

**SUBSTITUTE FOR
HOUSE BILL NO. 5925**

A bill to amend 1998 PA 58, entitled "Michigan liquor control code of 1998," by amending sections 111, 525, 537, 603, 607, 906, and 1027 (MCL 436.1111, 436.1525, 436.1537, 436.1603, 436.1607, 436.1906, and 436.2027), section 525 as amended by 2006 PA 539, sections 537 and 607 as amended by 2005 PA 269, section 906 as amended by 2008 PA 11, and section 1027 as amended by 2001 PA 46, and by adding section 534.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

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

4 (2) "Primary source of supply" means, in the case of domestic
5 spirits, the distiller, producer, owner of the commodity at the

1 time it becomes a marketable product, or bottler, or the exclusive
2 agent of any such person and, in the case of spirits imported into
3 the United States, either the foreign distiller, producer, owner of
4 the bottler, or the prime importer for, or the exclusive agent in
5 the United States of, the foreign distiller, producer, owner, or
6 the bottler.

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

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

13 (5) "Retailer" means a person licensed by the commission who
14 sells to the consumer in accordance with rules promulgated by the
15 commission.

16 (6) "Sacramental wine" means wine containing not more than 24%
17 of alcohol by volume which is used for sacramental purposes.

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

27 (8) "School" includes buildings used for school purposes to

1 provide instruction to children in grades kindergarten through 12,
2 when that instruction is provided by a public, private,
3 denominational, or parochial school, except those buildings used
4 primarily for adult education or college extension courses. School
5 does not include a proprietary trade or occupational school.

6 (9) **"SMALL DISTILLER" MEANS A MANUFACTURER OF SPIRITS ANNUALLY**
7 **MANUFACTURING IN MICHIGAN NOT EXCEEDING 60,000 GALLONS OF SPIRITS,**
8 **OF ALL BRANDS COMBINED.**

9 (10) ~~(9)~~—"Small wine maker" means a wine maker manufacturing
10 or bottling not more than 50,000 gallons of wine in 1 calendar
11 year.

12 (11) ~~(10)~~—"Special license" means a contract between the
13 commission and the special licensee granting authority to that
14 licensee to sell beer, wine, mixed spirit drink, or spirits. The
15 license shall be granted only to such persons and such organization
16 and for such period of time as the commission shall determine so
17 long as the person or organization is able to demonstrate an
18 existence separate from an affiliated umbrella organization. If
19 such an existence is demonstrated, the commission shall not deny a
20 special license solely by the applicant's affiliation with an
21 organization that is also eligible for a special license.

22 (12) ~~(11)~~—"Specially designated distributor" means, **SUBJECT TO**
23 **SECTION 534**, a person engaged in an established business licensed
24 by the commission to distribute spirits and mixed spirit drink in
25 the original package for the commission for consumption off the
26 premises.

27 (13) ~~(12)~~—"Specially designated merchant" means a person to

1 whom the commission grants a license to sell beer or wine, or both,
2 at retail for consumption off the licensed premises.

3 (14) ~~(13)~~—"Spirits" means a beverage that contains alcohol
4 obtained by distillation, mixed with potable water or other
5 substances, or both, in solution, and includes wine containing an
6 alcoholic content of more than 21% by volume, except sacramental
7 wine and mixed spirit drink.

8 (15) ~~(14)~~—"State liquor store" means a store established by
9 the commission under this act for the sale of spirits in the
10 original package for consumption off the premises.

11 (16) ~~(15)~~—"Supplier of spirits" means a vendor of spirits, a
12 manufacturer of spirits, or a primary source of supply.

13 Sec. 525. (1) Except as otherwise provided for in this
14 section, the following license fees shall be paid at the time of
15 filing applications or as otherwise provided in this act:

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

19 (b) Manufacturers of beer, \$50.00 per 1,000 barrels, or
20 fraction of a barrel, production annually with a maximum fee of
21 \$1,000.00, and in addition \$50.00 for each motor vehicle used in
22 delivery to retail licensees. A fee increase does not apply to a
23 manufacturer of less than 15,000 barrels production per year.

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

26 (d) Wine makers, blenders, and rectifiers of wine, including
27 makers, blenders, and rectifiers of wines containing 21% or less

1 alcohol by volume, \$100.00. The small wine maker license fee is
2 \$25.00.

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

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

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

9 (h) Wholesale vendors other than manufacturers of beer,
10 \$300.00 for the first motor vehicle used in delivery to retail
11 licensees and \$50.00 for each additional motor vehicle used in
12 delivery to retail licensees.

