, 2 wholesaler representatives selected by the wholesaler  
26 but unassociated with the wholesaler, and an impartial  
27 arbitrator.



1           (19) ~~(20)~~ Not more than 10 days after the notice to enter  
 2 into arbitration has been sent, ~~each party~~ **THE SUPPLIER AND**  
 3 **WHOLESALE** shall request, in writing, a list of 5 arbitrators  
 4 from the American arbitration association. Not more than 10 days  
 5 after the ~~receipt of~~ **SUPPLIER AND WHOLESALE RECEIVE** the list of  
 6 5 choices, the wholesaler arbitrators and the supplier  
 7 arbitrators may strike and disqualify up to 2 names each from the  
 8 list. ~~Should either party fail~~ **IF THE SUPPLIER AND WHOLESALE**  
 9 **FAIL** to respond within the 10 days or ~~should~~ **IF** more than 1 name  
 10 ~~remain,~~ **REMAINS**, the American arbitration association shall ~~make~~  
 11 ~~the selection of~~ **SELECT** the impartial arbitrator.

12           (20) ~~(21)~~ Not more than 30 days after the **SUPPLIER AND**  
 13 **WHOLESALE RECEIVE THE** list of arbitrators, ~~is received,~~ the  
 14 wholesaler and supplier shall exchange in writing the names of  
 15 their respective arbitration panel representatives.

16           (21) ~~(22)~~ Not more than 30 days after the final selection of  
 17 the arbitration panel is made, the arbitration panel shall  
 18 convene to decide the dispute. The panel shall render a decision  
 19 by majority vote of the participants within 20 days from the  
 20 conclusion of the arbitration.

21           (22) ~~(23)~~ The cost of the impartial arbitrator, the  
 22 stenographer, and the meeting site shall be equally divided  
 23 between the wholesaler and the supplier. All other costs shall be  
 24 paid by the party incurring them. The award of the arbitration  
 25 panel shall be final and binding on the parties.

26           (23) ~~(24)~~ After both parties have agreed to arbitrate,  
 27 ~~should either party fail~~ **IF THE SUPPLIER OR WHOLESALE FAILS** to

1 abide by the time limitations as prescribed in subsections ~~(20)~~,  
2 ~~(21)~~, and ~~(22)~~, or fail or refuse ~~(19)~~, ~~(20)~~, **AND (21)**, **FAILS OR**  
3 **REFUSES** to ~~make the selection of~~ **SELECT** any arbitrators, or ~~fail~~  
4 **FAILS** to participate in the arbitration hearings, the other party  
5 shall ~~make the selection of their~~ **SELECT ITS** arbitrators and  
6 proceed to arbitration. The party who has failed or refused to  
7 comply as prescribed in this subsection ~~shall be~~ **IS** considered to  
8 be in default. Any party considered to be in default ~~pursuant to~~  
9 **UNDER** this subsection ~~shall have waived~~ **WAIVES** any and all rights  
10 the party would have had in the arbitration and ~~shall be~~ **IS**  
11 considered to have consented to the determination of the  
12 arbitration panel.

13       (24) ~~(25)~~ A wholesaler shall not waive any of the rights  
14 granted in any provision of this section. Nothing in this section  
15 ~~shall be construed to limit~~ **LIMITS** or ~~prohibit~~ **PROHIBITS** good-  
16 faith dispute settlements voluntarily entered into by the  
17 parties.

18       (25) ~~(26)~~ A successor to a supplier that continues in  
19 business as a brewer, an outstate seller of beer, or a master  
20 distributor ~~shall be~~ **IS** bound by all terms and conditions of each  
21 agreement of the supplier with a wholesaler licensed in this  
22 state that were in effect on the date on which the successor  
23 received the distribution rights of the previous supplier.

24       (26) ~~(27)~~ This section ~~shall apply~~ **APPLIES** to agreements in  
25 existence on June 26, 1984, as well as agreements entered into or  
26 renewed after that date.

27       (27) ~~(28)~~ If a supplier engages in conduct prohibited under

1 this section, a wholesaler with which the supplier has an  
2 agreement may maintain a civil action against the supplier to  
3 recover actual damages reasonably incurred as the result of the  
4 prohibited conduct. If a wholesaler engages in conduct prohibited  
5 under this section, a supplier with which the wholesaler has an  
6 agreement may maintain a civil action against the wholesaler to  
7 recover actual damages reasonably incurred as the result of the  
8 prohibited conduct.

9       (28) ~~(29)~~ A supplier that violates ~~any provision of this~~  
10 section is liable for all actual damages and all court costs and  
11 reasonable attorney fees incurred by a wholesaler as a result of  
12 that violation. A wholesaler that violates ~~any provision of this~~  
13 section is liable for all actual damages and all court costs and  
14 reasonable attorney fees incurred by the supplier as a result of  
15 that violation.

16       (29) ~~(30)~~ A supplier or wholesaler may bring an action for  
17 declaratory judgment for determination of any controversy arising  
18 ~~pursuant to~~ **UNDER** this section.

19       (30) ~~(31)~~ Except as otherwise provided in this section, if a  
20 court finds that a supplier has not acted in good faith in  
21 ~~effecting an amendment, termination, cancellation, or nonrenewal~~  
22 ~~of~~ **AMENDING, TERMINATING, CANCELING, OR NOT RENEWING** any  
23 agreement; or has unreasonably withheld its consent to any  
24 assignment, transfer, or sale of a wholesaler's business, ~~it~~ **THE**  
25 **COURT** may award exemplary damages, as well as actual damages,  
26 court costs, and reasonable attorney fees to the wholesaler who  
27 has been damaged by the action of the supplier.

1           (31) ~~(32)~~ Upon proper application to ~~the~~ **A** court, a supplier  
2 or wholesaler may obtain injunctive relief against any violation  
3 of this section. If the court grants injunctive relief or issues  
4 a temporary restraining order, bond shall not be required to be  
5 posted.

6           (32) ~~(33)~~ The procedure for resolving any violation of  
7 subsection ~~(3)(a)~~, **(2) (A)**, (b), (c), (e), (f), (h), (i), (j),  
8 (k), **OR (l)** ~~, or (4)~~ **(3)** shall be the procedure prescribed by this  
9 act and the administrative procedures act of 1969, 1969 PA 306,  
10 MCL 24.201 to 24.328. Any other violation of or dispute regarding  
11 this section, unless the dispute is resolved ~~pursuant to~~ **UNDER**  
12 subsections ~~(18) to (24)~~, **(17) TO (23)**, shall only be resolved by  
13 a civil action in court as provided in this section and not by  
14 the commission.

15           Sec. 409. (1) Except as provided in this section, the  
16 commission shall levy and collect a tax on all beer manufactured  
17 or sold in this state at the rate of \$6.30 per barrel if the beer  
18 is sold in bulk or in different quantities. The tax shall be paid  
19 by the brewer or ~~brewpub~~ **SMALL BREWER** if manufactured in this  
20 state or by the wholesaler ~~or the person from whom purchased~~ if  
21 manufactured outside this state. ~~, whichever is designated by the~~  
22 ~~commission.~~ The commission shall establish by rule a method for  
23 the collection of the tax levied in this subsection. The rules  
24 shall be promulgated pursuant to the administrative procedures  
25 act of 1969, 1969 PA 306, MCL 24.201 to 24.328.

26           (2) The tax levied in subsection (1) shall not be collected  
27 ~~with respect to~~ **ON** beer that is consumed on the premises of the

1 manufacturer or is damaged in the process of brewing, packaging,  
2 and storage and is not offered for sale, except that ~~beer sold by~~  
3 ~~a brewpub for consumption on the premises or~~ beer produced and  
4 consumed on the premises of a ~~micro~~-**SMALL** brewer is subject to  
5 the tax levied under subsection (1).

6 (3) The tax levied under subsection (1) shall be rebated to  
7 the person ~~who~~-**THAT** paid the tax if that person provides  
8 satisfactory proof to the commission that the beer was shipped  
9 outside of this state for sale and consumption outside this  
10 state.

11 (4) For the purposes of the tax levied under subsection (1),  
12 a barrel of beer contains 31 gallons.

13 (5) The commission may promulgate a rule that ~~designates the~~  
14 ~~states or the laws or the rules of other states that require a~~  
15 ~~licensed~~-**PROHIBITS ALL LICENSEES FROM PURCHASING, RECEIVING,**  
16 **POSSESSING, OR SELLING ANY BEER MANUFACTURED IN THE FOLLOWING**  
17 **STATES:**

18 (A) **ANY STATE THAT REQUIRES A** wholesaler of beer to pay an  
19 additional fee for the right to purchase, import, or sell beer  
20 manufactured in this state. ~~that~~

21 (B) **ANY STATE THAT** denies the issuance of a license  
22 authorizing the importation of beer to any ~~licensed~~ wholesaler of  
23 beer in that state ~~who may make application~~-**THAT APPLIES** for the  
24 license. ~~that~~

25 (C) **ANY STATE THAT** prohibits ~~licensed~~ wholesalers of beer in  
26 that state from possessing or selling beer purchased in this  
27 state, unless the person from whom **THE BEER WAS** purchased has

1 secured a license and paid a fee in that state, if the seller  
2 does not transport the beer into the state and does not sell the  
3 beer in the state. ~~or~~

4 (D) **ANY STATE** that imposes any higher taxes or inspection  
5 fees upon beer manufactured in this state when transporting the  
6 beer into or selling the beer in that state than taxes or fees  
7 imposed upon beer manufactured and sold within that state. ~~A rule  
8 promulgated under this subsection shall prohibit all licensees  
9 from purchasing, receiving, possessing, or selling any beer  
10 manufactured in any state designated in the rule.~~

11 (6) A rule promulgated under ~~this~~ subsection (5) becomes  
12 effective as provided in section 47 of the administrative  
13 procedures act of 1969, 1969 PA 306, MCL 24.247. Any licensee or  
14 person adversely affected by a rule promulgated under ~~this~~  
15 subsection (5) is entitled to review by leave to a court of  
16 competent jurisdiction regarding the question as to whether the  
17 commission acted illegally or in excess of its authority in  
18 making its finding under this subsection with respect to any  
19 state.

20 (7) ~~(6)~~ An eligible brewer may claim a credit against the  
21 tax levied under subsection (1) in the amount of \$2.00 per barrel  
22 for the first 30,000 barrels. As used in this subsection,  
23 "eligible brewer" means a brewer, whether or not located in this  
24 state, ~~or brewpub~~ that manufactures not more than 50,000 barrels  
25 of beer during the tax year for which the credit is claimed. In  
26 determining the number of barrels for purposes of the credit, all  
27 brands and labels of a brewer shall be combined and all

1 facilities for the production of beer that are owned or  
2 controlled by the same person shall be treated as a single  
3 facility.

4       Sec. 411. A brewer that is not licensed as a ~~micro~~**SMALL**  
5 brewer may sell its beer for on-premises consumption at not more  
6 than 1 location in this state that is on any of its licensed  
7 brewery premises.

8       Sec. 413. Notwithstanding any provision of this act or rule  
9 promulgated under this act, a ~~licensed brewpub~~**MANUFACTURER** may  
10 directly sell to a holder of a special license issued under  
11 section 526, for the purpose of conducting a beer, **WINE, OR**  
12 **SPIRITS** festival, a quantity of beer, **WINE, OR SPIRITS** determined  
13 appropriate by the commission for the purpose of participating in  
14 a beer, **WINE, OR SPIRITS** festival.

15       **SEC. 415. (1) THE COMMISSION MAY ISSUE A FARMER'S MARKET**  
16 **PERMIT TO A SMALL WINE MAKER OR AN OUT-OF-STATE ENTITY THAT IS**  
17 **THE SUBSTANTIAL EQUIVALENT OF A SMALL WINE MAKER. THE HOLDER OF A**  
18 **FARMER'S MARKET PERMIT MAY CONDUCT TASTINGS AND SELL, AT RETAIL**  
19 **AT A FARMER'S MARKET, THE WINE PRODUCED BY THAT SMALL WINE MAKER.**

20       **(2) THE COMMISSION SHALL CHARGE A FEE FOR A FARMER'S MARKET**  
21 **PERMIT OF \$25.00 FOR EACH FARMER'S MARKET LOCATION. THE**  
22 **COMMISSION SHALL NOT LIMIT THE NUMBER OF PERMITS A SMALL WINE**  
23 **MAKER, OR AN OUT-OF-STATE ENTITY THAT IS SUBSTANTIAL EQUIVALENT**  
24 **OF A SMALL WINE MAKER, OBTAINS UNDER THIS SECTION, BUT AN**  
25 **APPLICATION FOR A FARMER'S MARKET PERMIT SHALL ONLY CONTAIN UP TO**  
26 **5 SEPARATE LOCATIONS AT 1 TIME. SECTION 503 DOES NOT APPLY TO THE**  
27 **APPLICATION OR ISSUANCE OF A PERMIT UNDER THIS SUBSECTION OR TO**

1 THE LOCATION OF A FARMER'S MARKET WHERE THE HOLDER OF A FARMER'S  
2 MARKET PERMIT INTENDS TO PARTICIPATE UNDER THIS SECTION.

3 (3) THE COMMISSION SHALL NOT ISSUE A FARMER'S MARKET PERMIT  
4 UNDER THIS SECTION UNLESS THE APPLICANT PROVIDES DOCUMENTATION,  
5 IN A MANNER PRESCRIBED BY THE COMMISSION, THAT THE LOCAL POLICE  
6 AGENCY WHERE THE FARMER'S MARKET IS LOCATED AND THE FARMER'S  
7 MARKET MANAGER AT THAT LOCATION HAVE APPROVED THE PROPOSED  
8 ACTIVITY.

9 (4) THE TASTINGS AND SALES PERFORMED UNDER A FARMER'S MARKET  
10 PERMIT SHALL BE LIMITED TO AN EXCLUSIVE AREA, IN A MANNER  
11 PRESCRIBED BY THE COMMISSION, THAT IS UNDER THE CONTROL OF THE  
12 HOLDER OF THE FARMER'S MARKET PERMIT, AS VERIFIED BY THE FARMER'S  
13 MARKET MANAGER.

14 (5) THE TASTINGS AND SALES PERFORMED UNDER A FARMER'S MARKET  
15 PERMIT SHALL BE CONDUCTED BY EMPLOYEES OF THE HOLDER OF THE  
16 FARMER'S MARKET PERMIT WHO HAVE COMPLETED A SERVER TRAINING  
17 COURSE APPROVED BY THE COMMISSION.