13 (i) Watercraft, licensed to carry passengers, selling
14 alcoholic liquor, a minimum fee of \$100.00 and a maximum fee of
15 \$500.00 per year computed on the basis of \$1.00 per person per
16 passenger capacity.

17 (j) Specially designated merchants, for selling beer or wine
18 for consumption off the premises only but not at wholesale, \$100.00
19 for each location regardless of the fact that the location may be a
20 part of a system or chain of merchandising.

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

1 (l) Hotels of class A selling beer and wine, a minimum fee of
2 \$250.00 and, for all bedrooms in excess of 20, \$1.00 for each
3 additional bedroom, but not more than \$500.00.

4 (m) Hotels of class B selling beer, wine, mixed spirit drink,
5 and spirits, a minimum fee of \$600.00 and, for all bedrooms in
6 excess of 20, \$3.00 for each additional bedroom. If a hotel of
7 class B sells beer, wine, mixed spirit drink, and spirits in more
8 than 1 public bar, the fee entitles the hotel to sell in only 1
9 public bar, other than a bedroom, and a license shall be secured
10 for each additional public bar, other than a bedroom, the fee for
11 which is \$350.00.

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

13 (o) Class C license selling beer, wine, mixed spirit drink,
14 and spirits, \$600.00. If a class C licensee sells beer, wine, mixed
15 spirit drink, and spirits in more than 1 bar, a fee of \$350.00
16 shall be paid for each additional bar. In municipally owned or
17 supported facilities in which nonprofit organizations operate
18 concession stands, a fee of \$100.00 shall be paid for each
19 additional bar.

20 (p) Clubs selling beer, wine, mixed spirit drink, and spirits,
21 \$300.00 for clubs having 150 or fewer duly accredited members and
22 \$1.00 for each additional member. The membership list for the
23 purpose only of determining the license fees to be paid under this
24 subdivision shall be the accredited list of members as determined
25 by a sworn affidavit 30 days before the closing of the license
26 year. This subdivision does not prevent the commission from
27 checking a membership list and making its own determination from

1 the list or otherwise. The list of members and additional members
2 is not required of a club paying the maximum fee. The maximum fee
3 shall not exceed \$750.00 for any 1 club.

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

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

12 (s) Airlines licensed to carry passengers in this state that
13 sell, offer for sale, provide, or transport alcoholic liquor,
14 \$600.00.

15 (t) Brandy manufacturer, \$100.00.

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

17 (v) Brewpub, \$100.00.

18 (w) Class G-1, \$1,000.00.

19 (x) Class G-2, \$500.00.

20 (y) Motorsports event license, \$250.00.

21 **(Z) SMALL DISTILLER, \$100.00.**

22 (2) The fees provided in this act for the various types of
23 licenses shall not be prorated for a portion of the effective
24 period of the license. Notwithstanding subsection (1), the initial
25 license fee for any licenses issued under section 531(3) and (4) is
26 \$20,000.00. The renewal license fee shall be the amount described
27 in subsection (1). However, the commission shall not impose the

1 \$20,000.00 initial license fee for applicants whose license
2 eligibility was already approved on July 20, 2005.

3 (3) Beginning July 23, 2004, and except in the case of any
4 resort or resort economic development license issued under section
5 531(2), (3), (4), and (5) and a license issued under section 521,
6 the commission shall issue an initial or renewal license not later
7 than 90 days after the applicant files a completed application.
8 Receipt of the application is considered the date the application
9 is received by any agency or department of the state of Michigan.
10 If the application is considered incomplete by the commission, the
11 commission shall notify the applicant in writing, or make the
12 information electronically available, within 30 days after receipt
13 of the incomplete application, describing the deficiency and
14 requesting the additional information. The determination of the
15 completeness of an application does not operate as an approval of
16 the application for the license and does not confer eligibility
17 upon an applicant determined otherwise ineligible for issuance of a
18 license. The 90-day period is tolled under any of the following
19 circumstances:

20 (a) Notice sent by the commission of a deficiency in the
21 application until the date all of the requested information is
22 received by the commission.

23 (b) The time period during which actions required by a party
24 other than the applicant or the commission are completed that
25 include, but are not limited to, completion of construction or
26 renovation of the licensed premises; mandated inspections by the
27 commission or by any state, local, or federal agency; approval by

1 the legislative body of a local unit of government; criminal
2 history or criminal record checks; financial or court record
3 checks; or other actions mandated by this act or rule or as
4 otherwise mandated by law or local ordinance.

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

16 (5) Beginning October 1, 2005, the chair of the commission
17 shall submit a report by December 1 of each year to the standing
18 committees and appropriations subcommittees of the senate and house
19 of representatives concerned with liquor license issues. The chair
20 of the commission shall include all of the following information in
21 the report concerning the preceding fiscal year:

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

25 (b) The number of applications denied.

26 (c) The number of applicants not issued a license within the
27 90-day time period and the amount of money returned to licensees

1 under subsection (4).

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

8 SEC. 534. (1) UPON APPLICATION IN A MANNER ACCEPTABLE TO THE
9 COMMISSION AND PAYMENT OF THE APPROPRIATE LICENSE FEE, THE
10 COMMISSION SHALL ISSUE A SMALL DISTILLER LICENSE TO A PERSON
11 ANNUALLY MANUFACTURING IN MICHIGAN SPIRITS IN AN AMOUNT NOT
12 EXCEEDING 60,000 GALLONS, OF ALL BRANDS COMBINED.

13 (2) A SMALL DISTILLER MAY ONLY SELL AT RETAIL FROM THE
14 LICENSED PREMISES EITHER OR BOTH OF THE FOLLOWING:

15 (A) BRANDS IT MANUFACTURES ON THE LICENSED PREMISES FOR
16 CONSUMPTION OFF THE LICENSED PREMISES, AT A PRICE POSTED BY THE
17 COMMISSION UNDER SECTION 233.

18 (B) BRANDS IT MANUFACTURES ON THE LICENSED PREMISES FOR
19 CONSUMPTION ON THE LICENSED PREMISES.

20 (3) A SMALL DISTILLER MAY GIVE SAMPLINGS OR TASTINGS OF BRANDS
21 IT MANUFACTURES ON THE LICENSED PREMISES.

22 (4) A SMALL DISTILLER SHALL COMPLY WITH THE SERVER TRAINING
23 REQUIREMENTS OF SECTION 906.

24 (5) THIS SECTION DOES NOT ALLOW THE SALE OF SPIRITS TRANSACTED
25 OR CAUSED TO BE TRANSACTED BY MEANS OF ANY MAIL ORDER, INTERNET,
26 TELEPHONE, COMPUTER, DEVICE, OR OTHER ELECTRONIC MEANS.

27 Sec. 537. (1) The following classes of vendors may sell

1 alcoholic liquors at retail as provided in this section:

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

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

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

10 (d) Direct shippers where wine may be sold and shipped
11 directly to the consumer.

12 (e) Hotels of class A where beer and wine may be sold for
13 consumption on the premises and in the rooms of bona fide
14 registered guests. Hotels of class B where beer, wine, mixed spirit
15 drink, and spirits may be sold for consumption on the premises and
16 in the rooms of bona fide registered guests.

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

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

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

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

27 (j) Brewpubs where beer manufactured on the premises by the

1 licensee may be sold for consumption on or off the premises by any
2 of the following licensees:

3 (i) Class C.

4 (ii) Tavern.

5 (iii) Class A hotel.

6 (iv) Class B hotel.

7 (k) Micro brewers and brewers selling less than 200,000
8 barrels of beer per year where beer produced by the micro brewer or
9 brewer may be sold to a consumer for consumption on or off the
10 brewery premises.

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

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

19 (n) Motorsports event license where beer and wine may be sold
20 for consumption on the premises during sanctioned motorsports
21 events only.

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

25 **(P) SMALL DISTILLER SELLING NOT MORE THAN 60,000 GALLONS OF**
26 **SPIRITS MANUFACTURED BY THAT LICENSEE TO THE CONSUMER AT RETAIL FOR**
27 **CONSUMPTION ON OR OFF THE LICENSED PREMISES IN THE MANNER PROVIDED**

1 **FOR IN SECTION 534.**

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

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

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

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

17 (c) The wine tasting locations shall be considered licensed
18 premises.

19 (d) Wine tasting does not take place between the hours of 2
20 a.m. and 7 a.m. Monday through Saturday, or between 2 a.m. and 12
21 noon on Sunday.

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

24 Sec. 603. (1) Except as provided in subsection (6) and section
25 605, a manufacturer, mixed spirit drink manufacturer, warehouser,
26 wholesaler, outstate seller of beer, outstate seller of wine,
27 outstate seller of mixed spirit drink, or vendor of spirits shall

1 not have any financial interest, directly or indirectly, in the
2 establishment, maintenance, operation, or promotion of the business
3 of any other vendor.