18 (6) THE WINE SOLD OR USED FOR TASTINGS SHALL BE FURNISHED  
19 FROM THE STOCK OF THE HOLDER OF THE FARMER'S MARKET PERMIT AND  
20 REMOVED FROM THE FARMER'S MARKET PREMISES IMMEDIATELY AFTER THE  
21 FARMER'S MARKET HAS CONCLUDED.

22 (7) TASTING SAMPLES PROVIDED TO A CUSTOMER SHALL NOT EXCEED  
23 3 SERVINGS OF NOT MORE THAN 2 OUNCES OF WINE IN A 24-HOUR PERIOD  
24 OF TIME.

25 (8) THE COMMISSION SHALL DEVELOP AN APPLICATION FOR AN  
26 ANNUAL FARMER'S MARKET PERMIT ALLOWING FOR LICENSED ACTIVITIES  
27 UNDER THIS SECTION. A FARMER'S MARKET MANAGER SHALL VERIFY ON THE



1 APPLICATION THAT THE LOCATION LISTED ON THE APPLICATION QUALIFIES  
2 AS A FARMER'S MARKET UNDER THIS SECTION.

3 (9) A WHOLESALER SHALL NOT CONDUCT OR PARTICIPATE IN ANY  
4 EVENT ALLOWED BY THIS SECTION.

5 (10) A HOLDER OF A FARMER'S MARKET PERMIT IS CONSIDERED A  
6 MANUFACTURER AS PROVIDED UNDER SECTION 603(13)(A).

7 Sec. 501. (1) The commission may issue licenses as provided  
8 in this act upon the payment of the fees provided in section 525  
9 and the filing of the bonds required in section 801 or liability  
10 insurance as provided in section 803. The commission shall  
11 provide a notification of the ability of the purchaser or  
12 transferee to obtain a tax clearance certificate, as provided in  
13 subsection (6). Subject to section 906(2) and (3), the commission  
14 shall not issue a new on premises license or transfer more than  
15 50% interest in an existing on premises license unless the  
16 applicant or transferee offers proof acceptable to the commission  
17 that he or she has employed or has present on the licensed  
18 premises, at a minimum, supervisory personnel on each shift and  
19 during all hours in which alcoholic liquor is served who have  
20 successfully completed a server training program described in  
21 section 906. The commission may consider an individual enrolled  
22 and actively participating in a server training program as having  
23 successfully completed the program for the time the individual is  
24 participating. The commission may allow an applicant or a  
25 conditionally approved licensee at least 180 days, or more upon a  
26 showing of good cause, to meet the minimum personnel training  
27 requirements of this subsection. The commission may suspend the

1 license of a conditionally approved licensee if that licensee  
2 does not comply with this subsection. The commission may waive  
3 the server training requirements of this subsection ~~on the basis~~  
4 ~~of~~ **BASED ON** either of the following circumstances:

5 (a) The licensee's responsible operating experience or  
6 training.

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

11 (2) A full-year license issued by the commission shall  
12 expire on April 30 following the date of issuance or the date  
13 fixed by the commission. A license issued under this act is a  
14 contract between the commission and the licensee and shall be  
15 signed by both parties. If a licensee dies, the commission may  
16 approve ~~the operation of the establishment by a personal~~  
17 representative or independent personal representative duly  
18 appointed by a court of competent jurisdiction **TO OPERATE THE**  
19 **ESTABLISHMENT**, pending the settlement of the estate of the  
20 deceased licensee. The commission may approve a receiver or  
21 trustee appointed by a court of competent jurisdiction to operate  
22 the licensed establishment of a licensee. The commission may  
23 grant a part-year license for a proportionate part of the license  
24 fee specified in section 525. In a resort area the commission  
25 shall grant a license for a period of time as short as 3 months.  
26 A license may be transferred with the consent of the commission.  
27 A class C or specially designated distributor license obtained in

1 a manner other than by transfer shall not be transferred within 3  
2 years after ~~its issuance~~ **IT IS ISSUED** except under circumstances  
3 where the licensee clearly and convincingly demonstrates that  
4 unusual hardship will result if the transfer does not receive the  
5 consent of the commission. An application for a license to sell  
6 alcoholic liquor for consumption on the premises, except in a  
7 city having a population of 600,000 or more, shall be approved by  
8 the local legislative body **OR, IF THE LOCAL LEGISLATIVE BODY HAS**  
9 **DELEGATED THE APPROVAL PROCESS, BY THE CLERK OF THE LOCAL**  
10 **GOVERNMENTAL UNIT OR OTHER ADMINISTRATIVE OFFICER AS DESIGNATED**  
11 **BY THE LOCAL LEGISLATIVE BODY** in which the applicant's place of  
12 business is located before the license is granted by the  
13 commission, except that in the case of an application for renewal  
14 of an existing license, if an objection to a renewal has not been  
15 filed with the commission by the local legislative body not less  
16 than 30 days before the date of expiration of the license, the  
17 approval of the local legislative body is not required. The  
18 commission shall provide the local legislative body and the local  
19 chief of police with the name, home and business addresses, and  
20 home and business phone numbers to accomplish the local  
21 legislative reviews of new and transferred license applications  
22 required by this subsection. Upon request of the local  
23 legislative body after due notice and proper hearing by the local  
24 legislative body and the commission, the commission shall revoke  
25 the license of a licensee granted a license to sell alcoholic  
26 liquor for consumption on the premises or any permit held in  
27 conjunction with that license.

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

15           (4) This act does not prohibit a hotel that is or was the  
16 holder of a license authorizing the retail sale of alcoholic  
17 liquor for consumption on the premises from applying for and  
18 receiving under this act any other and different type of license  
19 authorizing the retail sale of alcoholic liquor for consumption  
20 on the premises. ~~and the~~ **THE** application for the license shall  
21 not be considered a new application for a license if the total  
22 number of public licenses for consumption on the premises does  
23 not exceed the authorized total established in this act and the  
24 sale of alcoholic liquor is approved by the electors. The  
25 commission may divide the state into 3 zones and establish for  
26 each zone an anniversary date for renewal of full-year retail  
27 licenses in the licensing year. The commission shall promulgate

1 rules pursuant to the administrative procedures act of 1969, 1969  
2 PA 306, MCL 24.201 to 24.328, for the effective administration of  
3 the renewal of licenses.

4 (5) The commission, with the written approval of the  
5 department of agriculture and rural development for the Michigan  
6 state fairgrounds and the Upper Peninsula state fairgrounds, may  
7 issue without regard to the quota provision of section 531 a  
8 tavern license to a person as concessionaire leasing or renting a  
9 portion of either the Upper Peninsula state fairgrounds or the  
10 state fairgrounds, or both, to service the licensed area in use  
11 for recreational or exhibition purposes other than at the time of  
12 the annual Upper Peninsula state fair under section 2 of 1927 PA  
13 89, MCL 285.142. A license issued under this subsection is not  
14 transferable.

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

18 When purchasing a license, a buyer can be held liable  
19 for tax debts incurred by the previous owner. Prior to  
20 committing to the purchase of any license or establishment,  
21 the buyer should request a tax clearance certificate  
22 from the seller that indicates that all taxes have been  
23 paid up to the date of issuance. Obtaining sound  
24 professional assistance from an attorney or accountant  
25 can be helpful to identify and avoid any pitfalls  
26 and hidden liabilities when buying even a portion  
27 of a business.

1 Sellers can make a request for the tax clearance  
2 certificate through the Michigan department of treasury.

3 **(7) THE COMMISSION MAY APPROVE A RECEIVER OR TRUSTEE**  
4 **APPOINTED BY A COURT OF COMPETENT JURISDICTION OR A SECURED PARTY**  
5 **THAT FORECLOSES ON ITS SECURITY INTEREST IN A LIQUOR LICENSE TO**  
6 **OPERATE THE LICENSED ESTABLISHMENT OF A LICENSEE.**

7 Sec. 513a. (1) Beginning October 1, 2011, the commission may  
8 issue to the governing board of a community college or university  
9 that is accredited by a nationally recognized accrediting agency  
10 as determined by the United States secretary of education under  
11 20 USC 1099b and that operates an accredited culinary or  
12 hospitality program, without regard to the quota provisions of  
13 section 531, a license to sell alcoholic liquor for consumption  
14 at the community college's or university's culinary or  
15 hospitality program's location for activities that further the  
16 community college's or university's community or academic  
17 mission.

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

1           (3) To obtain a license under this section, a community  
2 college or university shall submit both of the following to the  
3 commission:

4           (a) Documentation verifying that the community college or  
5 university is accredited by a nationally recognized accrediting  
6 agency as determined by the United States secretary of education  
7 under 20 USC 1099b.

8           (b) Either of the following:

9           (i) Documentation verifying that the community college's or  
10 university's culinary or hospitality program is accredited by a  
11 regionally recognized accrediting body.

12           (ii) Within 180 days after ~~the effective date of the~~  
13 ~~amendatory act that added this section,~~ **DECEMBER 8, 2011**, a copy  
14 of the community college's or university's application to a  
15 regionally recognized accrediting body for accreditation of its  
16 culinary or hospitality program.

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

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

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

4           (7) Subject to section 531, the commission may issue a  
5 license to a private entity for the sale of alcoholic liquor for  
6 consumption on the premises of an outdoor stadium located on land  
7 owned by Lake Michigan college and leased to a private entity.  
8 The prohibition in section ~~531(7)~~**531(8)** on licenses at outdoor  
9 stadiums does not apply to a license issued under this  
10 subsection.

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

14           (9) As used in this section:

15           (a) "Community college" means a community college  
16 established under the community college act of 1966, 1966 PA 331,  
17 MCL 389.1 to 389.195.

18           (b) "University" means a public university described in  
19 section 4, 5, or 6 of article VIII of the state constitution of  
20 1963.

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

26           (a) The local governmental unit in which the international  
27 sporting event is to be conducted is the host governmental unit



1 for that event.

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

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

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

11 (e) The applicant is any of the following:

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

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

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

20 (iv) An organization qualified for licensure as a special  
21 licensee under section ~~111(10)~~**111(14)** and the rules of the  
22 commission.

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

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

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

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

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

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

22 Sec. 517a. (1) The commission may issue national sporting  
23 event licenses for the sale of alcoholic liquor for consumption  
24 on the premises concerning a national sporting event, if all of  
25 the following circumstances are found by the commission to exist:

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

1 for that event.

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

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

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

11 (e) The applicant is any of the following:

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

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

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

20 (iv) An organization qualified for licensure as a special  
21 licensee under section ~~111(10)~~**111(14)** and the rules of the  
22 commission.

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

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

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

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

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

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

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

25           (a) The major league baseball all-star game during calendar  
26 year 2005.

27           (b) The national football league super bowl during calendar

1 year 2006.

2 (c) The professional golfers association championship during  
3 calendar year 2008.

4 (d) The national college athletic association final four  
5 games during calendar year 2009.

6 Sec. 521a. (1) In order to allow ~~cities~~**MUNICIPALITIES** to  
7 enhance the quality of life for their residents and visitors to  
8 their communities, the commission may issue public on-premises  
9 licenses in addition to those quota licenses allowed in ~~cities~~  
10 **MUNICIPALITIES** under section 531(1). The licenses under this  
11 section shall be issued to businesses that meet ~~±~~**EITHER** of the  
12 following conditions:

13 (a) Are located in a ~~city~~ redevelopment project area meeting  
14 the criteria described in subsections (3) and (4) and are engaged  
15 in activities determined by the commission to be related to  
16 dining, entertainment, or recreation.

17 (b) Are located in a development district or area that is  
18 any of the following:

19 (i) An authority district established under the tax increment  
20 finance authority act, 1980 PA 450, MCL 125.1801 to 125.1830.

21 (ii) A development area established under the corridor  
22 improvement authority act, 2005 PA 280, MCL 125.2871 to 125.2899.

23 (iii) A downtown district established under 1975 PA 197, MCL  
24 125.1651 to 125.1681.

25 (iv) A principal shopping district established under 1961 PA  
26 120, MCL 125.981 to 125.990m.

27 (2) The commission shall not issue a license under

1 subsection (1)(a) unless the applicant fulfills the following in  
2 relation to the licensed premises:

3 (a) Provides the activity described in subsection (1)(a) not  
4 less than 5 days per week.

5 (b) Is open to the public not less than 10 hours per day, 5  
6 days per week.

7 (c) Presents verification of redevelopment project area  
8 status to the commission that ~~shall include~~ **INCLUDES** the  
9 following:

10 (i) A resolution of the governing body of the ~~city~~  
11 **MUNICIPALITY** establishing its status as a redevelopment project  
12 area.

13 (ii) An affidavit from the assessor, as certified by the ~~city~~  
14 clerk **OF THE MUNICIPALITY**, stating the total amount of investment  
15 in real and personal property within the redevelopment project  
16 area ~~of the city during the preceding 3 years. In the case of an~~  
17 ~~applicant seeking a license under this section within the first~~  
18 ~~license cycle after December 29, 2006, the time period described~~  
19 ~~in this subdivision may be up to 5 years, or 7 years for a city~~  
20 ~~having a population between 80,000 and 85,000 according to the~~  
21 ~~2000 federal decennial census and the application is submitted~~  
22 ~~within the first 6 months after December 29, 2006.~~

23 (iii) An affidavit from the assessor, as certified by the ~~city~~  
24 clerk **OF THE MUNICIPALITY**, separately stating the amount of  
25 investment money expended for manufacturing, industrial,  
26 residential, and commercial development within the redevelopment  
27 project area of the ~~city~~ **MUNICIPALITY** during the preceding 3

1 years. In the case of an applicant seeking a license under this  
2 section within the first license cycle after December 29, 2006,  
3 the time period described in this subdivision may be up to 5  
4 years, or 7 years for a city having a population between 80,000  
5 and 85,000 according to the 2000 federal decennial census and the  
6 application is submitted within the first 6 months after December  
7 29, 2006.

8 (3) Relative to the licenses issued under subsection (1) (a),  
9 the amount of commercial investment in the redevelopment project  
10 area within the ~~city~~ **MUNICIPALITY** shall constitute not less than  
11 25% of the total investment in real and personal property in that  
12 redevelopment project area as evidenced by an affidavit of the  
13 ~~city~~ **assessor OF THE MUNICIPALITY**. This subsection does not  
14 prevent the ~~city~~ **MUNICIPALITY** from realigning the redevelopment  
15 project area in the presentment of verification provided for  
16 under subsection (2) (c).

17 (4) In relation to a license issued under subsection (1) (a),  
18 an applicant shall be located in a ~~city~~ **MUNICIPALITY** that meets  
19 at least 1 of the investment requirements of subsection (1) (a)  
20 during the 3 years preceding the submission of its application. ~~r~~  
21 ~~or within the preceding 5 years in the case of an applicant~~  
22 ~~applying during the first license cycle after December 29, 2006.~~  
23 The total investment in real and personal property in the  
24 redevelopment project area within the ~~city~~ **MUNICIPALITY** over the  
25 appropriate time period described in this subsection shall be at  
26 least 1 of the following:

27 (a) Not less than \$50,000,000.00 in ~~cities~~ **MUNICIPALITIES**

1 having a population of 50,000 or more.

2 (b) Not less than an amount reflecting \$1,000,000.00 per  
3 1,000 people in ~~cities~~**MUNICIPALITIES** having a population of less  
4 than 50,000.

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

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

12 (a) The amount expended for the rehabilitation or  
13 restoration of the building that housed the licensed premises  
14 shall be not less than \$75,000.00 over a period of the preceding  
15 5 years or a commitment for a capital investment of at least that  
16 amount in the building that houses the licensed premises, which  
17 must be expended before the issuance of the license.

18 (b) The total amount of public and private investment in  
19 real and personal property within the qualified redevelopment  
20 project area shall not be less than \$200,000.00 over a period of  
21 the preceding 5 years as verified to the commission by means of  
22 an affidavit from the assessor, as certified by the clerk of the  
23 ~~local governmental unit~~**MUNICIPALITY**.

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

27 (7) The commission may issue 1 license for each monetary



1 threshold described in subsection (6)(b), or for each major  
 2 fraction thereof. The initial enhanced license fee for a license  
 3 issued under this section is \$20,000.00.

4 (8) The commission shall not transfer a license issued under  
 5 this section to another location. If the licensee goes out of  
 6 business, the licensee shall surrender the license to the  
 7 commission. The governing body of the ~~local governmental unit~~  
 8 **MUNICIPALITY** may approve another applicant within a ~~city~~  
 9 redevelopment project area to replace a licensee who has  
 10 surrendered the license issued under this section provided the  
 11 new applicant's business meets the requirements of this section  
 12 but without regard to subsections (2)(c), (3), and (4) or  
 13 subsection (6)(b).

14 (9) The individual signing the application for the license  
 15 shall state and demonstrate that the applicant attempted to  
 16 secure an appropriate ~~on-premise~~ **ON-PREMISES** escrowed license or  
 17 quota license issued under section 531 and that, to the best of  
 18 his or her knowledge, an ~~on-premise~~ **ON-PREMISES** license or quota  
 19 license issued under section 531 is not readily available within  
 20 the ~~local unit of government~~ **MUNICIPALITY** in which the applicant  
 21 proposes to operate.

22 (10) As used in this section:

23 ~~—— (a) "City" means a city established under either of the~~  
 24 ~~following:~~

25 ~~—— (i) The home rule city act, 1909 PA 279, MCL 117.1 to 117.38.~~

26 ~~—— (ii) The fourth class city act, 1895 PA 215, MCL 81.1 to~~  
 27 ~~113.20.~~

1           (A) ~~(b)~~—"Escrowed license" means a license in which the  
2 rights of the licensee in the license or to the renewal of the  
3 license are still in existence and are subject to renewal and  
4 activation in the manner provided for in R 436.1107 of the  
5 Michigan administrative code.

6           (B) **"MUNICIPALITY" MEANS A CITY, VILLAGE, OR TOWNSHIP.**

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

11           (i) The fair market value of the license, if determinable.

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

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

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

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

22           (b) Manufacturers of beer, \$50.00 per 1,000 barrels, or  
23 fraction of a barrel, production annually with a maximum fee of  
24 \$1,000.00, and in addition \$50.00 for each motor vehicle used in  
25 delivery to retail licensees. A fee increase does not apply to a  
26 manufacturer of less than 15,000 barrels production per year.

27           (c) Outstate seller of beer, delivering or selling beer in

1 this state, \$1,000.00.

2 (d) Wine makers, blenders, and rectifiers of wine, including  
3 makers, blenders, and rectifiers of wines containing 21% or less  
4 alcohol by volume, \$100.00. The small wine maker license fee is  
5 \$25.00.

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

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

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

12 (h) Wholesale vendors other than manufacturers of beer,  
13 \$300.00 for the first motor vehicle used in delivery to retail  
14 licensees and \$50.00 for each additional motor vehicle used in  
15 delivery to retail licensees.

16 (i) Watercraft, licensed to carry passengers, selling  
17 alcoholic liquor, a minimum fee of \$100.00 and a maximum fee of  
18 \$500.00 per year computed on the basis of \$1.00 per person per  
19 passenger capacity.

20 (j) Specially designated merchants, for selling beer or wine  
21 for consumption off the premises only but not at wholesale,  
22 \$100.00 for each location regardless of ~~the fact that~~ **WHETHER** the  
23 location ~~may be a~~ **IS** part of a system or chain of merchandising.

24 (k) Specially designated distributors licensed by the  
25 commission to distribute spirits and mixed spirit drink in the  
26 original package for the commission for consumption off the  
27 premises, \$150.00 per year, and an additional fee of \$3.00 for

1 each \$1,000.00 or major fraction of that amount in excess of  
2 \$25,000.00 of the total retail value of merchandise purchased  
3 under each license from the commission during the previous  
4 calendar year.

5 (l) Hotels of class A selling beer and wine, a minimum fee of  
6 \$250.00 and ~~, for all bedrooms in excess of 20,~~ \$1.00 for each  
7 ~~additional bedroom~~ **IN EXCESS OF 20**, but not more than \$500.00

8 **TOTAL.**

9 (m) Hotels of class B selling beer, wine, mixed spirit  
10 drink, and spirits, a minimum fee of \$600.00 and ~~, for all~~  
11 ~~bedrooms in excess of 20,~~ \$3.00 for each ~~additional bedroom~~ **IN**  
12 **EXCESS OF 20**. If a hotel of class B sells beer, wine, mixed  
13 spirit drink, and spirits in more than 1 public bar, ~~the fee~~  
14 ~~entitles the hotel to sell in only 1 public bar, other than a~~  
15 ~~bedroom, and a license shall be secured~~ **A FEE OF \$350.00 SHALL BE**  
16 **PAID** for each additional public bar, other than a bedroom. ~~, the~~  
17 ~~fee for which is \$350.00.~~

18 (n) Taverns, selling beer and wine, \$250.00.

19 (o) Class C license selling beer, wine, mixed spirit drink,  
20 and spirits, \$600.00. Subject to section 518(2), if a class C  
21 licensee sells beer, wine, mixed spirit drink, and spirits in  
22 more than 1 bar, a fee of \$350.00 shall be paid for each  
23 additional bar. In municipally owned or supported facilities in  
24 which nonprofit organizations operate concession stands, a fee of  
25 \$100.00 shall be paid for each additional bar.

26 (p) Clubs selling beer, wine, mixed spirit drink, and  
27 spirits, \$300.00 for clubs having 150 or fewer ~~duly~~ accredited

1 members and \$1.00 for each ~~additional member~~ **IN EXCESS OF 150.**  
 2 ~~The membership list for the purpose only of determining the~~  
 3 ~~license fees to be paid under this subdivision shall be the~~  
 4 ~~accredited~~ **CLUBS SHALL SUBMIT A** list of members ~~as determined by~~  
 5 a sworn affidavit 30 days before the closing of the license year.  
 6 **THE SWORN AFFIDAVIT SHALL BE USED ONLY FOR DETERMINING THE**  
 7 **LICENSE FEES TO BE PAID UNDER THIS SUBDIVISION.** This subdivision  
 8 does not prevent the commission from checking a membership list  
 9 and making its own determination from the list or otherwise. The  
 10 list of members and additional members is not required of a club  
 11 paying the maximum fee. The maximum fee shall not exceed \$750.00  
 12 for any 1 club.

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

15 (r) Special licenses, a fee of \$50.00 per day, except that  
 16 the fee for that license or permit issued to any bona fide  
 17 nonprofit association, duly organized and in continuous existence  
 18 for 1 year before the filing of its application, is \$25.00. Not  
 19 more than 12 special licenses may be granted to any organization,  
 20 including an auxiliary of the organization, in a calendar year.

21 (s) Airlines licensed to carry passengers in this state that  
 22 sell, offer for sale, provide, or transport alcoholic liquor,  
 23 \$600.00.

24 (t) Brandy manufacturer, \$100.00.

25 (u) Mixed spirit drink manufacturer, \$100.00.

26 ~~(v) Brewpub, \$100.00.~~

27 **(V)** ~~(w)~~ Class G-1, \$1,000.00.

- 1           (W) ~~(x)~~ Class G-2, \$500.00.  
 2           (X) ~~(y)~~ Motorsports event license, the amount as described  
 3 and determined under section 518(2).  
 4           (Y) ~~(z)~~ Small distiller, \$100.00.  
 5           (Z) ~~(aa)~~ Wine auction license, \$50,000.00.  
 6           (AA) ~~(bb)~~ Nonpublic continuing care retirement center  
 7 license, \$600.00.

8           (2) The fees provided in this act for the various types of  
 9 licenses shall not be prorated for a portion of the effective  
 10 period of the license. Notwithstanding subsection (1), the  
 11 initial license fee for any licenses issued under section 531(3),  
 12 ~~or (4)~~, **OR (5)** is \$20,000.00. The renewal license fee shall be  
 13 the amount described in subsection (1). However, the commission  
 14 shall not impose the ~~\$20,000.00~~ initial license fee for  
 15 applicants whose license eligibility was already approved on July  
 16 20, 2005.

17           (3) ~~Beginning July 23, 2004, and except~~ **EXCEPT** in the case  
 18 of any resort or resort economic development license issued under  
 19 section 531(2), (3), (4), ~~or (5)~~, **OR (6)** or a license issued  
 20 under section ~~521~~, **521A**, the commission shall issue an initial or  
 21 renewal license not later than 90 days after the applicant files  
 22 a completed application. ~~Receipt of the~~ **THE** application is  
 23 considered **TO BE RECEIVED** the date the application is received by  
 24 any agency or department of ~~the state of Michigan~~. **THIS STATE**. If  
 25 the **COMMISSION DETERMINES THAT AN** application is ~~considered~~  
 26 incomplete, ~~by the commission~~, the commission shall notify the  
 27 applicant in writing, or make the information electronically

1 available, within 30 days after receipt of the incomplete  
2 application, describing the deficiency and requesting the  
3 additional information. The determination of the completeness of  
4 an application ~~does not operate as~~ **IS NOT** an approval of the  
5 application for the license and does not confer eligibility upon  
6 an applicant determined otherwise ineligible for issuance of a  
7 license. The 90-day period is tolled **FOR THE FOLLOWING PERIODS**  
8 under any of the following circumstances:

9 (a) ~~Notice~~ **IF NOTICE IS** sent by the commission of a  
10 deficiency in the application, until the date all of the  
11 requested information is received by the commission.

12 (b) ~~The~~ **FOR THE** time period ~~during which~~ **REQUIRED TO**  
13 **COMPLETE** actions required by a ~~party~~ **PERSON**, other than the  
14 applicant or the commission, ~~are completed that include,~~  
15 **INCLUDING**, but ~~are~~ not limited to, completion of construction or  
16 renovation of the licensed premises; mandated inspections by the  
17 commission or by any state, local, or federal agency; approval by  
18 the legislative body of a local unit of government; criminal  
19 history or criminal record checks; financial or court record  
20 checks; or other actions mandated by this act or rule or as  
21 otherwise mandated by law or local ordinance.

22 (4) If the commission fails to issue or deny a license  
23 within the time required by this section, the commission shall  
24 return the license fee and shall reduce the license fee for the  
25 applicant's next renewal application, if any, by 15%. The failure  
26 to issue a license within the time required under this section  
27 does not allow the commission to otherwise delay the processing

1 of the application, and that application, upon completion, shall  
2 be placed in sequence with other completed applications received  
3 at that same time. The commission shall not discriminate against  
4 an applicant in the processing of the application based upon the  
5 fact that the license fee was refunded or discounted under this  
6 subsection.

7 (5) IF, IN ADDITION TO A COMPLETED APPLICATION UNDER THIS  
8 SECTION, AN APPLICANT SUBMITS A SEPARATE FORM REQUESTING A  
9 CONDITIONAL LICENSE WITH AN ACCEPTABLE PROOF OF FINANCIAL  
10 RESPONSIBILITY FORM UNDER SECTION 803, AND AN EXECUTED PROPERTY  
11 DOCUMENT, THE COMMISSION SHALL, AFTER CONSIDERING THE ARREST AND  
12 CONVICTION RECORDS OR PREVIOUS VIOLATION HISTORY IN THE  
13 MANAGEMENT, OPERATION, OR OWNERSHIP OF A LICENSED BUSINESS,  
14 APPROVE OR DENY A CONDITIONAL LICENSE TO ANY OF THE FOLLOWING:

15 (A) AN APPLICANT SEEKING TO TRANSFER OWNERSHIP OF OR  
16 INTEREST IN AN EXISTING LICENSE AT THE SAME LOCATION UNDER  
17 SUBSECTION (3) TO SELL ALCOHOLIC LIQUOR FOR CONSUMPTION ON OR OFF  
18 THE PREMISES.

19 (B) AN APPLICANT SEEKING AN INITIAL LICENSE UNDER SUBSECTION  
20 (3), EXCEPT FOR A SPECIALLY DESIGNATED DISTRIBUTOR LICENSE OR A  
21 LICENSE FOR THE SALE OF ALCOHOLIC LIQUOR FOR CONSUMPTION ON THE  
22 PREMISES.