4 (2) Except as provided in subsection (6) and section 605, a
5 manufacturer, mixed spirit drink manufacturer, warehouse,
6 wholesaler, outstate seller of beer, outstate seller of wine,
7 outstate seller of mixed spirit drink, or vendor of spirits or a
8 stockholder of a manufacturer, mixed spirit drink manufacturer,
9 warehouse, wholesaler, outstate seller of beer, outstate seller of
10 wine, outstate seller of mixed spirit drink, or vendor of spirits
11 shall not have an interest by ownership in fee, leasehold,
12 mortgage, or otherwise, directly or indirectly, in the
13 establishment, maintenance, operation, or promotion of the business
14 of any other vendor.

15 (3) Except as provided in subsection (6) and section 605, a
16 manufacturer, mixed spirit drink manufacturer, warehouse,
17 wholesaler, outstate seller of beer, outstate seller of wine,
18 outstate seller of mixed spirit drink, or vendor of spirits shall
19 not have an interest directly or indirectly by interlocking
20 directors in a corporation or by interlocking stock ownership in a
21 corporation in the establishment, maintenance, operation, or
22 promotion of the business of any other vendor.

23 (4) Except as provided in subsection (6) and section 605, a
24 person shall not buy the stocks of a manufacturer, mixed spirit
25 drink manufacturer, warehouse, wholesaler, outstate seller of
26 beer, outstate seller of wine, outstate seller of mixed spirit
27 drink, or vendor of spirits and place the stock in any portfolio

1 under an arrangement, written trust agreement, or form of
2 investment trust agreement and issue participating shares based
3 upon the portfolio, trust agreement, or investment trust agreement,
4 and sell the participating shares within this state.

5 (5) The commission may approve a brandy manufacturer to sell
6 brandy made by that brandy manufacturer in a restaurant for
7 consumption on or off the premises if the restaurant is owned by
8 the brandy manufacturer or operated by another person under an
9 agreement approved by the commission and is located on the premises
10 where the brandy manufacturer is licensed. Brandy sold for
11 consumption off the premises under this subsection shall be sold at
12 the uniform price established by the commission.

13 **(6) THE COMMISSION SHALL ALLOW A SMALL DISTILLER TO SELL**
14 **BRANDS OF SPIRITS IT MANUFACTURES FOR CONSUMPTION ON THE LICENSED**
15 **PREMISES AT THAT DISTILLERY.**

16 (7) ~~(6)~~ A brewpub may have an interest in up to 2 other
17 brewpubs so long as the combined production of all the locations in
18 which the brewpub has an interest does not exceed 5,000 barrels of
19 beer per calendar year.

20 Sec. 607. (1) Except as provided in section 537(2), a
21 warehouser, mixed spirit drink manufacturer, wholesaler, outstate
22 seller of beer, outstate seller of wine, outstate seller of mixed
23 spirit drink, or vendor of spirits shall not be licensed as a
24 specially designated merchant or a specially designated
25 distributor. **A PERSON LICENSED AS A SMALL DISTILLER IS NOT**
26 **CONSIDERED TO BE A SPECIALLY DESIGNATED DISTRIBUTOR.** Beginning ~~on~~
27 ~~the effective date of the amendatory act that added this sentence~~

1 **DECEMBER 23, 2007** and in addition to the persons described in this
2 subsection, a wine maker and a small wine maker shall also not be
3 licensed as a specially designated merchant or a specially
4 designated distributor. Any wine maker or small wine maker holding
5 a specially designated merchant or specially designated distributor
6 license on ~~the effective date of the amendatory act that added this~~
7 ~~sentence~~ **DECEMBER 23, 2007** may continue to hold a specially
8 designated merchant or specially designated distributor license.

9 (2) A specially designated distributor or specially designated
10 merchant or any other retailer shall not hold a mixed spirit drink
11 manufacturer, wholesale, warehouse, outstate seller of beer,
12 outstate seller of mixed spirit drink, or outstate seller of wine
13 license. Beginning ~~on the effective date of the amendatory act that~~
14 ~~added this sentence~~ **DECEMBER 23, 2007**, a specially designated
15 distributor or specially designated merchant shall not hold a wine
16 maker or small wine maker license in addition to being prohibited
17 from holding any other license described in this subsection. Any
18 specially designated distributor or specially designated merchant
19 holding a wine maker or small wine maker license on ~~the effective~~
20 ~~date of the amendatory act that added this sentence~~ **DECEMBER 23,**
21 **2007** may continue to hold a wine maker or small wine maker license.