23 (6) THE COMMISSION SHALL ISSUE A CONDITIONAL LICENSE TO  
24 APPLICANTS UNDER SUBSECTION (5) WITHIN 20 BUSINESS DAYS AFTER  
25 RECEIPT OF A COMPLETED CONDITIONAL LICENSE REQUEST FORM FOR A  
26 CONDITIONAL LICENSE AT A SINGLE LOCATION. THE COMMISSION MAY TAKE  
27 UP TO 30 BUSINESS DAYS TO ISSUE CONDITIONAL LICENSES TO



1 APPLICANTS SEEKING CONDITIONAL LICENSES AT MULTIPLE LOCATIONS.

2 (7) A CONDITIONAL LICENSE ISSUED UNDER SUBSECTION (5) IS  
3 NONTRANSFERABLE AND NONRENEWABLE. A CONDITIONAL LICENSE ISSUED  
4 UNDER SUBSECTION (5) EXPIRES WHEN THE COMMISSION ISSUES AN ORDER  
5 OF DENIAL OF THE LICENSE APPLICATION THAT SERVES AS THE BASIS FOR  
6 THE CONDITIONAL LICENSE AFTER ALL ADMINISTRATIVE REMEDIES BEFORE  
7 THE COMMISSION HAVE BEEN EXHAUSTED, EXPIRES 20 BUSINESS DAYS  
8 AFTER THE COMMISSION ISSUES AN ORDER OF APPROVAL OF THE LICENSE  
9 APPLICATION THAT SERVES AS THE BASIS FOR THE CONDITIONAL LICENSE,  
10 EXPIRES WHEN THE LICENSEE OR CONDITIONAL LICENSEE NOTIFIES THE  
11 COMMISSION IN WRITING THAT THE INITIAL APPLICATION SHOULD BE  
12 CANCELED, OR EXPIRES 1 YEAR AFTER THE DATE THE CONDITIONAL  
13 LICENSE WAS ISSUED, WHICHEVER OCCURS FIRST. IF A CONDITIONALLY  
14 APPROVED LICENSEE FAILS TO MAINTAIN ACCEPTABLE PROOF OF ITS  
15 FINANCIAL RESPONSIBILITY, THE COMMISSION SHALL, AFTER DUE NOTICE  
16 AND PROPER HEARING, SUSPEND THE CONDITIONAL LICENSE UNTIL THE  
17 LICENSEE FILES AN ACCEPTABLE PROOF OF FINANCIAL RESPONSIBILITY  
18 FORM UNDER SECTION 803. IF A CONDITIONAL LICENSE IS REVOKED, THE  
19 CONDITIONAL LICENSEE SHALL NOT RECOVER FROM A UNIT OF LOCAL  
20 GOVERNMENT ANY COMPENSATION FOR PROPERTY, FUTURE INCOME, OR  
21 FUTURE ECONOMIC LOSS DUE TO THE REVOCATION.

22 (8) UPON ISSUING A CONDITIONAL LICENSE UNDER SUBSECTION (5),  
23 THE COMMISSION SHALL, UNTIL THE CONDITIONAL LICENSE EXPIRES UNDER  
24 SUBSECTION (7), PLACE AN EXISTING LICENSE UNDER SUBSECTION (3) IN  
25 ESCROW IN COMPLIANCE WITH R 436.1107 OF THE MICHIGAN  
26 ADMINISTRATIVE CODE. IF THE CONDITIONAL LICENSE EXPIRES BECAUSE A  
27 TRANSFER OF AN EXISTING LICENSE WAS DENIED OR BECAUSE THE LICENSE

1 WAS NOT TRANSFERRED WITHIN THE 1-YEAR PERIOD, AN EXISTING  
2 LICENSEE MAY DO 1 OF THE FOLLOWING:

3 (A) REQUEST THAT THE COMMISSION RELEASE THE LICENSE FROM  
4 ESCROW.

5 (B) KEEP THE LICENSE IN ESCROW. THE ESCROW DATE FOR  
6 COMPLIANCE WITH R 436.1107 OF THE MICHIGAN ADMINISTRATIVE CODE  
7 SHALL BE THE DATE THE CONDITIONAL LICENSE EXPIRES.

8 (9) ~~(5) Beginning October 1, 2005, the~~ THE chair of the  
9 commission shall submit a report by December 1 of each year to  
10 the standing committees and appropriations subcommittees of the  
11 senate and house of representatives concerned with liquor license  
12 issues. The chair of the commission shall include all of the  
13 following information in the report concerning the preceding  
14 fiscal year:

15 (a) The number of initial and renewal applications the  
16 commission received and completed within the 90-day time period  
17 described in subsection (3).

18 (b) The number of applications denied.

19 (c) The number of applicants not issued a license within the  
20 90-day time period and the amount of money returned to licensees  
21 under subsection (4).

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

1 ~~state of Michigan.~~

2 (10) EXCEPT AS OTHERWISE PROVIDED UNDER THIS SUBSECTION,  
 3 APPLICATION FEES CHARGED BY A LOCAL UNIT OF GOVERNMENT FOR  
 4 LICENSES SHALL BE IN ACCORDANCE WITH, AND SHALL NOT EXCEED, THE  
 5 FEES PROVIDED IN THIS ACT. A LOCAL UNIT OF GOVERNMENT MAY CHARGE  
 6 UP TO \$5,000.00 FOR A LICENSE ISSUED UNDER SECTION 531(4), AND  
 7 THAT FEE SHALL BE USED FOR LAW ENFORCEMENT PURPOSES.

8 Sec. 526. (1) The commission may issue a special license  
 9 under this section to any organization conducting a beer, **WINE,**  
 10 **OR SPIRITS** festival. The application shall conform to the  
 11 following:

12 (a) Be submitted by a nonprofit entity composed primarily of  
 13 brewers, ~~microbrewers, and brewpubs,~~ **SMALL BREWERS, BRANDY**  
 14 **MANUFACTURERS, SMALL DISTILLERS, WINE MAKERS, OR SMALL WINE**  
 15 **MAKERS,** as determined by the commission.

16 (b) Involve an event having for its primary purpose the  
 17 showcasing of beer, **WINE, OR SPIRITS** and its production.

18 (c) Be accompanied by a fee of \$25.00 per day of the event.

19 (2) The special license shall not allow more than 6 events  
 20 per calendar year conforming to the requirements of subsection  
 21 (1).

22 (3) A holder of a special license issued under this section  
 23 may buy a quantity of beer, **WINE, OR SPIRITS,** as determined  
 24 appropriate under the circumstances by the commission, directly  
 25 from any licensed ~~brewpub~~ **MANUFACTURER** for consumption only at  
 26 the licensed event.

27 ~~————(4) As used in this section and section 413, "beer festival"~~

1 ~~means an event at which the various types and kinds of beer and~~  
2 ~~the production of that beer are showcased to the general public~~  
3 ~~and at which the general public can purchase and sample the beer~~  
4 ~~being showcased for consumption on the licensed premises.~~

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

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

23       (3) Except as otherwise provided in **THIS SUBSECTION AND**  
24 subdivisions (a) through (f), upon approval by the commission of  
25 a transfer subject to subsection (1), ~~there shall be paid to~~ **THE**  
26 **APPLICANT OR LICENSEE SHALL PAY** the commission a transfer fee  
27 equal to the fee provided in this act for the class of license

1 being transferred **UNLESS THE LICENSE IS BEING TRANSFERRED FROM 1**  
2 **COUNTY TO ANOTHER AS PROVIDED IN SECTION 531(1). THE TRANSFER FEE**  
3 **FOR THE TRANSFER OF AN ESCROWED LICENSE FROM 1 CONTIGUOUS COUNTY**  
4 **TO ANOTHER IS \$10,000.00.** A transfer fee shall not be prorated  
5 for a portion of the effective period of the license. If a person  
6 holding more than 1 license or more than 1 interest in a license  
7 at more than 1 location, but in the name of a single legal  
8 entity, transfers all of the licenses or interests in licenses  
9 simultaneously to another single legal entity, the transfers  
10 shall be considered 1 transfer for purposes of determining a  
11 transfer fee, payable in an amount equal to the highest license  
12 fee provided in this act for any of the licenses, or interests in  
13 licenses, being transferred. A transfer fee shall not be required  
14 in regard to any of the following:

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

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

27 (c) The transfer of the interest in a licensed business of a

1 deceased licensee, a deceased stockholder, or a deceased member  
2 of a general or limited partnership to the deceased person's  
3 spouse or children.

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

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

9 (i) A licensed sole proprietor.

10 (ii) A stockholder in a licensed corporation.

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

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

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

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

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

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

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

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

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

1 (d) A request for approval of the transfer in any licensing  
2 year of any of the shares of stock in a licensed corporation from  
3 1 person to another, or any part of the total interest in a  
4 licensed limited partnership from 1 person to another.

5 (5) An inspection fee shall be returned to the person ~~by~~  
6 ~~whom it was paid~~ **WHO PAID THE FEE** if the purpose of the  
7 inspection was to inspect the physical premises of the licensee,  
8 and the inspection was not actually conducted. An inspection fee  
9 ~~shall not be~~ **IS NOT** required for any of the following:

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

14 (b) The issuance of a new permit, or the transfer of an  
15 existing permit, if the permit is issued or transferred  
16 simultaneously with the issuance or transfer of a license or an  
17 interest in a license.

18 (c) The issuance of authorized but previously unissued  
19 corporate stock to an existing stockholder of a licensed  
20 corporation.

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

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

27 Sec. 531. (1) A public license shall not be granted for the

1 sale of alcoholic liquor for consumption on the premises in  
2 excess of 1 license for each 1,500 of population or major  
3 fraction thereof. An on-premises escrowed license issued under  
4 this subsection may be transferred, subject to **THE LIMITATIONS**  
5 **ESTABLISHED UNDER THIS SUBSECTION, TO THE TRANSFER FEES PROVIDED**  
6 **IN SECTION 529, AND TO** local legislative approval under section  
7 501(2), to an applicant whose proposed operation is located  
8 within any local governmental unit in a county in which the  
9 escrowed license was located **OR LOCATED IN A COUNTY CONTIGUOUS TO**  
10 **THE COUNTY IN WHICH THE ESCROWED LICENSE WAS LOCATED. AN ESCROWED**  
11 **LICENSE THAT IS TRANSFERRED FROM 1 COUNTY TO ANOTHER UNDER THIS**  
12 **SUBSECTION SHALL NOT BE SUBSEQUENTLY TRANSFERRED TO ANOTHER**  
13 **COUNTY WITHIN A 5-YEAR PERIOD.** If the local governmental unit  
14 within which the former licensee's premises were located spans  
15 more than 1 county, an escrowed license may be transferred,  
16 subject to local legislative approval under section 501(2), to an  
17 applicant whose proposed operation is located within any local  
18 governmental unit in either county. If an escrowed license is  
19 activated within a local governmental unit other than that local  
20 governmental unit within which the escrowed license was  
21 originally issued, the commission shall count that activated  
22 license against the local governmental unit originally issuing  
23 the license. This quota does not bar the right of an existing  
24 licensee to renew a license or transfer the license and does not  
25 bar the right of an on-premises licensee of any class to  
26 reclassify to another class of on-premises license in a manner  
27 not in violation of law or this act, subject to the consent of



1 the commission. The upgrading of a license resulting from a  
2 request under this subsection is subject to approval by the local  
3 governmental unit having jurisdiction.

4 (2) In a resort area, the commission may issue no more than  
5 550 licenses for a period not to exceed 12 months without regard  
6 to a limitation because of population and with respect to the  
7 resort license the commission, by rule, shall define and classify  
8 resort seasons by months and may issue 1 or more licenses for  
9 resort seasons without regard to the calendar year or licensing  
10 year.

11 (3) In addition to the resort licenses authorized in  
12 subsection (2), the commission may issue not more than 5  
13 additional licenses per year to establishments whose business and  
14 operation, as determined by the commission, is designed to  
15 attract and accommodate tourists and visitors to the resort area,  
16 whose primary purpose is not for the sale of alcoholic liquor,  
17 and whose capital investment in real property, leasehold  
18 improvement, and fixtures for the premises to be licensed is  
19 \$75,000.00 or more. Further, the commission shall issue 1 license  
20 under this subsection per year to an applicant located in a rural  
21 area that has a poverty rate, as defined by the latest decennial  
22 census, greater than the statewide average, or that is located in  
23 a rural area that has an unemployment rate higher than the  
24 statewide average for 3 of the 5 preceding years. In counties  
25 having a population of less than 50,000, as determined by the  
26 last federal decennial census or as determined under subsection  
27 ~~(11)~~-(12) and subject to subsection ~~(16)~~-(17) in the case of a

1 class A hotel or a class B hotel, the commission shall not  
2 require the establishments to have dining facilities to seat more  
3 than 50 persons. The commission may cancel the license if the  
4 resort is no longer active or no longer qualifies for the  
5 license. Before January 16 of each year the commission shall  
6 transmit to the legislature a report giving details as to all of  
7 the following:

8 (a) The number of applications received under this  
9 subsection.

10 (b) The number of licenses granted and to whom.

11 (c) The number of applications rejected and the reasons they  
12 were rejected.

13 (d) The number of the licenses revoked, suspended, or other  
14 disciplinary action taken and against whom and the grounds for  
15 revocation, suspension, or disciplinary action.

16 (4) IN ADDITION TO ANY LICENSES FOR THE SALE OF ALCOHOLIC  
17 LIQUOR FOR CONSUMPTION ON THE PREMISES THAT MAY BE AVAILABLE IN  
18 THE LOCAL GOVERNMENTAL UNIT UNDER SUBSECTION (1) AND THE LICENSES  
19 AUTHORIZED IN SUBSECTIONS (2) AND (3), THE COMMISSION MAY ISSUE  
20 NOT MORE THAN 40 ADDITIONAL LICENSES PER YEAR. A PERSON IS  
21 ELIGIBLE TO APPLY FOR A LICENSE UNDER THIS SUBSECTION UPON  
22 SUBMITTING AN APPLICATION TO THE COMMISSION AND DEMONSTRATING ALL  
23 OF THE FOLLOWING:

24 (A) THE ESTABLISHMENT'S BUSINESS AND OPERATION, AS  
25 DETERMINED BY THE COMMISSION, IS DESIGNED TO ATTRACT AND  
26 ACCOMMODATE TOURISTS AND VISITORS TO THE RESORT AREA.

27 (B) THE ESTABLISHMENT'S PRIMARY BUSINESS IS NOT THE SALE OF

1 ALCOHOLIC LIQUOR.

2 (C) THE CAPITAL INVESTMENT IN REAL PROPERTY, LEASEHOLD  
3 IMPROVEMENT, FIXTURES, AND INVENTORY FOR THE PREMISES TO BE  
4 LICENSED IS IN EXCESS OF \$500,000.00.

5 (5) ~~(4)~~—In addition to any licenses for the sale of  
6 alcoholic liquor for consumption on the premises that may be  
7 available in the local governmental unit under subsection (1) and  
8 the resort licenses authorized in subsections (2), ~~and~~(3), **AND**  
9 (4), the commission may issue not more than 15 resort economic  
10 development licenses per year. A person is eligible to apply for  
11 a resort economic development license under this subsection upon  
12 submitting an application to the commission and demonstrating all  
13 of the following:

14 (a) The establishment's business and operation, as  
15 determined by the commission, is designed to attract and  
16 accommodate tourists and visitors to the resort area.

17 (b) The establishment's primary business is not the sale of  
18 alcoholic liquor.

19 (c) The capital investment in real property, leasehold  
20 improvement, fixtures, and inventory for the premises to be  
21 licensed is in excess of \$1,500,000.00.

22 (d) The establishment does not allow or permit casino  
23 gambling on the premises.

24 (6) ~~(5)~~—In governmental units having a population of 50,000  
25 or less, as determined by the last federal decennial census or as  
26 determined under subsection ~~(11)~~, **(12)**, in which the quota of  
27 specially designated distributor licenses, as provided by section

1 533, has been exhausted, the commission may issue not more than a  
2 total of 10 additional specially designated distributor licenses  
3 per year to established merchants whose business and operation,  
4 as determined by the commission, is designed to attract and  
5 accommodate tourists and visitors to the resort area. A specially  
6 designated distributor license issued under this subsection may  
7 be issued at a location within 2,640 feet of existing specially  
8 designated distributor license locations. A specially designated  
9 distributor license issued under this subsection shall not bar  
10 another specially designated distributor licensee from  
11 transferring location to within 2,640 feet of that licensed  
12 location. A specially designated distributor license issued under  
13 section 533 may be located within 2,640 feet of a specially  
14 designated distributor license issued under this subsection.

15 (7) ~~(6)~~—In addition to any licenses for the sale of  
16 alcoholic liquor for consumption on the premises that may be  
17 available in the local governmental unit under subsection (1),  
18 and the resort or resort economic development licenses authorized  
19 in subsections (2), (3), ~~and (4)~~, **AND (5)**, and notwithstanding  
20 section 519, the commission may issue not more than 5 additional  
21 special purpose licenses in any calendar year for the sale of  
22 beer and wine for consumption on the premises. A special purpose  
23 license issued under this subsection shall be issued only for  
24 events that are to be held from May 1 to September 30, are  
25 artistic in nature, and that are to be held on the campus of a  
26 public university with an enrollment of 30,000 or more students.  
27 A special purpose license is valid for 30 days or for the

1 duration of the event for which it is issued, whichever is less.  
2 The fee for a special purpose license is \$50.00. A special  
3 purpose license may be issued only to a corporation that meets  
4 all of the following requirements:

5 (a) Is a nonprofit corporation organized under the nonprofit  
6 corporation act, 1982 PA 162, MCL 450.2101 to 450.3192.

7 (b) Has a board of directors constituted of members of whom  
8 half are elected by the public university at which the event is  
9 scheduled and half are elected by the local governmental unit.

10 (c) Has been in continuous existence for not less than 6  
11 years.

12 (8) ~~(7)~~—Notwithstanding the local legislative body approval  
13 provision of section 501(2) and notwithstanding the provisions of  
14 section 519, the commission may issue, without regard to the  
15 quota provisions of subsection (1) and with the approval of the  
16 governing board of the university, either a tavern or class C  
17 license which may be used only for regularly scheduled events at  
18 a public university's established outdoor program or festival at  
19 a facility on the campus of a public university having a head  
20 count enrollment of 10,000 students or more. A license issued  
21 under this subsection may only be issued to the governing board  
22 of a public university, a person that is the lessee or  
23 concessionaire of the governing board of the university, or both.  
24 A license issued under this subsection is not transferable as to  
25 ownership or location. Except as otherwise provided in this  
26 subsection, a license issued under this subsection may not be  
27 issued at an outdoor stadium customarily used for intercollegiate

1 athletic events. A license may be issued at an outdoor stadium  
2 customarily used for intercollegiate athletic events for not more  
3 than 30 consecutive days to a concessionaire of an entity granted  
4 exclusive use of a public university's property in conjunction  
5 with a hockey game sanctioned by an unincorporated not-for-profit  
6 association that operates a major professional ice hockey league  
7 consisting of teams located in Canada and in the United States if  
8 the concessionaire has entered into an agreement granting it  
9 control of the licensed premises for the purposes of complying  
10 with this act and rules promulgated under this act regarding the  
11 sale of alcoholic liquor. A nationally televised game between 2  
12 professional hockey teams played outdoors is considered an  
13 established outdoor program for the purposes of this subsection.  
14 Notwithstanding any provision of this act or any rule promulgated  
15 under this act, a concessionaire obtaining a license under this  
16 subsection may share the profits generated from that license with  
17 an unincorporated not-for-profit association that operates a  
18 major professional ice hockey league consisting of teams located  
19 in Canada and in the United States or an affiliated entity under  
20 a written contract reviewed by the commission. If the established  
21 outdoor program is a nationally televised game between 2  
22 professional hockey teams, the commission may allow the promotion  
23 and advertising of alcoholic liquor brands on the campus of a  
24 public university where a concessionaire has been issued a  
25 license under this subsection for the duration of the license.

26 (9) ~~(8)~~—In issuing a resort or resort economic development  
27 license under subsection (3), (4), ~~or~~ (5), **OR (6)**, the commission

1 shall consider economic development factors of the area in  
2 issuing licenses to establishments designed to stimulate and  
3 promote the resort and tourist industry. The commission shall not  
4 transfer a resort or resort economic development license issued  
5 under subsection (3), (4), ~~or~~(5), **OR (6)** to another location. If  
6 the licensee goes out of business the license shall be  
7 surrendered to the commission.

8       **(10)** ~~(9)~~—The limitations and quotas of this section are not  
9 applicable to issuing a new license to a veteran of the armed  
10 forces of the United States who was honorably discharged or  
11 released under honorable conditions from the armed forces of the  
12 United States and who had by forced sale disposed of a similar  
13 license within 90 days before or after entering or while serving  
14 in the armed forces of the United States, as a part of the  
15 person's preparation for that service if the application for a  
16 new license is submitted for the same governmental unit in which  
17 the previous license was issued and within 60 days after the  
18 discharge of the applicant from the armed forces of the United  
19 States.

20       **(11)** ~~(10)~~—The limitations and quotas of this section are not  
21 applicable to issuing a new license or renewing an existing  
22 license where the property or establishment to be licensed is  
23 situated in or on land on which an airport owned by a county or  
24 in which a county has an interest is situated.

25       **(12)** ~~(11)~~—For purposes of implementing this section a  
26 special state census of a local governmental unit may be taken at  
27 the expense of the local governmental unit by the federal bureau

1 of census or the secretary of state under section 6 of the home  
2 rule city act, 1909 PA 279, MCL 117.6. The special census shall  
3 be initiated by resolution of the governing body of the local  
4 governmental unit involved. The secretary of state may promulgate  
5 additional rules necessary for implementing this section pursuant  
6 to the administrative procedures act of 1969, 1969 PA 306, MCL  
7 24.201 to 24.328.

8 (13) ~~(12) Before granting an approval as required in section~~  
9 ~~501(2) for a license to be issued under subsection (2), (3), or~~  
10 ~~(4), a local legislative body shall disclose the availability of~~  
11 ~~transferable licenses held in escrow for more than 1 licensing~~  
12 ~~year within that respective local governmental unit. The local~~  
13 governmental unit shall provide public notice of the meeting to  
14 consider the granting of the license by the local governmental  
15 unit 2 weeks before the meeting.

16 (14) ~~(13)~~ The person signing the application for an on-  
17 premises resort or resort economic development license shall  
18 state and verify that he or she attempted to secure an on-  
19 premises escrowed license or quota license and that, to the best  
20 of his or her knowledge, an on-premises escrowed license or quota  
21 license is not readily available within the county in which the  
22 applicant for the on-premises resort or resort economic  
23 development license proposes to operate.

24 (15) ~~(14)~~ The commission shall not issue an on-premises  
25 resort or resort economic development license if the county  
26 within which the resort or resort economic development license  
27 applicant proposes to operate has not issued all on-premises



1 licenses available under subsection (1) or if an on-premises  
2 escrowed license exists and is readily available within the local  
3 governmental unit in which the applicant for the on-premises  
4 resort or resort economic development license proposes to  
5 operate. The commission may waive the provisions of this  
6 subsection upon a showing of good cause.

7       (16) ~~(15)~~—The commission shall annually report to the  
8 legislature the names of the businesses issued licenses under  
9 this section and their locations.

10       (17) ~~(16)~~—The commission shall not require a class A hotel  
11 or a class B hotel licensed under subsection (2), (3), ~~or (4)~~, OR  
12 (5) to provide food service to registered guests or to the  
13 public.

14       (18) ~~(17)~~—Subject to the limitation and quotas of subsection  
15 (1) and to local legislative approval under section 501(2), the  
16 commission may approve the transfer of ownership and location of  
17 an on-premises escrowed license within the same county to a class  
18 G-1 or class G-2 license or may approve the reclassification of  
19 an existing on-premises license at the location to be licensed to  
20 a class G-1 license or to a class G-2 license, subject to  
21 subsection (1). Resort or economic development on-premises  
22 licenses created under subsection (3) or ~~(4)~~ (5) may not be  
23 issued as, or reclassified to, a class G-1 or class G-2 license.

24       (19) ~~(18)~~—As used in this section:

25       (a) "Escrowed license" means a license in which the rights  
26 of the licensee in the license or to the renewal of the license  
27 are still in existence and are subject to renewal and activation

1 in the manner provided for in R 436.1107 of the Michigan  
2 administrative code.

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

7 (i) The fair market value of the license, if determinable.

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

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

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

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

15 (b) Class C license, where beer, wine, mixed spirit drink,  
16 and spirits may be sold for consumption on the premises.

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

21 (d) Direct shippers, where **BEER OR** wine may be sold and  
22 shipped directly to the consumer.

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

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

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

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

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

13 (j) ~~Brewpubs~~ **SMALL BREWERS**, where beer ~~manufactured on the~~  
14 ~~premises by the licensee may be sold for consumption on or off~~  
15 ~~the premises by any of the following licensees:~~ **PRODUCED BY THE**  
16 **SMALL BREWER MAY BE SOLD BY DIRECT SHIPMENT AS A DIRECT SHIPPER**  
17 **AND ON THE LICENSED PREMISES FOR CONSUMPTION ON OR OFF THE**  
18 **PREMISES.**

19 ~~—— (i) Class C.~~

20 ~~—— (ii) Tavern.~~

21 ~~—— (iii) Class A hotel.~~

22 ~~—— (iv) Class B hotel.~~

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

26 (l) Class G-1 license, where beer, wine, mixed spirit drink,  
27 and spirits may be sold for consumption on the premises only to

1 members required to pay an annual membership fee and consumption  
2 is limited to these members and their bona fide guests.

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

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

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

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

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

22 **(R) A SMALL WINE MAKER, WHERE WINE MAY BE SOLD BY DIRECT**  
23 **SHIPMENT AS A DIRECT SHIPPER, AT RETAIL ON THE LICENSED PREMISES,**  
24 **AND AS PROVIDED FOR IN SUBSECTIONS (2) AND (3).**

25 (2) A wine maker **OR SMALL WINE MAKER** may sell wine made by  
26 that wine maker in a restaurant for consumption on or off the  
27 premises if the restaurant is owned by the wine maker or operated

1 by another person under an agreement approved by the commission  
2 and located on the premises where the wine maker OR SMALL WINE  
3 MAKER is licensed OR ON CONTIGUOUS PREMISES OWNED BY THE WINE  
4 MAKER OR SMALL WINE MAKER. A WINE MAKER OR SMALL WINE MAKER MAY  
5 SELL BEER OR WINE NOT PRODUCED BY THE WINE MAKER OR SMALL WINE  
6 MAKER FOR A RESTAURANT FOR CONSUMPTION ON THE PREMISES IF THOSE  
7 ALCOHOLIC BEVERAGES ARE PURCHASED FROM A WHOLESALER.

8 (3) THE COMMISSION MAY APPROVE A BRANDY MANUFACTURER OR  
9 SMALL DISTILLER TO SELL BRANDY AND SPIRITS MADE BY THAT BRANDY  
10 MANUFACTURER OR SMALL DISTILLER IN A RESTAURANT FOR CONSUMPTION  
11 ON OR OFF THE PREMISES IF THE RESTAURANT IS OWNED BY THE BRANDY  
12 MANUFACTURER OR SMALL DISTILLER OR OPERATED BY ANOTHER PERSON  
13 UNDER AN AGREEMENT APPROVED BY THE COMMISSION AND IS LOCATED ON  
14 PREMISES WHERE THE BRANDY MANUFACTURER OR SMALL DISTILLER IS  
15 LICENSED OR ON CONTIGUOUS PREMISES OWNED BY THE BRANDY  
16 MANUFACTURER OR SMALL DISTILLER. BRANDY AND SPIRITS SOLD FOR  
17 CONSUMPTION OFF THE PREMISES UNDER THIS SUBSECTION SHALL BE SOLD  
18 AT THE UNIFORM PRICE ESTABLISHED BY THE COMMISSION. A BRANDY  
19 MANUFACTURER OR SMALL DISTILLER MAY SELL BEER OR WINE NOT  
20 PRODUCED BY THE BRANDY MANUFACTURER OR SMALL DISTILLER AT A  
21 RESTAURANT FOR CONSUMPTION ON THE PREMISES IF THOSE ALCOHOLIC  
22 BEVERAGES ARE PURCHASED FROM A WHOLESALER.

23 (4) THE COMMISSION SHALL ALLOW A SMALL DISTILLER, BRANDY  
24 MANUFACTURER, WINE MAKER, OR SMALL WINE MAKER TO SELL THE BRANDS  
25 OF SPIRITS AND WINES IT MANUFACTURES FOR CONSUMPTION ON ANY  
26 LICENSED PREMISES AT THAT DISTILLERY, BRANDY MANUFACTURER, OR  
27 WINERY.