22 (3) A brewer, warehouser, or wholesaler shall not be licensed
23 as a specially designated merchant. This subsection does not affect
24 the operation of a brewery hospitality room.

25 (4) A wholesaler may sell or deliver beer and alcoholic liquor
26 to hospitals, military establishments, governments of federal
27 Indian reservations, and churches requiring sacramental wines and

1 may sell to the wholesaler's own employees to a limit of 2 cases of
2 24 12-ounce units or its equivalent of malt beverage per week, or 1
3 case of 12 1-liter units or its equivalent of wine or mixed spirit
4 drink per week.

5 Sec. 906. (1) As used in this section:

6 (a) "Administrator" means a qualifying company, postsecondary
7 educational institution, or trade association authorized by the
8 commission to offer server training programs and instructor
9 certification classes in compliance with this section and to
10 certify to the commission that those persons meet the requirements
11 of this section.

12 (b) "Instructor" means an individual certified by an
13 administrator and approved by the commission to teach server
14 training programs. An instructor may be a licensee or an employee
15 of a licensee.

16 (c) "Prohibited sale" means the sale of alcoholic liquor by an
17 employee of a licensee to a visibly intoxicated person or to a
18 minor, or both.

19 (d) "Responsible vendor" means a designation by the commission
20 of a retail licensee meeting the standards of this section.

21 (e) "Server training program" means an educational program
22 whose curriculum has been approved by the commission under the
23 standards described in this section and is offered by an
24 administrator or instructor to a retail licensee, **OR A LICENSEE**
25 **OPERATING A TASTING ROOM OR PROVIDING SAMPLES OF ALCOHOLIC LIQUOR,**
26 for its employees.

27 (2) The commission shall approve the establishing of a server

1 training program designed for all new on premises licensees or
2 transferees of more than a 50% interest in an on premises license
3 on or after the commencement of the mandatory server training
4 program, and for any existing retail licensees the commission
5 determines to be in need of training due to the frequency or types
6 of violations of this act involving the serving of alcoholic
7 liquor. This subsection does not apply to special licenses except
8 that the commission may require server training for certain special
9 licensees based upon the size and nature of the licensed event. The
10 commission may adopt the existing standards and programmatic
11 framework of private entities and may delegate nondiscretionary
12 administrative functions to outside private entities.

13 (3) The commission shall establish a program in which the
14 commission designates certain retail licensees, except special
15 licenses, as responsible vendors. The commission may adopt the
16 existing standards and programmatic framework of private entities
17 and may delegate nondiscretionary administrative functions to
18 outside private entities.

19 (4) The commission shall designate as a responsible vendor a
20 retail licensee who makes available to all full-time and part-time
21 retail employees, within 60 days after being hired, a server
22 training program and who is also free of convictions or
23 administrative determinations involving prohibited sales for not
24 less than 12 months before applying for the designation. The
25 designation continues until suspended by the commission.

26 (5) A person may apply to the commission for qualification as
27 an administrator for the offering of server training programs and

1 instructor certification classes.

2 (6) The commission shall approve a curriculum for a server
3 training program presented by a certified instructor in a manner
4 considered by the commission to be adequate that includes, but is
5 not limited to, all of the following topics:

6 (a) The identification of progressive stages of intoxication
7 and the visible signs associated with each stage.

8 (b) The identification of the time delay between consumption
9 and visibility of signs of progressive intoxication.

10 (c) Basic alcohol content among different types of measured
11 drinks containing alcoholic liquor.

12 (d) Variables associated with visible intoxication, including
13 the rate of drinking, experience, weight, food consumption, sex,
14 and use of other drugs.

15 (e) Personal skills to handle slow-down of service and
16 intervention procedures.

17 (f) Procedures for monitoring consumption and maintaining
18 incident reports.

19 (g) The understanding of acceptable forms of personal
20 identification, techniques for determining the validity of
21 identification, and procedures for dealing with fraudulent
22 identification.

23 (h) Assessment of the need to ask for identification based on
24 appearance or company policy.

25 (i) The identification of potential second-party sales and
26 furnishing of alcoholic liquor to minors by persons 21 years of age
27 or over.

1 (j) The understanding of possible legal, civil, and
2 administrative consequences of violations of this act, the rules of
3 the commission, and other pertinent state laws.

4 (k) The understanding of Michigan laws pertaining to minors
5 attempting to purchase, minors in possession, and second-party
6 sales or furnishing of alcoholic liquor from adults to minors.