1           (5) ~~(3)~~—A **BREWER, SMALL BREWER, wine maker, OR SMALL WINE**  
2 **MAKER,** with the prior written approval of the commission, may  
3 conduct **BEER OR** wine tastings of **BEER OR** wines made by that  
4 **BREWER, SMALL BREWER, wine maker, OR SMALL WINE MAKER** on the  
5 premises where the **BREWER, SMALL BREWER, wine maker, OR SMALL**  
6 **WINE MAKER** is licensed to manufacture **BEER OR** wine. The **BREWER,**  
7 **SMALL BREWER, wine maker, OR SMALL WINE MAKER** may charge for the  
8 samples.

9           (6) ~~(4)~~—A wine maker ~~,~~—**OR SMALL WINE MAKER,** with the prior  
10 written approval of the commission, may conduct wine tastings of  
11 wines made by that wine maker and may sell the wine made by that  
12 wine maker for consumption off the premises at a location other  
13 than the premises where the wine maker is licensed to manufacture  
14 wine, under the following conditions:

15           (a) The premises upon which the wine tasting occurs conforms  
16 to local and state sanitation requirements.

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

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

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

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

26           (7) ~~(5)~~—Notwithstanding section 1025(1), an outstate seller  
27 of beer, an outstate seller of wine, a wine maker, a brewer, a

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

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

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

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

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

21 (8) ~~(6)~~—During the time a beer or wine tasting is conducted  
22 under subsection ~~(5)~~, ~~(7)~~, a specially designated merchant,  
23 outstate seller of beer, outstate seller of wine, wine maker,  
24 ~~micro~~**SMALL** brewer, or brewer, or its agent or employee who has  
25 successfully completed a server training program as provided for  
26 in section 906, shall devote full time to the beer and wine  
27 tasting activity and shall perform no other duties, including the

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

8 (9) ~~(7)~~—A wholesaler shall not conduct or participate in  
9 beer and wine tastings allowed under a permit issued under  
10 subsection ~~(5)~~-(7).

11 (10) ~~(8)~~—A beer and wine tasting under subsection ~~(5)~~-(7)  
12 may only be conducted during the legal hours for the sale of  
13 alcoholic liquor by the licensee.

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

22 (a) The premises upon which the brandy and spirits tastings  
23 occur conform to local and state sanitation requirements.

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

26 (c) The brandy and spirits tasting locations are considered  
27 licensed premises **AND THE BRANDY MANUFACTURER OR SMALL DISTILLER**



1 **MAY CHARGE FOR SAMPLES.**

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

4 (e) The premises and the license comply with and are subject  
5 to all applicable rules promulgated by the commission.

6 Sec. 541. (1) The commission shall not prohibit an applicant  
7 for or the holder of a specially designated distributor license  
8 or specially designated merchant license from owning or operating  
9 motor vehicle fuel pumps on or adjacent to the licensed premises,  
10 if ~~both of the following conditions are met:~~

11 ~~—— (a) One~~ 1 or both of the following conditions exist:

12 (A) ~~(i)~~ The applicant or licensee is located in a  
13 neighborhood shopping center composed of 1 or more commercial  
14 establishments organized or operated as a unit ~~which~~ **THAT** is  
15 related in location, size, and type of shop to the trade area  
16 that the unit serves, ~~which~~ **THAT** provides not less than 50,000  
17 square feet of gross leasable retail space, and ~~which~~ **THAT**  
18 provides 5 private off-street parking spaces for each 1,000  
19 square feet of gross leasable retail space.

20 (B) ~~(ii)~~ The applicant or licensee maintains a minimum  
21 inventory on the premises, excluding alcoholic liquor and motor  
22 vehicle fuel, of not less than ~~\$250,000.00,~~ **\$50,000.00**, at cost,  
23 of those goods and services customarily marketed by approved  
24 types of businesses.

25 ~~—— (b) The site of payment and selection of alcoholic liquor is~~  
26 ~~not less than 50 feet from that point where motor vehicle fuel is~~  
27 ~~dispensed.~~

1           (2) The commission shall not prohibit an applicant for or  
2 the holder of a specially designated distributor license or  
3 specially designated merchant license from owning or operating  
4 motor vehicle fuel pumps on or adjacent to the licensed premises,  
5 if all of the following conditions are met:

6           (a) The applicant is located in a township with a population  
7 of 7,000 or less, ~~which~~ **AND THE** township is not contiguous with  
8 any other township. For purposes of this subdivision, a township  
9 is not considered contiguous by water.

10           (b) The applicant or licensee maintains a minimum inventory  
11 on the premises, excluding alcoholic liquor and motor vehicle  
12 fuel, of not less than \$12,500.00 at cost, of those goods and  
13 services customarily marketed by approved types of businesses.

14           (c) The applicant has the approval of the township, as  
15 evidenced by a resolution duly adopted by the township and  
16 submitted with the application to the commission.

17           (3) The commission shall not prohibit an applicant for or  
18 the holder of a specially designated merchant license from owning  
19 or operating motor vehicle fuel pumps on or adjacent to the  
20 licensed premises if both of the following conditions are met:

21           (a) The applicant or licensee is located in either of the  
22 following:

23           (i) A city, incorporated village, or township with a  
24 population of 3,500 or less and a county with a population of  
25 31,000 or more.

26           (ii) A city, incorporated village, or township with a  
27 population of 4,000 or less and a county with a population of

1 less than 31,000.

2 (b) The applicant or licensee maintains a minimum inventory  
3 on the premises, excluding alcoholic liquor and motor vehicle  
4 fuel, of not less than \$10,000.00, at cost, of those goods and  
5 services customarily marketed by approved types of businesses.

6 (4) The commission shall not prohibit an applicant for or  
7 the holder of a specially designated distributor license from  
8 owning or operating motor vehicle fuel pumps on or adjacent to  
9 the licensed premises if both of the following conditions are  
10 met:

11 (a) The applicant or licensee is located in either of the  
12 following:

13 (i) A city, incorporated village, or township with a  
14 population of 3,500 or less and a county with a population of  
15 31,000 or more.

16 (ii) A city, incorporated village, or township with a  
17 population of 4,000 or less and a county with a population of  
18 less than 31,000.

19 (b) The applicant or licensee maintains a minimum inventory  
20 on the premises, excluding alcoholic liquor and motor vehicle  
21 fuel, of not less than \$12,500.00, at cost, of those goods and  
22 services customarily marketed by approved types of businesses.

23 (5) A person ~~who~~**THAT** was issued a specially designated  
24 merchant license or specially designated distributor license at a  
25 location at which another person owned, operated or maintained  
26 motor vehicle fuel pumps at the same location may have or acquire  
27 an interest in the ownership, operation, or maintenance of those

1 motor vehicle fuel pumps.

2 (6) The commission may transfer ownership of a specially  
3 designated merchant license or specially designated distributor  
4 license to a person ~~who~~ **THAT** owns or is acquiring an interest in  
5 motor vehicle fuel pumps already in operation at the same  
6 location at which the license is issued.

7 Sec. 543. (1) Quarterly, upon recommendation of the  
8 commission, the state shall pay pursuant to appropriation in the  
9 manner prescribed by law to the city, village, or township in  
10 which a full-time police department or full-time ordinance  
11 enforcement department is maintained or, if a police department  
12 or full-time ordinance enforcement department is not maintained,  
13 to the county, to be credited to the sheriff's department of the  
14 county in which the licensed premises are located, 55% of the  
15 amount of the proceeds of the retailers' license fees and license  
16 renewal fees collected in that jurisdiction, for the specific  
17 purpose of enforcing this act and the rules promulgated under  
18 this act. Forty-one and one-half percent of the amount of the  
19 proceeds of retailers' license and license renewal fees collected  
20 shall be deposited in a special fund to be annually appropriated  
21 to the commission for carrying out the licensing and enforcement  
22 provisions of this act. Any unencumbered or uncommitted money in  
23 the special fund shall revert to the general fund of the state 12  
24 months after the end of each fiscal year in which the funds were  
25 collected. The legislature shall appropriate 3-1/2% of the amount  
26 of the proceeds of retailers' license and license renewal fees  
27 collected to be credited to a special fund in the state treasury

1 for the purposes of promoting and sustaining programs for the  
2 prevention, rehabilitation, care, and treatment of alcoholics.  
3 This subsection does not apply to retail license fees collected  
4 for railroad or Pullman cars, watercraft, aircraft, or wine  
5 auctions or to the transfer fees provided in section 529.

6 (2) All license and license renewal fees, other than retail  
7 license and license renewal fees, shall be credited to the grape  
8 and wine industry council created in section 303, to be used as  
9 provided in section 303. Money credited to the grape and wine  
10 industry council shall not revert to the state general fund at  
11 the close of the fiscal year, but shall remain in the account to  
12 which it was credited to be used as provided in section 303.

13 (3) All retail license fees collected for railroad or  
14 Pullman cars, watercraft, or aircraft and the transfer fees  
15 provided in section 529 shall be deposited in the special fund  
16 created in subsection (1) for carrying out the licensing and  
17 enforcement provisions of this act.

18 (4) The license fee enhancement imposed for licenses issued  
19 under section 531(3), ~~and (4)~~, **AND (5)** shall be deposited into a  
20 special fund to be annually appropriated to the commission for  
21 enforcement and other related projects determined appropriate by  
22 the commission. The money representing that amount of the license  
23 fees for identical licenses not issued under section 531(3), ~~and~~  
24 (4), **AND (5)** shall be allocated and appropriated under subsection  
25 (1).

26 (5) The license fee imposed on direct shipper licenses and  
27 any violation fines imposed by the commission shall be deposited

1 into the direct shipper enforcement revolving fund. The direct  
2 shipper enforcement revolving fund is created within the state  
3 treasury. The state treasurer shall direct the investment of the  
4 fund. The state treasurer shall credit to the fund interest and  
5 earnings from fund investments. Money in the fund at the close of  
6 the fiscal year shall remain in the fund and shall not lapse to  
7 the general fund. The commission shall expend money from the  
8 fund, upon appropriation, only for enforcement of the provisions  
9 of section 203 and related projects.

10 (6) One hundred percent of the wine auction license fee  
11 imposed in section ~~525(1)(aa)~~**525(1)(Z)** shall be deposited into  
12 the general fund.

13 (7) As used in this section, "license fee enhancement" means  
14 the money representing the difference between the license fee  
15 imposed for a license under section 525(1) and the additional  
16 amount imposed for resort and resort economic development  
17 licenses under section 525(2).

18 (8) Notwithstanding any other provision of this section, the  
19 additional \$160.00 license fee imposed upon any licensee selling  
20 alcoholic liquor between the hours of 7 a.m. on Sunday and 12  
21 noon on Sunday is allocated to the general fund.

22 Sec. 547. (1) As used in this section:

23 (a) "Private event" means an event where no consideration,  
24 as defined in section 913, is paid by the guests.

25 (b) "Catering permit" means a permit issued by the  
26 commission to a specially designated distributor, specially  
27 designated merchant, ~~or~~ holder of a public on-premises license,

1 **WINE MAKER, SMALL WINE MAKER, BRANDY MANUFACTURER, SMALL**  
2 **DISTILLER, OR SMALL BREWER** for the sale of beer, wine, or  
3 spirits, or any combination thereof, that is also licensed as a  
4 food service establishment or retail food establishment under the  
5 food law of 2000, 2000 PA 92, MCL 289.1101 to 289.8111, which  
6 permit authorizes the permit holder to sell and deliver beer,  
7 wine, and spirits in the original sealed container to a person  
8 for off-premises consumption but only if the sale is not by the  
9 glass or drink and the permit holder serves the beer, wine, or  
10 spirits. The permit does not allow the permit holder to deliver,  
11 but not serve, the beer, wine, or spirits.

12 (2) Spirits sold by a specially designated distributor,  
13 specially designated merchant, **SMALL DISTILLER**, or on-premises  
14 licensee under a catering permit shall not be sold at less than  
15 the minimum retail selling price fixed by the commission,  
16 including under rules promulgated by the commission for specially  
17 designated distributors under section 229.

18 (3) The commission may issue a catering permit to a  
19 specially designated distributor, specially designated merchant,  
20 **WINE MAKER, SMALL WINE MAKER, BRANDY MANUFACTURER, SMALL**  
21 **DISTILLER, SMALL BREWER**, or public on-premises licensee, as a  
22 supplement to that license, to allow the sale and delivery of  
23 beer, wine, or spirits in the original sealed container at  
24 locations other than the licensed premises and to require the  
25 catering permit holder to serve beer, wine, or spirits at the  
26 private event where the alcoholic liquor is not resold to guests.  
27 The commission shall not issue a catering permit to an applicant

1 who delivers beer, wine, or spirits but does not serve the beer,  
2 wine, or spirits.

3 (4) This section does not limit the number of catering  
4 permits the commission may issue within any local unit of  
5 government.

6 (5) This section does not prevent a catering permit holder  
7 from using the catering permit at multiple locations and events  
8 during the same time period.

9 (6) This section does not prohibit a catering permit holder  
10 from selling beer, wine, or spirits to a person ~~who~~**THAT** has  
11 obtained a special license if that catering permit holder serves  
12 the beer, wine, or spirits and complies with all catering permit  
13 rules promulgated by the commission.

14 (7) An applicant for a catering permit shall apply on a form  
15 approved and provided by the commission and pay an application  
16 and processing fee of \$70.00 and a catering permit fee of \$100.00  
17 on the issuance of the catering permit. The applicant shall also  
18 pay the catering permit fee on renewal of the specially  
19 designated distributor, specially designated merchant, or on-  
20 premises licensee.

21 (8) The person delivering the beer, wine, or spirits under a  
22 catering permit shall verify that the individual accepting  
23 delivery is at least 21 years of age. The catering permit holder  
24 may utilize a third party that provides delivery service to  
25 municipalities in this state that are surrounded by water and  
26 inaccessible by motor vehicle to deliver beer, wine, or spirits  
27 to the designated location of the private event if the delivery



1 service is approved by the commission and agrees to verify that  
2 the individual accepting delivery of the beer, wine, or spirits  
3 is at least 21 years of age.

4 (9) A catering permit holder providing the service, or an  
5 employee of the catering permit holder, shall successfully  
6 complete a server training program approved by the commission  
7 before providing the service.

8 (10) A catering permit holder delivering the beer, wine, or  
9 spirits, or an employee of the catering permit holder, shall have  
10 in his or her possession while delivering the beer, wine, or  
11 spirits documentation demonstrating that the beer, wine, or  
12 spirits being delivered are for a private event being conducted  
13 under this section.

14 (11) A catering permit holder ~~who~~ **THAT** prepares food or  
15 drink for direct consumption through service on the premises or  
16 elsewhere shall comply with the requirements for food service  
17 establishments under the food law of 2000, 2000 PA 92, MCL  
18 289.1101 to 289.8111.

19 (12) A catering permit holder is subject to all sanctions,  
20 liabilities, and penalties provided under this act or under law.

21 Sec. 603. (1) Except as provided in subsections ~~(6) to (14)~~  
22 **(5) TO (12)** and section 605, a supplier, warehouser, or  
23 wholesaler shall not have any direct or indirect financial  
24 interest in the establishment, maintenance, operation, or  
25 promotion of the business of any other vendor.

26 (2) Except as provided in subsections ~~(6) to (14)~~ **(5) TO**  
27 **(12)** and section 605, a supplier, warehouser, or wholesaler or a

1 stockholder of a supplier, warehouse, or wholesaler shall not  
2 have any direct or indirect interest by ownership in fee,  
3 leasehold, mortgage, or otherwise in the establishment,  
4 maintenance, operation, or promotion of the business of any other  
5 vendor.

6 (3) Except as provided in subsections ~~(6) to (14)~~ **(5) TO**  
7 **(11)** and section 605, a supplier, warehouse, or wholesaler shall  
8 not have any direct or indirect interest by interlocking  
9 directors in a corporation or by interlocking stock ownership in  
10 a corporation in the establishment, maintenance, operation, or  
11 promotion of the business of any other vendor.

12 (4) Except as provided in subsections ~~(6) to (14)~~ **(5) TO**  
13 **(11)** and section 605, a person shall not buy the stocks of a  
14 supplier, warehouse, or wholesaler and place the stock in any  
15 portfolio under an arrangement, written trust agreement, or form  
16 of investment trust agreement, issue participating shares based  
17 upon the portfolio, trust agreement, or investment trust  
18 agreement, and sell the participating shares within this state.

19 ~~—— (5) The commission may approve a brandy manufacturer or~~  
20 ~~small distiller to sell brandy and spirits made by that brandy~~  
21 ~~manufacturer or small distiller in a restaurant for consumption~~  
22 ~~on or off the premises if the restaurant is owned by the brandy~~  
23 ~~manufacturer or small distiller or operated by another person~~  
24 ~~under an agreement approved by the commission and is located on~~  
25 ~~premises where the brandy manufacturer or small distiller is~~  
26 ~~licensed. Brandy and spirits sold for consumption off the~~  
27 ~~premises under this subsection shall be sold at the uniform price~~

1 ~~established by the commission.~~

2 ~~—— (6) The commission shall allow a small distiller to sell~~  
3 ~~brands of spirits it manufactures for consumption on the licensed~~  
4 ~~premises at that distillery.~~

5 ~~—— (7) A brewpub may have an interest in up to 2 other brewpubs~~  
6 ~~if the combined production of all the locations in which the~~  
7 ~~brewpub has an interest does not exceed 5,000 barrels of beer per~~  
8 ~~calendar year.~~

9 (5) ~~(8)~~—This section does not prohibit a supplier from  
10 having any direct or indirect interest in any other supplier.

11 (6) ~~(9)~~—The commission may approve the following under R  
12 436.1023(3) of the Michigan administrative code, subject to the  
13 written approval of the United States department of treasury,  
14 bureau of alcohol and tobacco tax and trade:

15 (a) A wine maker participating with 1 or more wine makers in  
16 an alternating proprietor operation in accordance with 27 CFR  
17 24.136.

18 (b) A brewer participating with 1 or more brewers in an  
19 alternating proprietor operation in accordance with 27 CFR 25.52.

20 (7) ~~(10)~~—A manufacturer shall not have any direct or  
21 indirect interest in a wholesaler.

22 (8) ~~(11)~~—A wine maker shall not collectively deliver wine,  
23 with any other wine maker, to retail licensees.

24 (9) ~~(12)~~—Except in the case of a licensed warehouse, all  
25 licensees in this state shall be separated into 3 distinct and  
26 independent tiers composed of the following:

27 (a) Supplier tier, comprising suppliers.

1 (b) Wholesaler tier, comprising wholesalers.

2 (c) Retailer tier, comprising retailers.

3 ~~(10) (13)~~ Except as otherwise provided in ~~subsection (14)~~,

4 **SUBSECTION (11) AND (12)**, beginning April 30, 2011, the

5 commission shall not allow any of the following:

6 (a) A retailer to hold, directly or indirectly, a license in  
7 the wholesaler or supplier tier.

8 (b) A wholesaler to hold, directly or indirectly, a license  
9 in the retailer or supplier tier.

10 (c) A supplier to hold, directly or indirectly, a license in  
11 the wholesaler or retailer tier.

12 **(11)** ~~(14)~~ Subsection ~~(13)~~ **(10)** shall not be interpreted in a  
13 manner that would prohibit a class C, tavern, class A hotel, or  
14 class B hotel licensee from receiving a ~~brewpub~~ **SMALL BREWER**  
15 license or that would prohibit a ~~micro~~ **SMALL** brewer or brewer  
16 from having an on-site restaurant.

17 **(12) NOTWITHSTANDING ANY OTHER PROVISION OF THIS ACT, A**  
18 **SMALL WINE MAKER MAY HAVE A LEASEHOLD INTEREST IN A RETAILER.**

19 ~~(13) (15)~~ As used in this section:

20 (a) "Manufacturer" means, notwithstanding section 109(1), a  
21 wine maker, small wine maker, brewer, ~~micro~~ **SMALL** brewer,  
22 manufacturer of spirits, distiller, small distiller, brandy  
23 manufacturer, mixed spirit drink manufacturer, direct shipper, or  
24 a person licensed by the commission to perform substantially  
25 similar functions.

26 (b) "Supplier" means a manufacturer, mixed spirit drink  
27 manufacturer, outstate seller of beer, outstate seller of wine,

1 outstate seller of mixed spirit drink, and vendor of spirits or a  
2 person licensed by the commission to perform substantially  
3 similar functions but does not include a master distributor.

4       Sec. 701. (1) Alcoholic liquor shall not be sold or  
5 furnished to a minor. Except as otherwise provided in subsection  
6 (2) and subject to subsections (4), (5), and (6), a person who  
7 knowingly sells or furnishes alcoholic liquor to a minor, or who  
8 fails to make diligent inquiry as to whether the person is a  
9 minor, is guilty of a misdemeanor. A retail licensee or a retail  
10 licensee's clerk, agent, or employee who violates this subsection  
11 shall be punished in the manner provided for licensees in section  
12 909 except that if the violation is the result of an undercover  
13 operation in which the minor received alcoholic liquor under the  
14 direction of the state police, the commission, or a local police  
15 agency as part of an enforcement action, the retail licensee's  
16 clerk, agent, or employee is responsible for a state civil  
17 infraction and may be ordered to pay a civil fine of not more  
18 than ~~\$100.00.~~ **\$200.00. FOR A SECOND OR SUBSEQUENT OFFENSE, A**  
19 **RETAIL LICENSEE OR A RETAIL LICENSEE'S CLERK, AGENT, OR EMPLOYEE**  
20 **WHO VIOLATES THIS SUBSECTION AND THE VIOLATION IS A RESULT OF A**  
21 **UNDERCOVER OPERATION, THE RETAIL LICENSEE'S CLERK, AGENT, OR**  
22 **EMPLOYEE IS RESPONSIBLE FOR A STATE CIVIL INFRACTION AND MAY BE**  
23 **ORDERED TO PAY A CIVIL FINE OF NOT MORE THAN \$400.00.** Except as  
24 otherwise provided in subsection (2), a person who is not a  
25 retail licensee or a retail licensee's clerk, agent, or employee  
26 and who violates this subsection is guilty of a misdemeanor  
27 punishable by a fine of not more than \$1,000.00 and imprisonment

1 for not more than 60 days for a first offense, a fine of not more  
2 than \$2,500.00 and imprisonment for not more than 90 days for a  
3 second or subsequent offense, and may be ordered to perform  
4 community service. For a second or subsequent offense, the  
5 secretary of state shall suspend the operator's or chauffeur's  
6 license of an individual who is not a retail licensee or retail  
7 licensee's clerk, agent, or employee and who is convicted of  
8 violating this subsection as provided in section 319 of the  
9 Michigan vehicle code, 1949 PA 300, MCL 257.319. A suitable sign  
10 describing the content of this section and the penalties for its  
11 violation shall be posted in a conspicuous place in each room  
12 where alcoholic liquor is sold. The signs shall be approved and  
13 furnished by the commission.

14 (2) A person who is not a retail licensee or the retail  
15 licensee's clerk, agent, or employee and who violates subsection  
16 (1) is guilty of a felony, punishable by imprisonment for not  
17 more than 10 years or a fine of not more than \$5,000.00, or both,  
18 if the subsequent consumption of the alcoholic liquor by the  
19 minor is a direct and substantial cause of that person's death or  
20 an accidental injury that causes that person's death.

21 (3) If a violation occurs in an establishment that is  
22 licensed by the commission for consumption of alcoholic liquor on  
23 the licensed premises, a person who is a licensee or the clerk,  
24 agent, or employee of a licensee shall not be charged with a  
25 violation of subsection (1) or section 801(2) unless the licensee  
26 or the clerk, agent, or employee of the licensee knew or should  
27 have reasonably known with the exercise of due diligence that a

1 person less than 21 years of age possessed or consumed alcoholic  
2 liquor on the licensed premises and the licensee or clerk, agent,  
3 or employee of the licensee failed to take immediate corrective  
4 action.

5 (4) If the enforcing agency involved in the violation is the  
6 state police or a local police agency, a licensee shall not be  
7 charged with a violation of subsection (1) or section 801(2)  
8 unless all of the following occur, if applicable:

9 (a) Enforcement action is taken against the minor who  
10 purchased or attempted to purchase, consumed or attempted to  
11 consume, or possessed or attempted to possess alcoholic liquor.

12 (b) Enforcement action is taken under this section against  
13 the person 21 years of age or older who is not the retail  
14 licensee or the retail licensee's clerk, agent, or employee who  
15 sold or furnished the alcoholic liquor to the minor.

16 (c) Enforcement action under this section is taken against  
17 the clerk, agent, or employee who directly sold or furnished  
18 alcoholic liquor to the minor.

19 (5) If the enforcing agency is the commission and an  
20 appearance ticket or civil infraction citation has not been  
21 issued, then the commission shall recommend to a local law  
22 enforcement agency that enforcement action be taken against a  
23 violator of this section or section 703 who is not a licensee.  
24 However, subsection (4) does not apply if the minor against whom  
25 enforcement action is taken under section 703, the clerk, agent,  
26 or employee of the licensee who directly sold or furnished  
27 alcoholic liquor to the minor, or the person 21 years of age or

1 older who sold or furnished alcoholic liquor to the minor is not  
2 alive or is not present in this state at the time the licensee is  
3 charged. Subsection (4)(a) does not apply under either of the  
4 following circumstances:

5 (a) The violation of subsection (1) is the result of an  
6 undercover operation in which the minor purchased or received  
7 alcoholic liquor under the direction of the person's employer and  
8 with the prior approval of the local prosecutor's office as part  
9 of an employer-sponsored internal enforcement action.

10 (b) The violation of subsection (1) is the result of an  
11 undercover operation in which the minor purchased or received  
12 alcoholic liquor under the direction of the state police, the  
13 commission, or a local police agency as part of an enforcement  
14 action.

15 (6) Any initial or contemporaneous purchase or receipt of  
16 alcoholic liquor by the minor under subsection (5)(a) or (b) must  
17 have been under the direction of the state police, the  
18 commission, or the local police agency and must have been part of  
19 the undercover operation.

20 (7) If a minor participates in an undercover operation in  
21 which the minor is to purchase or receive alcoholic liquor under  
22 the supervision of a law enforcement agency, his or her parents  
23 or legal guardian shall consent to the participation if that  
24 person is less than 18 years of age.

25 (8) In an action for the violation of this section, proof  
26 that the defendant or the defendant's agent or employee demanded  
27 and was shown, before furnishing alcoholic liquor to a minor, a



1 motor vehicle operator's or chauffeur's license, a military  
2 identification card, or other bona fide documentary evidence of  
3 the age and identity of that person, shall be a defense to an  
4 action brought under this section.

5 (9) The commission shall provide, on an annual basis, a  
6 written report to the department of state police as to the number  
7 of actions heard by the commission involving violations of this  
8 section and section 801(2). The report shall include the  
9 disposition of each action and contain figures representing the  
10 following categories:

11 (a) Decoy operations.

12 (b) Off-premises violations.

13 (c) On-premises violations.

14 (d) Repeat offenses within the 3 years preceding the date of  
15 that report.

16 (10) As used in this section, ÷

17 ~~——(a) "Corrective"~~**CORRECTIVE** action" means action taken by a  
18 licensee or a clerk, agent, or employee of a licensee designed to  
19 prevent a minor from further possessing or consuming alcoholic  
20 liquor on the licensed premises. Corrective action includes, but  
21 is not limited to, contacting a law enforcement agency and  
22 ejecting the minor and any other person suspected of aiding and  
23 abetting the minor.

24 ~~——(b) "Diligent inquiry" means a diligent good faith effort to~~  
25 ~~determine the age of a person, which includes at least an~~  
26 ~~examination of an official Michigan operator's or chauffeur's~~  
27 ~~license, an official Michigan personal identification card, a~~

1 ~~military identification card, or any other bona fide picture~~  
2 ~~identification which establishes the identity and age of the~~  
3 ~~person.~~

4       Sec. 707. (1) A vendor shall not sell, serve, or furnish any  
5 alcoholic liquor to any person in an intoxicated condition.

6       (2) A licensee, **OR THE CLERK, SERVANT, AGENT, OR EMPLOYEE OF**  
7 **A LICENSEE**, shall not **KNOWINGLY** allow a person who is in an  
8 intoxicated condition to consume alcoholic liquor on the licensed  
9 premises.