7 (l) Knowledge of the legal hours of alcoholic liquor service
8 and occupancy.

9 (m) The identification of signs of prohibited activities, such
10 as gambling, solicitation for prostitution, and drug sales.

11 (n) Any other pertinent laws as determined by the commission.

12 (7) The commission shall issue an instructor certification to
13 an individual presenting evidence acceptable to the commission of
14 having successfully completed instructor certification classes and
15 shall issue an identification card indicating that certification by
16 the commission.

17 (8) Upon approval by the commission of a server training
18 program, the commission shall appoint the person sponsoring the
19 server training program as an administrator of that program. The
20 administrator shall provide a certification to the commission that
21 a retail licensee has successfully completed the server training
22 program offered by a certified instructor and approved by the
23 commission and shall recommend that the commission designate the
24 licensee as a responsible vendor.

25 (9) A certified instructor who is a licensee or an employee of
26 a licensee may offer server training programs approved by the
27 commission to the employees of the licensee and certify to the

1 commission those persons who successfully completed the program.

2 (10) An on premises licensee whose license was issued or who
3 was the transferee of more than a 50% interest in an on premises
4 license on or after the commencement of the mandatory server
5 training program or an on premises licensee determined by the
6 commission to be in need of training due to the frequency or types
7 of violations of this act involving the serving of alcoholic liquor
8 must have employed or present on the licensed premises, at a
9 minimum, supervisory personnel who have successfully completed a
10 server training program on each shift and during all hours in which
11 alcoholic liquor is served. An on premises licensee must keep a
12 copy of the responsible vendor designation or proof of completion
13 of server training on the licensed premises to facilitate the
14 verification of such designation by the commission, agent of the
15 commission, or law enforcement officer. An on premises licensee
16 determined by the commission to have violated this subsection is
17 subject to revocation, suspension, or other sanction as provided
18 for in section 903. A violation of this subsection is not a
19 violation of section 909.

20 (11) As a condition of the designation of a licensee as a
21 responsible vendor, the licensee shall make available to the
22 administrator in not less than 60-day time increments records
23 sufficient to verify the names and social security numbers of his
24 or her employees. The administrator shall provide to the commission
25 a list of names and social security numbers of individuals who have
26 successfully completed the server training program and shall
27 monitor the licensee in a manner approved by the commission in

1 order to verify continued compliance of the licensee's status as a
2 responsible vendor. The administrator shall notify the commission
3 in writing as soon as it determines that the licensee has failed to
4 maintain the standards for server training or has failed to
5 cooperate with the administrator's verification procedure. Upon
6 receipt of such a notice from the administrator, the commission
7 shall suspend the licensee's designation as a responsible vendor.

8 (12) The commission may suspend the designation of a retail
9 licensee as a responsible vendor upon a conviction or
10 administrative determination of a prohibited sale on the licensee's
11 licensed premises. The retail licensee losing such a designation
12 may reapply for designation as a responsible vendor upon the
13 passage of 12 months from the date of the conviction or
14 administrative determination of a prohibited sale if the licensee
15 is not convicted or administratively determined to have engaged in
16 a prohibited sale on the licensed premises. After the first
17 instance of a retail licensee losing its designation as a
18 responsible vendor, that retail licensee is not eligible to reapply
19 for such a designation until an additional 3 months for each
20 subsequent conviction or determination. The 3-month time periods
21 are to be in addition to the 12-month period described in this
22 subsection.

23 (13) A responsible vendor is not considered to be in violation
24 of the prohibition contained in section 707(4) regarding allowing
25 an intoxicated person to frequent or loiter on the licensed
26 premises unless the facts demonstrate otherwise.

27 Sec. 1027. (1) Unless otherwise provided by rule of the

1 commission, a person shall not conduct samplings or tastings of any
2 alcoholic liquor for a commercial purpose except at premises that
3 are licensed by the commission for the sale and consumption of
4 alcoholic liquor on the premises.

5 (2) This section does not prevent either of the following:

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

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

19 **(C) A SMALL DISTILLER LICENSEE FROM GIVING A SAMPLING OR**
20 **TASTING OF BRANDS IT MANUFACTURES ON THE LICENSED PREMISES.**

21 (3) A sampling or tasting of any alcoholic liquor in a home or
22 domicile for other than a commercial purpose is not subject to this
23 section.

24 (4) For purposes of this section, "commercial purpose" means a
25 purpose for which monetary gain or other remuneration could
26 reasonably be expected.