10       (3) A licensee, or the clerk, servant, agent, or employee of  
11 a licensee, shall not be in an intoxicated condition on the  
12 licensed premises.

13       (4) A licensee, **OR THE CLERK, SERVANT, AGENT, OR EMPLOYEE OF**  
14 **A LICENSEE**, shall not **KNOWINGLY** allow an intoxicated person to  
15 frequent or loiter on the licensed premises except where the  
16 intoxicated person has been refused service of further alcoholic  
17 liquor and continues to remain on the premises for the purpose of  
18 eating food, seeking medical attention, arranging transportation  
19 that does not involve driving himself or herself, or any other  
20 circumstances where requiring the person to vacate the premises  
21 immediately would be considered dangerous to that person or to  
22 the public.

23       (5) A licensee, **OR THE CLERK, SERVANT, AGENT, OR EMPLOYEE OF**  
24 **A LICENSEE**, shall not **KNOWINGLY** allow a minor to consume  
25 alcoholic liquor or to possess alcoholic liquor for personal  
26 consumption on the licensed premises.

27       (6) A licensee, **OR THE CLERK, SERVANT, AGENT, OR EMPLOYEE OF**

1 **A LICENSEE**, shall not **KNOWINGLY** allow any person less than 18  
2 years of age to sell or serve alcoholic liquor.

3 (7) A licensee, **OR THE CLERK, SERVANT, AGENT, OR EMPLOYEE OF**  
4 **A LICENSEE**, shall not **KNOWINGLY** allow any person less than 18  
5 years of age to work or entertain on a paid or voluntary basis on  
6 the licensed premises unless the person is employed in compliance  
7 with the youth employment standards act, 1978 PA 90, MCL 409.101  
8 to 409.124. This subsection does not apply to an entertainer  
9 under the direct supervision and control of his or her parent or  
10 legal guardian.

11 Sec. 901. (1) A person, directly or indirectly, himself or  
12 herself or by his or her clerk, agent, or employee, shall not  
13 manufacture, manufacture for sale, sell, offer or keep for sale,  
14 barter, furnish, import, import for sale, transport for hire,  
15 transport, or possess any alcoholic liquor unless the person  
16 complies with this act.

17 (2) A licensee, **OR THE CLERK, SERVANT, AGENT, OR EMPLOYEE OF**  
18 **A LICENSEE**, shall not **KNOWINGLY** allow unlawful gambling on the  
19 licensed premises and shall not allow on the licensed premises  
20 any gaming devices prohibited by law.

21 (3) A licensee, **OR THE CLERK, SERVANT, AGENT, OR EMPLOYEE OF**  
22 **A LICENSEE**, shall not sell, offer or keep for sale, furnish,  
23 possess, or **KNOWINGLY** allow a customer to consume alcoholic  
24 liquor that is not authorized by the license issued to the  
25 licensee by the commission.

26 (4) A person, whether or not a licensee, shall not sell,  
27 deliver, or import spirits unless the sale, delivery, or

1 importation is made by the commission, the commission's  
2 authorized agent or distributor, an authorized distribution agent  
3 certified by order of the commission, a person licensed by the  
4 commission, or by prior written order of the commission. A person  
5 who violates this subsection is subject to the sanctions and  
6 penalties contained in section 909(4) and, in the case of a  
7 violation of section 909(4)(a), is subject to forfeiture of  
8 proceeds or an instrumentality as provided for in chapter XXVA of  
9 the Michigan penal code, 1931 PA 328, MCL 750.159f to 750.159x.

10 (5) A licensee, **OR THE CLERK, SERVANT, AGENT, OR EMPLOYEE OF**  
11 **A LICENSEE**, shall not sell or furnish alcoholic liquor to a  
12 person ~~who~~**THAT** maintains, operates, or leases premises that are  
13 not licensed by the commission and upon which other persons  
14 unlawfully engage in the sale or consumption of alcoholic liquor  
15 for consideration as prohibited by section 913.

16 (6) A retail licensee, **OR THE CLERK, SERVANT, AGENT, OR**  
17 **EMPLOYEE OF A LICENSEE**, shall not, on his or her licensed  
18 premises, sell, offer for sale, accept, furnish, possess, or  
19 **KNOWINGLY** allow the consumption of alcoholic liquor that has not  
20 been purchased by the retail licensee from the commission, the  
21 commission's authorized agent or distributor, an authorized  
22 distribution agent certified by order of the commission, or a  
23 licensee of the commission authorized to sell that alcoholic  
24 liquor to a retail licensee. This subsection does not apply to  
25 the consumption of alcoholic liquor in the bedrooms or suites of  
26 registered guests of licensed hotels or in the bedrooms or suites  
27 of bona fide members of licensed clubs.

1           Sec. 1013. A sale or purchase of alcoholic liquor made ~~in a~~  
 2 ~~state liquor store and~~ by all types of licensees shall be for  
 3 cash only, except for the following:

4           (a) A customer's charge account with a ~~specially designated~~  
 5 ~~merchant who is not a holder of a license authorizing sale of~~  
 6 ~~alcoholic liquor for consumption on the premises.~~ **RETAIL LICENSEE.**

7           ~~(b) A sale to a bona fide registered guest of a class B~~  
 8 ~~hotel or class A hotel, if the extension of credit does not~~  
 9 ~~exceed 30 days.~~

10           ~~(c) A sale to an industrial account if the extension of~~  
 11 ~~credit does not exceed 30 days.~~

12           **(B)** ~~(d)~~ A sale to a person holding an authorized credit card  
 13 from a credit card agency.

14           ~~(e) A sale to a professional account, or an industrial~~  
 15 ~~account of class C licensee or a tavern, whose major business is~~  
 16 ~~food, if the extension of credit does not exceed 30 days.~~

17           **(C)** ~~(f)~~ A sale by a private club to a bona fide member.

18           Sec. 1021. (1) The commission shall not require a licensee  
 19 to sell or serve food to a purchaser of alcoholic liquor. The  
 20 commission shall not require a class A hotel or class B hotel to  
 21 provide food services to registered guests or to the public.

22           (2) Except as otherwise provided in subsection (3), a  
 23 purchaser shall not remove alcoholic liquor sold by a vendor for  
 24 consumption on the premises from those premises.

25           (3) A vendor licensed to sell wine on the premises may allow  
 26 an individual who has purchased a meal and who has purchased and  
 27 partially consumed a bottle of wine with the meal, to remove the

1 partially consumed bottle from the premises upon departure. This  
2 subsection does not allow the removal of any additional unopened  
3 bottles of wine unless the vendor is licensed as a specially  
4 designated merchant, **WINE MAKER, OR SMALL WINE MAKER**. The  
5 licensee or the licensee's clerk, agent, or employee shall  
6 reinsert a cork so that the top of the cork is level with the lip  
7 of the bottle. The transportation or possession of the partially  
8 consumed bottle of wine shall be in compliance with section 624a  
9 of the Michigan vehicle code, 1949 PA 300, MCL 257.624a.

10 (4) This act and rules promulgated under this act do not  
11 prevent a class A or B hotel designed to attract and accommodate  
12 tourists and visitors in a resort area from allowing its invitees  
13 or guests to possess or consume, or both, on or about its  
14 premises, alcoholic liquor purchased by the invitee or guest from  
15 an off-premises retailer, and does not prevent a guest or invitee  
16 from entering and exiting the licensed premises with alcoholic  
17 liquor purchased from an off-premises retailer.

18 Sec. 1027. (1) Unless otherwise provided by rule of the  
19 commission, a person shall not conduct samplings or tastings of  
20 any alcoholic liquor for a commercial purpose except at premises  
21 that are licensed by the commission for the sale and consumption  
22 of alcoholic liquor on the premises.

23 (2) Notwithstanding section 1025(1) or (2), a retailer  
24 licensed by the commission for consumption on the premises may  
25 allow customers to sample beer, wine, and spirits if the retailer  
26 does not charge for the samples provided to customers. Sample  
27 serving sizes shall not exceed 3 ounces for beer, 2 ounces for

1 wine, and 1/2 ounce for spirits. A customer shall not be provided  
2 more than 2 samples within a 24-hour period per licensed  
3 premises.

4 (3) This section does not prohibit any of the following:

5 (a) A vendor of spirits, brewer, wine maker, mixed spirit  
6 drink manufacturer, small wine maker, outstate seller of beer,  
7 outstate seller of wine, or outstate seller of mixed spirit  
8 drink, or a bona fide market research organization retained by 1  
9 of the persons named in this subsection, from conducting  
10 samplings or tastings of an alcoholic liquor product before it is  
11 approved for sale in this state if the sampling or tasting is  
12 conducted pursuant to prior written approval of the commission.

13 (b) An on-premises licensee from giving a sampling or  
14 tasting of alcoholic liquor to an employee of the licensee during  
15 the legal hours for consumption for the purpose of educating the  
16 employee regarding 1 or more types of alcoholic liquor if the  
17 employee is at least 21 years of age.

18 (c) A small distiller licensee from giving a sampling or  
19 tasting of brands it manufactures on the licensed premises or an  
20 off-site tasting facility operated by that small distiller.

21 (d) A ~~micro~~**SMALL** brewer, ~~brewpub,~~ or on-premises licensee  
22 from allowing the sampling and consumption on the licensed  
23 premises of beer, wine, mead, honey-based beer, or cider produced  
24 by 1 or more home brewers at a meeting of home brewers, or a club  
25 composed primarily of home brewers, under the following  
26 circumstances:

27 (i) The sampling or consumption is for the purpose of

1 exhibitions or competitions involving home brewers.

2 (ii) The beer, honey-based beer, or cider is served in  
3 portions that do not exceed 3 ounces. The wine or mead is served  
4 in portions that do not exceed 2 ounces.

5 (iii) The beer, wine, mead, honey-based beer, or cider  
6 produced by the home brewer is only consumed by the home brewer,  
7 the home brewer's family, a club member, a judge, or a guest  
8 speaker and is not sold to members of the general public.

9 (iv) The participants in the sampling or consumption  
10 otherwise comply with applicable state and federal law and  
11 applicable regulatory provisions of this act and rules adopted by  
12 the commission under this act.

13 (v) The participants in the sampling or consumption are not  
14 charged for the sampling or consumption of the beer, wine, mead,  
15 honey-based beer, or cider.

16 (4) A vendor of spirits or a manufacturer may conduct a  
17 consumer sampling event on the premises of a holder of a  
18 specially designated distributor license upon submission of a  
19 completed application to the commission.

20 (5) The holder of a consumer sampling event license shall  
21 comply with the following:

22 (a) The commission must be notified in writing a minimum of  
23 10 working days before the event with the date, time, and  
24 location of the event.

25 (b) The consumer sampling event is limited to 3 events per  
26 vendor of spirits or manufacturer per specially designated  
27 distributor license per month.



1 (c) The vendor of spirits or manufacturer conducting the  
2 consumer sampling event must have a licensed representative  
3 present at the specially designated distributor's establishment.

4 (d) Licensed representatives or an authorized representative  
5 may distribute merchandise, not to exceed \$100.00 in value, to  
6 consumers 21 years of age or older during the event.

7 (e) Participating specially designated distributor licensees  
8 do not receive any fee or other valuable consideration for  
9 participating in the event.

10 (f) Each consumer is limited to 3 samples, which total no  
11 more than 1/3 ounce of spirits per serving.

12 (g) The consumer is not charged for and does not purchase  
13 any sample.

14 (h) The alcoholic liquor used in the consumer sampling event  
15 is provided by the vendor of spirits or manufacturer, and  
16 purchased at the minimum retail selling price fixed by the  
17 commission from the specially designated distributor on whose  
18 premises the event is located. The vendor of spirits or  
19 manufacturer shall remove any unfinished product from the  
20 premises at which the event is held upon completion of the event.

21 (i) A consumer sampling event shall not be allowed if the  
22 sale of alcoholic liquor is otherwise prohibited on the premises  
23 at which the event is conducted.

24 (j) Samples are not to be offered to, or allowed to be  
25 consumed by, any person under the legal age for consuming  
26 alcoholic liquor.

27 (k) A consumer sampling event may be advertised in any type

1 of media and the advertisements may include the date, time,  
2 location, and other information regarding the event.

3 (l) The participating vendor of spirits or manufacturer and  
4 specially designated distributor licensees must comply with this  
5 act and commission rules.

6 (m) The vendor of spirits or manufacturer must demonstrate  
7 that the individual actually conducting the sampling has  
8 successfully completed the server training program in the manner  
9 provided for in section 906 and rules promulgated by the  
10 commission.

11 (6) Violation of this section subjects the vendor of spirits  
12 or manufacturer to the sanctions and penalties as provided for  
13 under this act.

14 (7) The commission, by rule or issuance of an order, may  
15 further define eligibility for licensure and processes for  
16 conducting consumer sampling events.

17 (8) A sampling or tasting of any alcoholic liquor in a home  
18 or domicile for other than a commercial purpose is not subject to  
19 this section.

20 (9) Before a ~~micro~~**SMALL** brewer, ~~brewpub,~~ or on-premises  
21 licensee allows an event to be held under subsection (3)(d), the  
22 ~~micro~~**SMALL** brewer, ~~brewpub,~~ or on-premises licensee shall enter  
23 into a written agreement with the home brewers or home brewers  
24 club stating all of the following:

25 (a) The date and time the event will be held.

26 (b) The location of the event.

27 (c) Either of the following:

1 (i) A statement that the ~~micro~~**SMALL** brewer, ~~brewpub,~~ or on-  
2 premises licensee acknowledges that it is not in control of an  
3 unregulated alcoholic beverage at its establishment and agrees to  
4 assume liability under section 801(3) for the event.

5 (ii) Proof that the home brewers or home brewers club has  
6 obtained a bond or liability insurance equal to that required  
7 under section 803(1).

8 ~~—— (10) As used in this section:~~

9 ~~—— (a) "Commercial purpose" means a purpose for which monetary~~  
10 ~~gain or other remuneration could reasonably be expected.~~

11 ~~—— (b) "Home brewer" means an individual who manufactures beer,~~  
12 ~~wine, mead, honey based beer, or cider at his or her dwelling.~~

13 Enacting section 1. Sections 227, 405, and 407 of the liquor  
14 control code of 1998, 1998 PA 58, MCL 436.1227, 436.1405, and  
15 436.1407, are repealed.

16 Enacting section 2. This amendatory act takes effect 180  
17 days after the date it is enacted into law.